

# TRADE MARK LEGISLATION AND THE PHARMACEUTICAL INDUSTRY

Shelley Lane with Jeremy Phillips



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# EXECUTIVE SUMMARY

## Objectives of the report

This report focuses on the impact upon the pharmaceutical industry of the UK Trade Marks Act 1994 ('the 1994 Act') and the European Community's First Council Directive on the Approximation of Trade Mark Laws, No. 89/104 ('the Directive'). It seeks to do so by reference to:

- the unique constraints imposed upon the pharmaceutical industry through regulatory control emanating from outside the trade mark system *per se*;
- the mechanism by which trade marks are registered;
- the new rules which govern a mark's inherent registrability and the relationship between trade marks already on the Register and those for which application is made;
- opposition and revocation procedures;
- the use of trade marks, by their proprietors (and, to a lesser extent, their licensees) and by third parties in the course of trade.

## Scope of the report

The 1994 Act makes equal provision for trade marks covering all manufacturing, distribution and service sectors. Consequently, this report refers to case law and Trade Mark Registry decisions addressed to industries other than the pharmaceutical industry as well as those which are of direct relevance to it.

In order that the changes introduced by the new law be adequately accounted for, the old law is also described in some detail in various parts of the report.

The 1994 Act provides the basic scaffolding upon which the edifice of trade mark law is built: this edifice is comprised of the Trade Mark Rules 1994 and a new set of Trade Mark Registry Guidelines. This report focuses on differences in statute law but also refers to the Rules and Guidelines where necessary.

## European Union and international coverage

It is not possible to treat the UK in isolation from the European Union (EU) or, indeed, the rest of the world.

The 1994 Act implements the European Community's First Council Directive on the Approximation of Trade Mark Laws, No. 89/104 ('The Harmonisation Directive', hereafter referred to as 'the Directive' in this report).

The European Court of Justice (ECJ) has ultimate control over the interpretation of the Directive, and accordingly aspects of the national legislation of Member States based on it. Because the Directive forms the basis of trade mark law across the EU, cases decided in other Member States are also of increasing interest.

The text of the 1994 Act is designed to be compatible with the Community Trade Mark Regulation No. 90/94. Community trade marks are described in chapter 3 below.

There are many areas of conformity between the Directive and the Community Trade Mark Regulation. Accordingly, the decisions of the Office for the Harmonisation of the Internal Market (OHIM – the Community Trade Mark Registry) will be highly influential.

The 1994 Act has been presumed to comply with both:

- (i) the current version of the Paris Convention on the Protection of Industrial Property; and
- (ii) the new international standard for trade mark protection demanded by the TRIPS (Trade Related Aspects of Intellectual Property Rights) Agreement of 1995.

For these reasons it has been necessary to make numerous allusions to international and regional legal provisions. It appears that, while those who drafted the 1994 Act have not always adopted the same vocabulary and form of expression as the treaties to which the UK is signatory, the 1994 Act's terms are not in any clearly apparent breach of the UK's international obligations.

## Fundamental legal concepts

A trade mark, described simply, is a trader's badge of identity for his product or services. It may take many forms.

Under UK law, a trade mark may be registered under the 1994 Act, or unregistered.

A registered trade mark is primarily protected under the 1994 Act.

The principle criterion of registrability is that the mark be of a distinctive character. The grant of a UK trade mark follows:

- (i) an examination of the mark's inherent ability to distinguish the applicant's goods or services; and
- (ii) consideration of the proximity of that mark to other marks for which registration has been sought or secured.

Marks which are registered are better protected than unregistered trade marks. Registered trade marks are protected even though they have not been used and are unknown to the public. The proprietors of unregistered marks must generally look to the actions of passing off and malicious falsehood for protection. For passing off, the proprietor must prove *inter alia* that he has goodwill resulting from the use of the mark. This can be problematic. Malicious falsehood is notoriously hard to establish because it requires proof of malice. This limits the effectiveness of the action.

A registered trade mark proprietor may be cumulatively entitled to protection under the 1994 Act, through passing off and malicious falsehood.

### The power of a trade mark

A registered trade mark is an extremely powerful legal right in the hands of its proprietor or licensee. Although the initial term of protection is ten years, protection is potentially everlasting since registration can be renewed indefinitely.

Once granted, the trade mark provides protection against:

- (i) the use of an identical mark for identical goods;
- (ii) the use of an identical mark for similar goods;
- (iii) the use of a similar mark for identical or similar goods;

and in some circumstances:

- (iv) the use of an identical or similar mark on dissimilar goods.



The protection exists even where there is no proof of deliberate copying or bad faith.

The law provides for the detention at the borders of the European Economic Area (EEA) of goods which are suspected of bearing infringing marks, so that they may be inspected and their pedigree verified.

Enforcement of trade mark rights is bolstered by the availability of:

- (i) interlocutory injunctions which prohibit infringing activity from taking place until such time as a full trial takes place; and
- (ii) Anton Piller orders, which enable premises to be inspected and information concerning infringement to be recorded.

### Key features of the 1994 Act

The old, two part register previously in existence under the 1938 Trade Marks Act in the UK is abolished.

The 1994 Act relaxes previous restrictions upon the registrability of trade marks. The system is now easier to comprehend and use.

The extent to which individual examiners may exercise their personal discretion when determining whether an application should be allowed to proceed is diminished.

An applicant may apply for registration of his trade mark in up to three classes on the same application for a single fee.

### Parallel imports

This important area for the pharmaceutical industry is dealt with under the heading 'Exhaustion' in chapter 9. The report contains a distillation of the relevant principles governing the area of parallel imports.

The legislative provisions covering parallel imports are in section 12 of the 1994 Act and Article 7 of the Directive.

The first ECJ decisions exploring the relationship of the Harmonisation Directive and the principle of free movement of goods in respect of the parallel importation of goods between Member States confirm the main thrust of previous law:

- thus Article 7(1) of the Directive (and accordingly section 12 of the 1994 Act) *prima facie* preclude a trade mark owner from relying on his trade marks

in order to prevent a third party from importing products put on the market in another Member State by the trade mark owner or with his consent. This is so even if the importer repackages the product and re-affixes the trade mark without the owner's authority;

- however, Article 7(2) of the Directive (and accordingly section 12(2) of the 1994 Act) permits the trade mark owner to exercise his rights where there are legitimate reasons for him to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.

There are four basic criteria by which legitimate reasons to oppose further commercialisation are judged:

- the exercise of the trade mark right, having regard to the marketing system adopted by the trade mark owner, could contribute to an artificial partitioning of the market between the EU Member States;
- the repackaging cannot adversely affect the original condition of the product;
- the owner of the mark receives prior notice before the repackaged goods are put on sale;
- it is stated on the new packaging by whom the goods have been repackaged.

The ECJ has recently decided in *Silhouette International GmbH v. Hartlauer Handelsgesellschaft mbH*<sup>1</sup> that a trade mark owner can use his trade mark rights to prevent importation of goods from outside the EEA ('international exhaustion').

### Particular problems for the pharmaceutical industry under the UK Trade Marks Act 1994

Pharmaceutical trade marks are particularly vulnerable to objection by the Trade Mark Registry. There are recurrent examples in the literature of trade marks which:

<sup>1</sup> Case C-355/96 [1998] FSR 729.

- are descriptive of the nature of the pharmaceutical product in question to have sufficient capacity to distinguish;
- consist of colours which have little or no distinctive capacity; or
- comprise shapes which are functional.

Further difficulties arise as between players in the pharmaceutical industry:

- a large number of players competes for a narrow range of appropriate trade marks;
- almost all pharmaceutical products, whether for human or veterinary purposes, fall within class 5 of the Classification of Goods and Services used by Trade Mark Registries world wide. The Registry in the UK treats all goods falling within this class as similar, thus compounding competition for satisfactory trade marks;
- it is necessary to apply for several trade marks for a single product in order to meet the eventuality that the producer's first choice will be rejected either by the relevant Trade Mark Registry or by a body responsible for granting marketing authorisation;
- where conflicts over trade marks arise, pharmaceutical companies may settle disagreements by consenting to their use in a non-competing therapeutic area. Regulatory agencies, however, may reject these arrangements in order to prevent a perceived danger to the public through the existence of similar trade marks for products with different therapeutic uses.

In addition, pharmaceutical trade marks are prone:

- to revocation for non-use because of the inevitable gap between registration of the trade mark and the time at which the product can lawfully be marketed;
- to becoming generic or customary. This may result in a trade mark being removed from the Register.

### Likely developments in the near future

Trade mark law is never static. Even when statute law remains fixed, its interpretation is constantly refined through case law and Trade Mark Registry decisions. Over 200 transcribed cases appear each year, of which an

increasing proportion is either reported or available through online search.

Some areas of activity are likely to be given particular attention in the coming decade, whether judicially or by the legislature. These will probably include:

- currently unanswered issues relating to the purchase of pharmaceutical products on the parallel market and their repackaging and resale in the UK;
- the European Medicines Evaluation Agency's (EMA) role in shaping European pharmaceutical branding policy;
- comparative and unfair advertising;
- the extent, if any, to which the use of pharmaceutical product names on the internet, whether in domain names or on websites, is to be the subject of private legal action or public remedy.

# 1 INTRODUCTION

A trade mark is, in its most basic sense, a badge of identity. Its most essential characteristic is its capacity to distinguish one undertaking's goods or services from those of another. This function is reflected in the legal definition of a trade mark in the law of the European Union (EU) and its Member States, which states:

'...a 'trade mark' means any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings.'<sup>2</sup>

From an economist's point of view, trade marks

'...facilitate and enhance consumer decisions...and create incentives for firms to produce products of desirable qualities even when these are not observable before purchase.'<sup>3</sup>

The gist of this argument is that, in the marketplace there are often no observable differences between products. In these conditions, unobservable differences may be the determining factor in consumer choice. In the absence of trade marks, however, consumer choice is a lottery, since the consumer cannot identify the product with the hidden qualities he desires. From a producer's point of view, in the absence of trade marks that enable the consumer to identify his product, there is little incentive to put anything extra into it.

In economic terms, a trade mark ranks highly amongst the factors encouraging a producer to maintain consistent quality. Although there is no requirement in trade mark law to maintain that particular quality, it is generally advisable for a producer to do so. Past experience colours future choice, and a producer who reduces quality will soon find that his customers vote with their wallets.<sup>4</sup> Trade marks have intrinsic value and, if a producer devalues his product, he eventually devalues his trade mark.

<sup>2</sup> Article 2, the European Community's First Council Directive on the Approximation of Trade Mark Laws 89/104/EEC, the 'Harmonisation Directive'.

<sup>3</sup> Economides, *The Economics of Trademarks* Vol.78 TMR 523, 1988.

<sup>4</sup> For a further economic analysis, see Landes and Posner, *The Economics of Trade Mark Law* Vol.78 TMR 267, 1988.

Neither the succinct legal definition of a trade mark nor the standard economic analysis of its role does much to convey the significance of trade marks in society today. Modern consumers are bombarded with trade marks, many of which have achieved global status. *Coca-Cola*, *Pepsi-Cola*, *Nike*, *Adidas*, *Rolls Royce*, *Mercedes*, *Nescafé*, *Bacardi* and *Kodak* spring to mind at once. Indeed, such is the power of a trade mark that its monetary value may far exceed the value of a company's tangible assets.<sup>5</sup>

The pharmaceutical industry is a high-profile user of the trade mark system. Although the industry relies heavily on patent protection, the period of exclusivity is not long and is substantially eroded before the product is launched because of the time taken to acquire regulatory approval.<sup>6</sup> Once protection expires, manufacturers face keen competition from rivals. When customer choice is critical, a well-known trade mark may make the difference between identical products.

The recent harmonisation of trade mark law in the EU, which resulted in the UK's Trade Marks Act 1994 ('the 1994 Act'), presents a fresh opportunity to explore pharmaceutical trade mark law. The aims of this monograph are to:

- introduce the 1994 Act and its European dimensions; and
- explore its impact on the pharmaceutical industry.

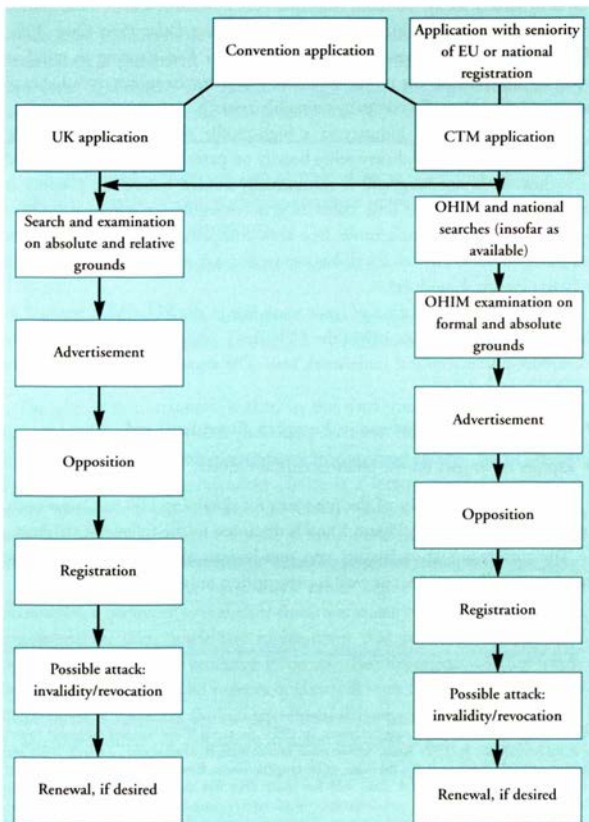
A simplified summary of the processes for obtaining UK or Community trade marks is set out in Figure 1 and is discussed in the following chapters.

The text is aimed at lawyers and non-lawyers alike. It covers over the counter (OTC) medicines as well as prescription only medicines.

5 In 1986, the Coca-Cola Company was valued at approximately \$14 billion, of which only \$7 billion could be attributed to tangible assets. In 1993, *Financial World* business magazine valued it at £33.4 billion. In 1988 Kraft, whose trade marks include *Kraft* cheese, *Miracle Whip* and *Breyers*, was sold for four times the value of its tangible assets; Rowntree, which owned *Kit Kat*, *After Eight*, *Quality Street* and *Rolo*, sold for more than five times its book value (sources: Drescher, *The Transformation and Evolution of Trademarks – from Signals to Symbols to Myth* Vol. 82 TMR 301, 1992; Annand and Norman, *Blackstone's Guide to the Trade Marks Act 1994*, 1994 p.10).

6 The normal maximum period of patent protection is 20 years, subject to a short extension under a supplementary protection certificate.

Figure 1 Pursuing a trade mark application: UK and community trade mark routes – a simplified diagram<sup>7</sup>



7 This diagram does not deal with all of the possible intricacies of the application procedures for UK and CTM registration. Nor does it deal with international applications which arise under other treaties or protocols to which the UK is signatory.

The structure of this report is as follows. *Chapter 2* identifies those features of the pharmaceutical industry which set it apart from other industries in terms of the demands it makes upon trade mark law. *Chapter 3* draws attention to the sources of law which shape UK and European trade mark practice and highlights some of the key features of UK trade mark law. *Chapter 4* examines issues of nomenclature specific to the pharmaceutical industry which may prevent a product name or brand name obtaining protection as a registered trade mark. *Chapter 5* describes the legal parameters which determine what may be regarded as a registrable trade mark, taking into account not only brand names but also the protection of a product's colour, appearance and packaging. *Chapter 6* focuses on those grounds upon which a trade mark may not be eligible for registration even if no other pharmaceutical company is using it. *Chapter 7* deals with the interface between trade mark registrability and the need to protect the interests of registered proprietors and users of existing marks. *Chapter 8* records the extent of the power which trade mark registration accords to owners of trade marks with respect to the control they exercise over the use of their trade marks. *Chapter 9* describes and explains the range of options available to those whose commercial activities appear to infringe a registered trade mark. *Chapter 10* concludes with some pertinent observations upon the impact of the recent changes on the pharmaceutical industry.

The law as stated is current to 1 March 1999.



## 2 GENERAL ISSUES FOR THE PHARMACEUTICAL INDUSTRY AS A USER OF TRADE MARKS

*A brief summary of the key features of the pharmaceutical industry's use of trade marks.*

The trade mark system in the UK treats all industries alike. The 1994 Act makes no specific reference to the pharmaceutical industry, or indeed to any other. This absence of specific reference to the pharmaceutical industry is not unique to the UK but is a feature shared by other nations and reflects the absence of special treatment both in international and regional trade mark laws. Notwithstanding the single approach taken in legislating for trade marks, the commercial and practical requirements of different industrial sectors are plainly apparent.

Key features of the pharmaceutical industry's use of the trade mark system are as follows:

1. there is an almost universal preference for trade marks which have a scientific or pseudoscientific content. As a result of this, many trade marks bear some allusion to the content of the product to which they are applied and are often difficult for members of the general public to identify and remember. In addition, many pharmaceutical trade marks are perceived by the public as being names for the product itself;
2. both at national and international level there are rules relating to nomenclature and non-proprietary names which limit a pharmaceutical company's choice of trade mark;
3. pharmaceutical and healthcare products are frequently known and identified by their ultimate users by reference to their shape, colour or packaging. This makes it particularly important for manufacturers to consider not only confusion through similarity of trade marks or product

names but also other forms of product confusion which can have potentially lethal consequences for users of those products;

4. many traditional pharmaceutical products, other than those produced by biotechnological processes, can be made from ingredients which cost little to purchase. This means that barriers to market entry on the part of unauthorised competitors are low and the resulting profits from producing counterfeit products are likely to be high, at least in the short term;

5. the pharmaceutical industry consists of manufacturers of pharmaceutical products which are the result of original research and development, as well as manufacturers of generic products (i.e. those which have fallen out of patent protection and which have the same content as original products). These two sectors are now both complementary and competing, as manufacturers increasingly produce generic products which are sold in addition to their branded products;

6. unlike almost any other industry, the pharmaceutical sector is obliged to seek formal clearance from regulatory authorities before it is able to sell its products. This means that the provisions of trade mark law which allow for the revocation of a trade mark on the basis of five years' continuous non-use are of obvious importance. Even the choice of trade mark is important from the point of view of clearance procedures, since the European Medicines Evaluation Agency (EMEA) has made it plain that Europe-wide clearance is contingent upon the approved product being marketed throughout the EU under the same name;

7. the pharmaceutical sector markets products which are purchased by the consuming public over the counter, as well as those which are prescribed by medical practitioners or purchased in bulk by the NHS. While the public at large may be expected to possess relatively little knowledge of pharmaceutical products and their competing manufacturers, the members of the medical and healthcare professions may be assumed to possess a far higher degree of knowledge and wider powers of discernment. This may have an impact on a variety of trade mark issues;

8. the potentially high profit mark-up on pharmaceutical products, their great portability and the wide variations in price between different national markets have made such products an obvious and highly profitable target for

the practice of importing them from low-price to high-price jurisdictions, often repackaged and re-labelled as having some connection with the importer and repackager. Since there is a risk that the manufacturer's trade mark will be affixed to products which may have been adulterated, damaged or otherwise devalued in the course of intrusive repackaging, the need to protect the goodwill in the manufacturer's trade mark, as well as medical and public confidence in the quality of products, should be recognised;

9. while litigation between pharmaceutical companies in the field of patent law is frequent and protracted, the highly regulated nature of pharmaceutical product sales has produced a commercial environment in which high-profile litigation between competing manufacturers of similar products in the same medical sector is now extremely unusual. A review of litigation proceedings commenced under the 1994 Act has shown that, in the first two years of that Act's operation, there has been no recorded instance of a pharmaceutical company suing a competitor for infringement of a trade mark.<sup>8</sup>

<sup>8</sup> On a practical level, trade mark litigation between pharmaceutical companies may be avoided because of the Pharmaceutical Trade Marks Group (PTMG) which meets twice annually to discuss matters of concern to the industry. Trade mark practitioners take the opportunity presented by such meetings to discuss privately whether settlement of trade mark disputes is possible. The regulatory regime in place for licensing pharmaceutical products also lessens the possibility of conflict.

## 3 PHARMACEUTICAL TRADE MARKS: SOURCES OF LAW

*Treaty of Rome and the Court of Justice of the European Communities (ECJ).*

*The Community Trade Mark (CTM).*

*The Directive on the Approximation of Trade Mark Laws.*

*The Trade Marks Act 1994.*

*Case Law.*

*Trade Marks Registry practice.*

*The professions.*

The UK trade mark system must be viewed within the context of a set of rules and legal doctrines, set out in the following paragraphs.

### 3.1 Treaty of Rome

The effective legal constitution of the 15 nations which form the EU is the Treaty of Rome signed by the six founder members in 1957. Its supremacy over national law has been acknowledged in the UK since 1972.<sup>9</sup> It provides, among other things, that each EU Member State may retain laws for the protection of intellectual property rights, so long as they do not constitute a qualitative or quantitative restriction upon the free movement of goods within the EU.<sup>10</sup> It also provides that the abuse of a dominant position within a given market is unlawful, whether the abuse is the action of a single monopolist or of two or more undertakings acting in concert.<sup>11</sup>

The Court of Justice of the European Communities (ECJ) applies the law of the Treaty of Rome and interprets it, normally in response to references to

<sup>9</sup> European Communities Act 1972.

<sup>10</sup> Treaty of Rome 1957, Articles 30 to 36.

<sup>11</sup> Treaty of Rome 1957, Articles 85 and 86.

it of problems addressed by national courts. With regard to pharmaceutical trade mark law, the ECJ has developed detailed and extensive guidelines with regard to the parallel importation of goods from countries where they are sold cheaply to those where they fetch a higher price,<sup>12</sup> as well as the parameters of legality of the practice of affixing a pharmaceutical company's trade marks to products which have been repackaged and possibly altered in the course of repackaging.<sup>13</sup>

The UK's membership of the EU has one further corollary. It brings with it membership of the European Economic Area (EEA). The EEA consists of the substantially overlapping territories of the EU and the European Free Trade Area. It is an area within which the EU's free trade rules are intended to apply, but not those wider aspects of EU law and policy. Territories within the EEA but not the EU are Switzerland, Norway and Iceland.

### 3.2 The Community Trade Mark Regulation ('CTM')

The EU has long sought to create a 'level playing field' for competition within its territories by removing regional imbalances in the marketplace which have been caused by divergences between the intellectual property rights granted within its Member States. While harmonisation of the rights which exist in each Member State has been largely achieved,<sup>14</sup> the development of a single market within Europe depends upon establishing a range of EU-wide rights. These rights will avoid the need for an individual to the fulfil application formalities in individual Member States and will be granted for the entire territory of the EU.

Most of the early progress towards the establishment of pan-EU rights took place in the field of patent law. However, this initiative ran aground for a

12 See the *Centrafarm* cases (*Hoffmann-La Roche v. Centrafarm*, [1978] 3 CMLR 217; *Centrafarm BV v. Winthrop BV* [1974] ECR 1147; *Centrafarm BV v. American Home Products Corp.* [1978] ECR 1823).

13 *Bristol-Myers Squibb v. Paranova A/S*, [1997] FSR 102. The conclusions of the ECJ in this case are found in chapter 9 below.

14 The First Council Directive on the Approximation of the Laws of Member States on the Protection of Trade Marks, 89/104/EEC of 21 December 1988, ('the Directive'), has resulted in the harmonisation of trade mark laws. Harmonisation of patent laws was secured on a pan-European level by the Community Patent Convention, whose 18 adherents include all 15 EU Member States plus, Liechtenstein, Monaco and Switzerland. Harmonisation of semiconductor topography protection and the partial harmonisation of copyright have also been secured.

variety of technical legal reasons,<sup>15</sup> as well as because of a general lack of enthusiasm among those industries which were supposedly the beneficiaries of the Community patent system. The Community trade mark (CTM) was approached on a different footing: it was to be founded upon a Community Regulation which would be automatically binding upon all Member States without any requirement that it be implemented at national level (like the Harmonisation Directive) or ratified by Member States (like the Community Patent Convention).

Agreement on the contents of the Community Trade Mark Regulation was not difficult to secure, at least in principle. A single Community office would process and examine all applications and an application might enjoy the 'priority date' accorded by the Paris Convention<sup>16</sup> to earlier trade mark applications in other Paris Convention Member States. In addition, an applicant might exchange his existing 'senior' registrations or applications in individual Member States for a Community trade mark application. Specially designated Community trade mark courts would ensure that the application of law relating to the CTM was consistent between Member States, while difficult points of CTM law would be referred to the ECJ. Unfortunately, there was protracted negotiation and debate on two points which were quite unrelated to substantive trade mark law: the location of the CTM office and the choice of languages in which applications were to be made and hearings conducted.

Ultimately it was agreed that the CTM office – henceforth to be called the Office for Harmonisation in the Internal Market (OHIM)<sup>17</sup> – would be situated in Alicante, Spain, and that it would function with no fewer than five official languages: English, French, German, Italian and Spanish.

The Community Trade Mark Regulation<sup>18</sup> is effectively the constitution of the OHIM. The Regulation is supplemented by implementing

15 The establishment of the Community patent was sought by means of a diplomatic convention, the Community Patent Convention. Mechanisms for amendment of the Convention and for securing the adherence of new EU members made this convention a cumbersome affair.

16 The Paris Convention 1883 on the Protection of Industrial Property Rights, to which all EU Member states are signatory.

17 Though known in English circles as OHIM, the office is frequently referred to within the profession as OAMI, its more attractive Spanish acronym.

18 Council Regulation 40/94/EEC of 20 December 1993 on the Community trade mark.

Regulations.<sup>19</sup> These provide more detailed rules relating to the management of OHIM and the processing of applications and oppositions. In short, the Regulation's contents cover the following areas:

1. *What constitutes a CTM.* Criteria of registrability are established in terms which reflect those of the Harmonisation Directive. Absolute and relative grounds of refusal of an application are the same as those which now prevail under the UK's 1994 Act.
2. *Establishment of the OHIM.* Additionally, provision is made for the appointment of Boards of Appeal and for the making of appeals against OHIM decisions.
3. *Application system.* The procedure for receiving, examining and granting trade mark applications is established. CTM applications may be converted into national applications in EU Member States, an important advantage where, as may well happen, the proposed Community trade mark fails to achieve registration as a CTM because of conflict with existing marks in one or more of the Member States.
4. *What constitutes infringement of a CTM.* Infringement may arise not only where a proprietor's registered trade mark is used on the identical goods for which it has been registered, but also where a confusingly similar mark is used for similar or identical goods. In addition, in certain circumstances infringement may take place where the defendant uses an identical or similar mark on dissimilar goods. Of further interest is Article 10, which provides that publishers of dictionaries and other reference works are obliged to correct erroneous definitions which convey the impression that registered trade marks are generic terms (trade marks such as *Valium* and *Librium* were frequently used as generic terms by novelists and in the press; the correction of dictionaries helps to redress the balance).
5. *Exhaustion of rights.* 'Exhaustion' of trade mark rights occurs once a product bearing a trade mark is put on the market within the EEA by the trade mark owner or with his consent. As a general rule, after this first

<sup>19</sup> See for example: Commission Regulation 2868/95/EC implementing Council Regulation 40/94/EEC of 20 December 1993 on the Community trade mark.

marketing, the trade mark owner loses the right to control further the sale or distribution of that item through the exercise of his trade mark right. Article 13 provides that Community-wide exhaustion applies, save where there exist legitimate reasons to oppose the further commercialisation of trade mark bearing goods. This was introduced at the request of the pharmaceutical industry, which was greatly worried by the repackaging and subsequent marketing of products which were beyond the control of the original manufacturer.

6. *Use.* A five-year period of continued non-use of a trade mark is to lead to its revocability, in the absence of proper reasons for non-use.

7. *Trade marks as property.* A CTM must, subject to certain exceptions, be dealt with in its entirety and for the whole of the area of the Community. One exception is in relation to transfers, where a proprietor may transfer the CTM for either some or all of the goods for which it is registered. A second exception is that a CTM may be licensed for only some of the territories which it covers or for only some of the products or services for which it has been registered.

8. *Third party challenges.* Once a CTM application is published, oppositions may be lodged. OHIM may invite the parties to settle the matter amicably.

9. *Collective marks.* Products emanating from members of associations may be the subject of collective marks, in addition to any individual trade marks they may bear.

10. *Representation.* Provisions are made for determining by whom an applicant or opponent may be represented in OHIM proceedings.

11. *Litigation.* The application and the interpretation of the Regulation by Community trade mark courts is dealt with, and jurisdictional rules lay down choice of forum in transnational disputes.

### 3.3 The Trade Mark Harmonisation Directive

On 21 December 1988 the European Trade Mark Harmonisation Directive<sup>20</sup>

<sup>20</sup> This Directive, often referred to merely as the Harmonisation directive, is properly termed the First Council directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks.



was concluded. Following years of negotiation between the then 12 European Community Member States, the Directive was designed to achieve the following ends:

1. The establishment of a single set of legal criteria for the examination of trade marks. This means that any given trade mark will stand a greater degree of success in obtaining registration in all national registries if it is registrable in any one of them, thus providing a more level playing field for the protectability of trade marks within the single market. Establishment of the same criteria of registrability does not mean, however, that a trade mark will be equally registrable in all cases. This is because, for example, words which are fanciful or arbitrary in one European language may be regarded as bearing a descriptive meaning in others, which would deprive them of distinctive content.
2. The encouragement of Member States to adopt similar administrative mechanisms for the grant of trade marks. With some countries operating a system based on stringent examination of applications, others requiring a much lighter examination system and yet others permitting registration on the basis of the mere unexamined deposit of an application, the value of the protection conferred by different countries was itself highly varied. (In practice, administrative mechanisms in the different Member States still vary widely, however.)
3. The bringing together of hitherto different standards as to what constitutes trade mark infringement. Another example of the 'level playing field' policy for the single market, the bringing together of infringement rules, was designed to ensure that, as far as possible, trade mark A would either infringe trade mark B in all Member States or in none of them. (Despite this aim, language and linguistic differences will continue to result in different infringement outcomes in different Member States.)
4. The acceptance of a uniform policy on exhaustion of rights. Once a product which bears a trade mark is put on the market within the EEA, whether by the trade mark owner or with his consent, the Directive requires the trade mark owner to relinquish any further right to control the sale or distribution of that item through the exercise of his trade mark right, which is said to be 'exhausted'. Recent case law in Europe has suggested that, even with a harmonised policy on exhaustion, there remain many difficulties and

areas of uncertainty which must be addressed before the operation of trade mark law can be said to be clear and predictable.

5. The construction of a legal scheme for the protection of trade marks under national laws which would provide a measure of consistency with the standards of protection for CTMs. By this measure, similar criteria for registrability would operate not only as between individual Member States but also as between the Member States and the EU as a whole.

The specific provisions of the Directive are not discussed here, but are reflected in the analysis of the provisions of UK trade mark law which has implemented them.

The Directive was supposed to have been implemented not later than 31 December 1992. However, it was not before the middle of 1996, with the coming into force of the Irish Trade Marks Act of that year, that all EU Member States could be said to have even nominally implemented the Directive. Whether all Member States can be said to have done so is a matter of debate even now. The law in Spain, for example, was amended before the Directive was itself adopted and there is some debate there as to whether the Spanish trade marks legislation is fully Directive-compliant.

In the UK, implementation was in the form of the Trade Marks Act 1994. The 1994 Act, however, makes numerous changes from the terminology of the Directive and it cannot therefore be assumed that those changes in terminology reflect an intention on the part of Parliament to enact the Directive in a literal form.

New entrants to the EU will be required to adopt the Directive's standards as a precondition of entry. The six countries<sup>21</sup> which were accepted as the next batch of entrants have widely differing commitments to trade mark protection in terms of their adherence to international conventions, but the adoption of the Directive's standards for trade mark protection has been recognised as a matter of priority in each of them, at least within their respective trade mark communities.

### 3.4 The UK Trade Marks Act 1994 ('the 1994 Act')

In force since 31 October 1994, this Act purports to implement the Directive

<sup>21</sup> Cyprus, Czech Republic, Estonia, Hungary, Poland and Slovenia.

on the Harmonisation of Trade Mark Laws, but it is not clear whether it has actually done so. This is because, in a number of instances, Parliament has departed from the text of the Directive and has substituted phraseology of its own which is open to different interpretation. The 1994 Act is put into effect by means of implementing Regulations.<sup>22</sup> These Regulations are a form of subordinate legislation which owe their content to operational considerations within the UK Trade Mark Registry and are not directly referable to the terms of the Directive.

The judicial interpretation of statutes and statutory instruments is performed by the courts. England and Wales has a different legal system from Scotland, but in trade mark matters they function in broadly the same way. Most criminal and civil proceedings are never reported; those which are, however, are carefully studied by judges in later cases. The House of Lords (which may depart from its previous decision in certain circumstances) binds all lower courts; the Court of Appeal binds all courts which are inferior to it. Courts are not bound by decisions made by other courts of equivalent status, but will not depart from the reasoning of a fellow judge of equivalent status without giving a good reason. If necessary, a British court may refer a question of EU law to the ECJ, by which decision it will be bound.

In addition, the trade mark profession in the UK has access to a large body of reasoned decisions made by Hearing Officers at the Trade Mark Registry. Most of these remain unreported and they have no binding precedential status before the courts, but important decisions are circulated and discussed widely within professional circles.

The Trade Mark Registry issues an internal manual, which guides examiners and other Registry staff as to how they should apply the law in the future, or as to how they have in fact applied it in the past. These guidelines do not have the status of law but will have the force of law in that they will be applied on a consistent basis which, if not challenged on a case-by-case basis, will determine the outcome of any matter raised with the Registry. The manual has been substantially rewritten in the wake of the coming into force of the 1994 Act. It makes few specific references to pharmaceutical trade marks.<sup>23</sup>

22 Trade Mark Rules 1994 (S12583 of 1994), as amended.

23 See e.g. Chapter 6, (Addendum), which advises examiners of the existence of non-proprietary names.

There are, broadly speaking, three relationships which require legal attention within the field of trade marks: (i) between the Trade Mark Registry and trade mark owners and users; (ii) between trade mark owners and legitimate users; (iii) between trade mark owners and illegitimate users. Advice and representation in these areas may require the services of different professions.

In matters concerning the Trade Mark Registry (this includes applications, oppositions, revocations and the like) the services of a trade mark agent are generally required. In the second category, licensing is frequently carried out by trade mark agents but, in the case of more complex licences, will usually be done by a solicitor. As for disputes with infringers, the services of solicitors and barristers are normally required.

There is a wide variation in the qualifications and attributes of those who practise the professions mentioned above. Some trade mark agents are also solicitors or hold law degrees; others are qualified patent agents. Because of the technological complexities and sophistication of the pharmaceutical industry, representatives may be required to demonstrate substantial legal, technical and scientific skills and knowledge irrespective of their formal qualifications.

### **Definition of a trade mark**

A new and expanded definition as to what constitutes a trade mark has been introduced. Since most pharmaceutical trade marks consist of names and graphic devices or logos, this expansion is unlikely to be of major benefit to the industry, although it is now clearly accepted that a colour may be registered as a trade mark – a matter which impinges on the manufacture of distinctive pharmaceutical products. A summary of the new law relating to the registrability of trade marks, together with an appraisal of the reliance which may continue to be placed upon elements of the pre-1994 law, appears in chapter 5.

### **Absolute grounds for refusing registration**

The wide scope which was left for the Registrar to exercise discretion in allowing an application has been partially limited through the introduction of firm rules as to which applications must be refused. In essence, no mark may be registered if it is not a 'sign' within the meaning of the 1994 Act; if it is devoid of distinctive character; if it consists entirely of descriptive or other types of material which other traders may wish to use; or if it is prohibited by law. These rules are considered in detail in chapter 6.

**Relative grounds for refusing registration**

A sign which is not automatically disqualified from registration under the 1994 Act may nonetheless fail to obtain registration where it falls within the so-called relative grounds of refusal. These grounds relate to the existence of other marks on the register. A detailed consideration of these rules follows in chapter 7.

**Infringement of the trade mark owner's exclusive right**

Section 10 of the 1994 Act provides a greatly expanded scheme for enabling a trade mark proprietor to sue for infringement, not just when his mark is used on the identical goods for which it has been registered but also in a variety of situations in which the public will be confused into concluding that there is some connection between the proprietor's mark and the use of that mark by the defendant. In addition, the law clarifies the extent to which the use of another's trade mark in comparative advertising is permitted, a practice which was previously regarded as an infringing act under the 1938 Act. The scope of the proprietor's rights against infringers is covered in chapter 8.

**Defences**

The 1994 Act sets out a range of defences which are addressed in detail in chapter 9. Early case law on the 1994 Act has shown no agreement as to how those provisions of the Act which define infringement mesh in with those which provide defences against infringement<sup>24</sup> and the situation is quite confused. At this stage it is plain that some trade mark proprietors are quite perplexed at their failure to succeed in apparently straightforward infringement proceedings, despite the greater breadth of the definition of infringement accorded by section 10 of the 1994 Act.

**Trade marks as property**

The 1994 Act sections 24(1) and 27 affirm that a registered trade mark, and indeed a trade mark application, is a form of personal property which can be transmitted by assignment, by testamentary disposition or by operation of

<sup>24</sup> See e.g. *British Sugar plc v. James Robertson and Sons Ltd.* [1996] RPC 281; *Bravado Merchandising Services v. Mainstream Publishing (Edinburgh) Ltd* [1996] FSR 205; *Baywatch Productions v. Home Video Channel* [1997] FSR 23; *Trebos Bassett Ltd. v. The Football Association* [1997] FSR 211.

law. It is plain that trade marks can be assigned with or without the goodwill in a business to which they are attached. They can also be charged as security interests. On the whole, this is of little interest to most sectors of the pharmaceutical industry since, although unused trade marks are frequently assigned (often for nominal consideration), trade marks which have been used for one manufacturer's product are frequently incapable of being applied to another's, if it is not for the same product. Furthermore, capital is not normally raised on the security of a trade mark.

Trade marks remain capable of being licensed. Since there is no special provision which exempts trade mark licences from liability under Article 85 of the Treaty of Rome if they are considered to distort competition, even the licensing of successful trade marked products in the UK alone may have ramifications for EU competition law which lie outside the scope of the 1994 Act.

As under the Trade Marks Act 1938, even a non-exclusive licensee of a trade mark may, in certain circumstances, bring an infringement action against a third party where the trade mark proprietor does not do so, joining the proprietor as a party to those proceedings. This provision does not appear to have been of significant value to pharmaceutical companies over the past 60 years and is unlikely to assume any greater importance at present.

### **Parallel importation**

The 1994 Act makes specific reference to the importation into, and sale in, the UK of goods manufactured abroad by the trade mark owner or under his licence. Section 12 of the 1994 Act, discussed in chapter 9, provides that a registered trade mark is not infringed by the use of a trade mark in relation to goods first marketed in the EEA, where those goods were first marketed in the EEA either by the trade mark proprietor or with his consent.

So far as concerns the parallel importation into the UK of goods of such character from outside the EEA, there is no provision which directly applies. However, in relation to Article 7 of the Directive, from which section 12 of the 1994 Act derives, the ECJ has recently taken the view that trade mark rights are not exhausted in this situation.<sup>25</sup> But the UK's 1994 Act contains a provision that may conflict with this interpretation, in that section 10(6)

<sup>25</sup> *Silhouette International GmbH v. Hartlauer Handelsgesellschaft mbH*, Case C-355/96, [1998] FSR 729.

permits a third party to use a trade mark to identify the trade mark proprietor's goods or services if he does so in accordance with honest business practices. It has been suggested, perhaps a little provocatively, that where such parallel importation is in accordance with honest business practices it will be permitted under section 10(6) of the 1994 Act.<sup>26</sup> In light of the view taken by the ECJ, it would be necessary to decide whether the trade mark owner's rights were preserved or whether section 10(6) rendered the rights otiose. The most likely result would be that the section 10(6) would give way to the interpretation of Article 7, which encapsulates a larger community trade objective.

<sup>26</sup> Graham Shipley, speaking in 'Two Years On', a trade mark conference held by ESC International, 31 October 1996.

## 4 NOMENCLATURE, NON-PROPRIETARY NAMES AND TRADE MARKS: CONSTRAINTS ON NAMING PHARMACEUTICAL PRODUCTS

*Naming pharmaceutical products.*

*Adopting a trade mark.*

*Assessing the impacts of:*

– *the World Health Assembly;*

– *national regulation;*

– *EU regulation; and*

– *TRIPs (Trade Related Aspects of Intellectual Property);*  
*on the naming of pharmaceutical products.*

In addition to domestic regulation, the activities of the EU and World Health Organisation (WHO) have a major impact upon the pharmaceutical industry. At EU level, the centralised procedure for licensing biotechnology and high technology pharmaceutical products, with its requirement of a single trade mark throughout the EU, is creating concern in the industry.<sup>27</sup> At the supranational level, the WHO has been active in formulating policies which greatly influence pharmaceutical trade mark practice. These policies are concerned with: (i) nomenclature; and (ii) use of generic names or international non-proprietary names (INNs) in labelling, advertising and manufacture.

### 4.1 Nomenclature

There are three main steps in the naming of a new pharmaceutical entity: (i) identification of the new chemical entity by chemical structure; (ii) allocation

<sup>27</sup> The centralised procedure is created under Regulation (EEC) 2903/93, adopted 22/7/93. The European Medicines Evaluation Agency is created under Title IV thereof. The decentralised procedure arises under Directive 93/39/EEC, amending Directive 65/65/EEC, 75/318/EEC and 75/319/EEC.



to that entity, and approval, of a generic or non-proprietary name, both at national and international levels; and (iii) selection of a trade mark to indicate source or origin.

New chemical entities are identified first by their chemical structure. This chemical name will be technical. At an early stage a generic or non-proprietary name will be adopted for the substance for ease of reference and presentation. The non-proprietary name is devised in accordance with the systems laid down by a relevant national body, such as the British Pharmacopoeia Commission (BPC)<sup>28</sup> and, internationally, by the WHO.<sup>29</sup> It must ultimately be approved by the competent body. Names approved by the BPC are 'British Approved Names',<sup>30</sup> while WHO-approved names are 'INNs'.

A non-proprietary name will normally consist of a common stem, which reflects the substance's chemical family, plus a variable part identifying the drug specifically and distinguishing it from others in the family. In 'ampicillin', for example, -cillin is the common stem for penicillin type drugs, while 'ampi' is the variable part indicating the particular substance. The common stem is usually a suffix, but it may be a prefix, and, indeed, there are a number of stems which may appear elsewhere in the name. The length of a common stem may vary; the shortest may have just two letters.<sup>31</sup>

During the product's development period, perhaps two to five years prior to launch, the manufacturer will begin to consider trade marks for the substance. It will select a few possibilities, search trade mark registers for world-wide registrability and initiate registration procedures. It is possible for a trade mark to be registered before either a non-proprietary name is approved or a product licence granted.

Unlike the non-proprietary or generic name, which is in the public domain and may not be reduced to private ownership, a trade mark is an indicator of origin or source. In the UK, a registered trade mark is a form of personal

28 The British Pharmacopoeia Commission is authorised by the Medicines Act 1968 to assign generic names to drugs used in the preparation of medicines.

29 Frequently the same name will be approved by both bodies, but there would appear to be differences in practice which may result in different names being approved. This situation is under review.

30 Medicines Act 1968 section 100.

31 Pharm S/Norm 15, Rev 28. See James, *Pharmaceutical Trademarks and Generic Drug Names*, *Trademark World*, December/January 1994/5, p.24 at p.28.

property.<sup>32</sup> Even where a mark is unregistered, goodwill attracted through the use of the mark or other indicia is a form of property that is legally protected, in this case through the law of passing off.<sup>33</sup> Whether registered or not, a trade mark is a powerful instrument in creation of brand loyalty. Because such a trade mark has the potential for eternal life, it is an asset of vital importance in the exploitation of a product. Long after patent protection expires and competitors arrive on the scene, the public and healthcare sector will continue to feel the pull of an established trade mark.

## 4.2 World Health Assembly (WHA) objectives and the pharmaceutical industry

The adoption of pharmaceutical trade marks gives rise to tensions between industry and responsible licensing and nomenclature bodies. From a marketing point of view, there are several reasons why industry may perceive a need to incorporate part of a non-proprietary name, usually a 'common stem', as a component of a brand name. First, a product name which incorporates a common stem will give an indication of the nature of the pharmaceutical to the health professions; it may also have the effect of associating the common stem with a particular manufacturer. Secondly, there are a number of short common stems which are appealing for pharmaceutical products, whatever their common stem significance.<sup>34</sup> Accordingly, without careful control common stems may be removed from the public domain, or used in a confusing manner, thereby undermining the systems of nomenclature used world-wide. WHO is increasing its efforts to restrain what it sees as industry's depredations on INNs when creating pharmaceutical trade marks. This concern is reflected in the Resolution on Non-proprietary Names for Pharmaceutical Substances issued by the World Health Assembly (WHA) on 12 May 1993. This resolution requests Member States 'to develop policy guidelines on the use and protection of INNs, and to discourage the use of names derived from INNs, and particularly names including established INN stems, as trade marks'.<sup>35</sup> How far these guidelines will be implemented under UK or EU regulations remains to be seen.

<sup>32</sup> E.g. Trade Marks Act 1994 section 22.

<sup>33</sup> *Spalding v. Gamage* [1915] 32 RPC 273.

<sup>34</sup> E.g. '-ac', '-tide', '-stat', 'vir'.

<sup>35</sup> WHA Resolution 46.19; paragraph 1(3).

Industry has also perceived a wider and potentially more damaging economic agenda in the Resolution. The resolution confronts the market power of trade marked drugs directly, by requesting Member States: (i) to enact rules ensuring that generic names for drugs – the INNs or the nationally approved equivalent – are prominently used in labelling and advertising;<sup>36</sup> and (ii) to encourage manufacturers to rely on corporate names and INNs rather than trade marks to promote multi-source products<sup>37</sup> after patent expiration. The latter highly controversial resolution would, if rigorously pursued, have the effect of reducing or undermining goodwill in established trade marks.

While it is clear that there are legitimate worries over depleting the cache of INNs by overuse in proprietary trade marks, the WHA resolution raises difficulties for trade mark proprietors. Strict compliance with the guidelines could have a severe effect upon traditional trade mark creation practices without necessarily conferring any concomitant salutary effect upon consumer safety.<sup>38</sup> The pharmaceutical industry has made efforts at reaching a workable compromise by submitting proposed guidelines to WHO aimed at ensuring that the distinction between trade marks and INNs remain clear. WHO has not yet acted upon these proposals.

It is questionable whether it is legitimate for the WHO to pursue its own economic agenda by requesting curtailment or, if implemented zealously, elimination of established trade marks on multi-source drugs.<sup>39</sup> The WHO's economic concerns are nevertheless reflected at national level in the constant wrangle between government and the industry, in which government seeks to limit the power of the trade mark (and hence the profits made through the use of branded pharmaceuticals) by encouraging – or, indeed, requiring – the use of generic drug names in prescribing, distributing or dispensing medicines.<sup>40</sup>

36 WHA Resolution 46. 19: paragraph 1(1).

37 Products available from more than one manufacturer or source.

38 See James, 1994/5.

39 That is to say, drugs available from more than one source. See James, 1994/5; Chapman, *WHO, WHA and Why?* Trademark World, December/January 1994/5, p.17.

40 While the UK encourages generic prescribing through ministerial action, other jurisdictions have taken (or are proposing to take) a firm legislative stand on the matter. Brazil, Thailand, Argentina and Colombia are only a few examples of the aggressive stand taken, particularly by emerging economies, against use of pharmaceutical trade marks. See: Daniel, *Generics vs Trademarks: Brazil's strategy to reduce the price of pharmaceuticals*; Trademark World, May 1994; Chapman, 1994/5.

### 4.3 National regulation: trade marks and product licences

Although it is possible to look at pharmaceutical trade marks solely from the standpoint of the Trade Marks Act 1994, to do so would give an incomplete view of trade marks in this field. There is a regulatory world beyond the 1994 Act which impinges upon trade mark choice. At the domestic level, appropriate licences must be acquired under the Medicines Act 1968 before a medicinal product can be manufactured, marketed, exported or imported.<sup>41</sup> The only factors relevant to the determination of an application for a licence are the safety, efficacy and quality of the medicinal product.<sup>42</sup> Under the Medicines Act 1968 the safety of a product may be judged on grounds beyond the mere pharmaceutical effect of the medicine in question. For example, even though a product may be intrinsically safe, a licence may be denied where its presentation renders it unsafe (for example where the drug might be confused with a sweet) or because its name is sufficiently similar to that of an existing product so as to cause a risk of confusion.<sup>43</sup> Thus, in clearing the product, the proposed name under which the product will be sold is also subject to control,<sup>44</sup> though the Secretary of State is under no obligation to take into consideration potential infringement of existing trade marks in deciding whether a licence should be granted.<sup>45</sup> As a result of the licensing requirements, a company may be unable to market a product under a trade mark for which it has, perhaps, already acquired registration, and so

41 Medicines Act 1968, section 7.

42 Medicines Act 1968, section 19(1)(a)-(c). Safety, efficacy and quality are also the only criteria for assessment under EEC legislation: Directive 65/65/EEC, Article 5, Article 21.

43 *Wellcome Foundation Ltd. v. Secretary of State* [1988] 2 All ER 684 at 690.

44 Under the Medicines (Application for Product Licences and Clinical Trial and Animal Test) Regulations 1971, the name under which the product is to be sold must be included in the licence application. There are equivalent requirements under EC legislation: Directive 65/65, Article 4. In addition, Directive 92/27/EEC on the labelling of medicinal products for human use requires that mock ups of packaging and accompanying leaflets must be placed before competent bodies of Member States for marketing authorisation (Article 10(1)) and that authorisation shall be refused if labelling does not comply with the Directive (Article 10(2)). The definition of the name of a medicinal product in Article 1(2) requires that the 'invented name' shall not be liable to confusion with the common name of the drug. Interestingly, the term 'invented name' is used in distinction from 'trade mark', for which there is no similar, explicit prohibition. A trade mark is not necessarily an invented name, at least in terms of English law. 'Daffodil', for example, might be selected as the trade mark for a drug, but it would not be an invented name.

45 It is clear, however, that the grant of a licence does not absolve a licence holder from complying with the civil law: *Wellcome Foundation Ltd. v. Secretary of State* [1988] 2 All ER 684.

may be subjected to considerable delay and expense in devising and registering (if so desired) a new name.<sup>46</sup>

Because a trade mark may be rendered useless by licensing decisions, it is important that the criteria applied in determining 'safety' are both transparent and consistent with the statutory objectives relevant to the grant of a licence, in particular, ensuring patient safety. In principle, therefore, it would not be appropriate to use 'safety' as a guise for implementing WHA objectives in relation to restricting use of common stems, unless it is clear that the incorporation of a common stem has safety implications, through either patient or professional error. Where, for example, a trade mark incorporates a common stem appropriate to the pharmaceutical preparation under consideration, resolution of the issue of safety may be unclear. It may be difficult to argue that patient safety will be compromised, at least if the pharmaceutical will be prescribed and dispensed by healthcare professionals; but it may be that, even where the branded drug is 'the same' as the generic, issues concerning patient safety or welfare may arise. Problems of pharmacoequivalence should be considered. A patient's individual intolerance, of which the pharmacist is unaware, may make supply of the exact drug prescribed crucial. Any similarities which might lead a pharmacist to err are, on this basis, significant.

If the Medicines Control Agency (MCA) does exert pressure to change a proposed trade mark outside of the strict criteria, the decision whether to resist is always a matter of commercial judgement. In practice, the applicant will have selected more than one trade mark to guard against the contingency of rejection. As a matter of commercial expediency, it will frequently be more cost-effective to bow to the MCA pressure rather than risk costly delay to marketing authorisation, unless there is a larger interest at stake.<sup>47</sup>

In assessing a pharmaceutical trade mark, the Guidelines for the

46 The trade mark proprietor has no obligation to use a particular mark, though the mark may be liable to be expunged if it is unused for a period of time: section 46(1) of the 1994 Act. The proprietor could use the mark for a different product within the specification for which the trade mark is registered. Whether he would choose to do so would depend upon the appropriateness of the mark for the product, and any further Medicines Control Agency (MCA) clearances necessary.

47 It may happen that the applicant has obtained approval under the trade mark in question in the rest of the EU. Where this is the case, the desire for a uniform mark in all EU Member States may make an appeal worth pursuing.

Construction of Pharmaceutical Trademarks issued by the MCA<sup>48</sup> are instructive. The Guidelines focus on three types of elements to be avoided: (i) 'undesirable' elements in trade marks; (ii) qualification of trade marks by further detached matter; and (iii) certain uses of non-proprietary names. Under element (i), undesirable features of trade marks are those which are liable to cause confusion in any of a variety of ways which appear to be generally safety-related. A trade mark should not, inter alia, convey misleading therapeutic or pharmaceutical connotations. Nor should it cause confusion in print, handwriting or in speech with existing trade marks. *Wellcome Foundation Ltd. v. Secretary of State* establishes that under the Medicines Act it would only be appropriate to refuse a licence where the confusion with an existing trade mark may affect patient safety. In this context the protection of private trade mark rights is an irrelevant consideration.<sup>49</sup>

Element (ii) suggests that certain letters, numerals and descriptive words be avoided. The matter under this heading would appear to be generally of a nature which might mislead the public. Although 'forte' or 'strong' are given as specific examples, a further range of words such as 'ultra' 'max' and 'super' could also be undesirable, in that they may suggest, say, a clinical advance over existing products. Equally, certain letters and numerals may suggest abbreviations for medical instructions, or may be easily confused in speech or writing, and are accordingly also to be avoided.<sup>50</sup>

Element (iii) is, however, most revealing. It advises that trade marks should not be liable to cause confusion with non-proprietary names relating to *different* active ingredients. Use of a non-proprietary name in these circumstances may well cause confusion, though this is not an inevitable conclusion.<sup>51</sup>

These MCA Guidelines, however, are only as good as they are effective in

48 The Guidelines are also reproduced in the British Pharmacopoeia, Supplementary Chapters A421.

49 [1988] 2 All ER 684.

50 The US Federal Drugs Administration (FDA) Center for Drugs Evaluation and Research, Labelling and Nomenclature committee takes these factors into consideration: Di Domizio, *International Conference Targets Medication Errors*, 1994 Trade Mark World, Issue 70, p.30.

51 A number of letter combinations, such as '-ac', constitute common stems, but are popularly used in pharmaceutical trade marks in a way which is unassociated with the chemical compound to which the stem applies. These uses are not necessarily perceived to be common stem uses, and do not necessarily cause confusion.

the industry. They do not form part of trade mark law and do not feature as part of Trade Mark Registry practice. Yet insofar as they influence the practice of the MCA in performing its regulatory functions, they can effectively restrict the freedom of a business to use a trade mark in the marketplace.

#### 4.4 The European Union dimension<sup>52</sup>

EU control over market authorisation in the field of pharmaceutical products is pervasive, beginning in 1965 in the Directive to Approximate Provisions Relating to Proprietary Medicines (65/65/EEC). This Directive requires that marketing authorisation for a new medicine should be based solely on the criteria of safety, quality and efficacy.<sup>53</sup> As a result of this Directive and its successors, virtually all aspects of market authorisation, pharmaceutical manufacture, supply and advertising are subject to regulation.

Enforcement of these Directives is, in the ordinary way, through legislation in Member States. There was, in addition, a 'multi-state' and a 'concertation' procedure administered at EU level through the Committee for Proprietary Medicinal Products (CPMP). The multi-state procedure enabled a pharmaceutical company with a valid marketing authorisation for an ordinary pharmaceutical in one state to apply through the CPMP for authorisation in two or more of the remaining states.<sup>54</sup> The concertation procedure<sup>55</sup> was specified as mandatory for all biotechnology pharmaceuticals and optional for other high technology products. Using this method, biotechnological and high technology pharmaceutical clearances were routed through the CPMP. However, under both procedures, the final decision on marketing authorisation remained in the hands of the individual Member State. States could rarely agree and both systems worked inefficiently.<sup>56</sup>

With effect from 1 January 1995, a new 'centralised procedure' for biotechnology (mandatory) and high technology (optional) medicines has

52 For a detailed discussion of the EU procedures, see: Charlesworth, Ch.5, *Approving Medicines for Marketing in the European Community – Now and in the Future*, in Griffin, O'Grady and Wells (eds.), *The Textbook of Pharmaceutical Medicine*, 2nd ed., The Queen's University Belfast, 1994; Select Committee on the European Communities, *The European Medicines Agency and Future Marketing Authorisation Procedures*, HL paper 12, 1991.

53 Article 4, Article 221.

54 Chapter III, Directive 75/319/EEC as amended by Directive 83/570/EEC.

55 Directive 87/22/EEC.

56 Select Committee on the European Communities, *The European Medicines Agency and Future Marketing Authorisation Procedures*, HL paper 12, 1991, pp.7-9.

taken the place of the concertation procedure and a new 'decentralised procedure' has replaced the multi-state procedure for all other products requiring multi-state clearance.<sup>57</sup> Under both new procedures, the EU itself will take the final decision as to whether authorisation is granted if there is disagreement at state level.<sup>58</sup> This system should have the dual effects of clearing obstacles to the development of the internal market in pharmaceuticals and facilitating at EU level the development of a general policy on public health.<sup>59</sup>

These two objectives, however, are aimed at strikingly different ends. That which is an aid to the development of a single market may have unhappy implications for public health and, indeed, for the pharmaceutical industry. A good example of this unhappy marriage of objectives can be seen in relation to the Commission's policy on pharmaceutical trade marks. In its enthusiasm to create a single market in pharmaceuticals, the Commission is currently proposing that products cleared through the centralised procedure bear a single trade mark (registered or unregistered) throughout the EU. This reflects the Commission's deeply held suspicion that the pharmaceutical industry is inclined to use its trade marks as an artificial device to divide markets.

The Commission's stance on the single trade mark issue is at odds with ordinary commercial practice and creates invidious distinctions between pharmaceutical companies, whose freedom to choose a trade mark is curtailed for no compelling reason, and those other industries where the freedom of choice remains, subject to control through Articles 30-36 of the Treaty of Rome in relation to the free movement of goods.

A number of objections may be taken to the Commission's policy. On public health grounds, it is quite possible for a trade mark to be suitable in one Member State but unsuitable in another. It may, for example, be the name of, or confusingly similar to the trade mark of, another drug in the latter state, so that public safety is put at risk there. As a matter of traditional trade mark practice within the pharmaceutical industry (though this does not

57 It has been mandatory since 1996.

58 The system is administered by the European Agency for the Evaluation of Medicinal Products (EMA), located in London.

59 Select Committee on the European Communities, *The European Medicines Agency and Future Marketing Authorisation Procedures*, HL paper 12, 1991, para. 26, p.14.



follow from trade mark law), it may simply be impossible to find a desirable name which is registrable (or, if unregistered, usable without legal challenge) in all Member States. The name may be identical with, or confusingly similar to, an existing registered trade mark, and hence be refused registration. It may result in passing off (or its local variant). It may be downright rude in the local language.

The preamble to Directive 65/6/EEC (the parent Directive) justifies EU intervention in pharmaceuticals primarily on the ground of safeguarding public health. But it further emphasises that this objective 'must be attained by means which will not hinder the development of the pharmaceutical industry or trade in medicinal products within the Community.' The selection and use of appropriate trade marks is an undeniably important adjunct to the healthy development of the pharmaceutical industry, given the significance of trade marks in the marketplace, the high cost of research and development involved in a new medicine and the relatively short period of protection afforded by patent law. Pharmaceutical products, particularly biotechnological products, may fail to obtain patent protection at all.<sup>60</sup> The developer of such a product may have little to protect him apart from any brand loyalty he may build up during his lead time.<sup>61</sup> Moreover, the financial success of a high cost industry such as the pharmaceutical industry also relies on standard business strategies such as joint-development ventures, co-marketing and licensing agreements within a Member State and between Member States. In furtherance of these strategies, it may well be necessary to market products within a Member State, or in different Member States, under different trade marks in pursuance of legitimate trade mark ends.

The ECJ has recognised in its case law that the essential function of a trade

60 *Biogen v. Medeva* [1995] FSR 4, CA; [1997] RPC 1, HL and *Genentech v. Wellcome Foundation* [1989] RPC 147 are two recent examples in which high technology products failed to obtain patent protection.

61 This may include a short period of marketing exclusivity accorded through Article 4(8) of Directive 65/65/EEC as amended by 87/21/EEC. This provision requires the applicant for a licence for a generic medicine to produce results of pharmacological, toxicological and clinical tests on the medicine. Although there are exceptions to this requirement, the practical effect of the provision is to give a period of six to 10 years of exclusivity (10 years for high technology products) to the first holder of market authorisation. In the UK, a 10 year period has been adopted for all medicinal products marketed in its territory. See *R. v. Licensing Authority ex p. Smith Kline and French Laboratories Ltd.* [1989] FSR 440, HL for a discussion. Cf. Hodges, Ch. 6, para. 6.7.5, *Legal and Ethical Issues Concerning Pharmaceutical Products*, in Griffin, O'Grady and Wells, 1994.

mark is to guarantee the identity of the origin of the trade marked product to the consumer or ultimate user by enabling him, without any possibility of confusion, to distinguish that product from products which have another origin.<sup>62</sup> Where parties engage in marketing activities jointly or through licensing in which they put their reputation behind goods, they should be entitled to distinguish that which they market from the product as marketed by another, whether or not that other is a business partner. The issue is not whether the product is the same, but whose reputation is behind the goods.

It is true, of course, that a pharmaceutical company may operate through a subsidiary in another EU state, as may any other type of company. These companies will technically be independent entities with distinct legal personalities. Since they may hold intellectual property rights, which are territorial by nature, quite independently of their parent or siblings, the same trade mark may be owned by legally separate, but closely related companies in several jurisdictions. On the other hand, the companies may adopt different trade marks in those jurisdictions which will also be held, technically, in separate legal hands. But the mere fact that a company adopts different trade marks for the same product in different countries, should not automatically result in the adverse inference that the companies involved are using this as a method to divide the market. Ultimately, the question is one of fact in each case. There would appear to be no particularly compelling reason on grounds of public safety or of establishing the single market for requiring the use of a single trade mark.

#### 4.5 Compliance with the General Agreement on Tariffs and Trade and Trade Related Aspects of Intellectual Property Rights

In addition to the above reasons, it may be that the Commission's stance fails to comply with the General Agreement on Tariffs and Trade (GATT) position on Trade Related Aspects of Intellectual Property Rights (TRIPs). Under Article 20:

'The use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form or use in a manner detrimental to its capability to

62 *Hoffmann-La Roche v. Centrafarm* [1978] FSR 598.

distinguish the goods or service of one undertaking from those of another undertaking’.

It is arguable that the requirement of a single trade mark throughout the EU, whatever the trading arrangements between the market authorisation holder and his trading partners, constitutes a condition of use which is detrimental to the trade mark’s capacity to distinguish. Where, as is common, the pharmaceutical company has already obtained various registrations for its preferred trade marks for the product, the Commission’s single trade mark requirement can be seen an unjustifiable encumbrance on their use in view of the competing argument canvassed above. Whether this argument is acceptable depends upon whether any TRIPs signatory state raises the matter with the World Trade Organisation. It is unlikely that any EU Member State will raise the question, having already assented to the EU’s policy.

#### 4.6 Conclusions

In the field of pharmaceutical products there is friction between ordinary principles of trade mark law and the overall regulatory regime which controls medicines. It is an example of the clash between public law and private law. Although a pharmaceutical company may be able to acquire registration for a trade mark, the reality of the regulatory regime is that the company may not be able to use it in the market. It is fitting that a specialist regulatory agency, the MCA or EMEA, should be the arbiter in the pharmaceutical field. The Registrar of Trade Marks has neither the time nor the expertise to deal with pharmaceutical public safety issues, while the resolution of these issues is too important to leave to interested parties to fight out by way of opposition or opposition proceedings to registration. This is not to say that acquiring a registration for a trade mark which turns out to be unusable is a pointless exercise for a company, since an existing registration for an unused mark may be used aggressively – and even abusively – to limit the trade mark choices of rivals.

## 5 LEGAL DEFINITION OF A TRADE MARK

*Any sign.*

*Particular problems:*

- *shapes;*
- *packaging;*
- *colours;*
- *fragrances;*
- *slogans.*

*Graphic representation: Registry guidelines*

*Capacity to distinguish:*

- *a theoretical introduction;*
- *how the law has changed from the 1938 Act.*

### 5.1 The definition

According to section 1 of the Trade Marks Act 1994:

‘...a trade mark means any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings.

A trade mark may, in particular, consist of words (including personal names), designs, letters, numerals or the shape of goods or their packaging.’

This definition, however, is subject to section 3 of the 1994 Act, which places various restrictions on registration.

### 5.2 Any sign

No sign meeting the two criteria in the first sentence of section 1 of the 1994

Act is automatically excluded, though a non-exhaustive list of signs is given. According to the Commission's Explanatory Memorandum on the Community Trade Mark Regulation, Article 2 of the Directive (which is the model for section 1 of the 1994 Act) the types of sign of which a trade mark may consist are

'geared particularly to the question whether the relevant sign is capable of performing the basic function of a trade mark. That function, in economic and legal terms, is to indicate the origin of goods or services and to distinguish them from those of other undertakings.'

It should be noted immediately that, although a wide range of matter may be considered a sign, a sign will not be a trade mark unless it fulfils two further conditions: it must be capable of being graphically represented and capable of distinguishing one undertaking from another. The latter condition is the more the more difficult of the two.

### Shapes and packaging

Product shapes and containers may now qualify for registration. In this chapter, we will only consider the widening of the definition of a trade mark to include product and packaging shapes. As will be seen, further issues arise over whether such marks are distinctive, and whether they are specifically excluded under section 3(2) of the 1994 Act. These issues will be dealt with in greater depth in chapter 6.

The broad definition of a sign in the 1994 Act will overcome inadequacies which arose in the definition of a trade mark under section 68 of the 1938 Act. Under that earlier Act, the courts had decided that a trade mark must be something which can be applied to the surface of goods, or be incorporated in goods, but could not be the shape of goods or their container. In classic trade mark theory, 'a mark must be something distinct from the thing marked. A thing itself cannot be a mark of itself'.<sup>63</sup> Thus, in *Coca Cola Trade Mark*<sup>64</sup> the House of Lords concluded that the definition of a mark under section 68 of the Trade Marks Act 1938 did not extend to the shape of the goods themselves, including their container. Accordingly the famous *Coca-*

63 *Re James's Trade Mark* [1988] 33 Ch D 392 at p.395 per Lindley LJ.

64 [1986] RPC 421.

*Cola* bottle shape could not constitute a mark, let alone a trade mark, despite evidence that the shape was 100% distinctive of source under the old law. Under the 1994 Act, however, the *Coca Cola* bottle achieved registration in November 1995.

Although the classic rule regarding shapes had been approved,<sup>65</sup> distinguished<sup>66</sup> and ultimately changed by the 1994 Act,<sup>67</sup> it nevertheless represented a superficially straightforward solution to the problem of whether a trade mark should be permitted to result in monopoly protection, in effect, for the product itself. Trade marks represent barriers to entry into the market, although those barriers are considered to be justified where they serve the essential function of enabling the consumer or final user to distinguish, without any possible confusion, the products of one undertaking from those of another.<sup>68</sup> However, using trade mark law to achieve a monopoly in the product itself would present an intolerable obstacle to competition. Ironically, such a monopoly would not ordinarily be achieved by intellectual property rights specifically designed to protect articles of commerce and industry, such as patent and design law. In addition, since it is possible for trade marks to be registered without use, a manufacturer could, theoretically at least, pre-empt his rivals by strategic registration.

The driving force behind the *Coca-Cola* decision was to prevent unacceptable restrictions in the manufacturing sphere arising through the side-wind of trade mark law. As justification for the change to the law, the White Paper on Reform of Trade Mark Law<sup>69</sup> points out that where shapes are in fact distinctive of a product of a particular trader in the marketplace, the grant of a registered trade mark would not confer a monopoly, but would simply recognise that the shape is in fact already functioning as a trade mark. Nevertheless, the move toward registration of shapes and containers may present dangers for industry. Unlike passing off law, under which it is relatively uncommon for the shape of a product to become distinctive of

65 *Coca Cola Trade Mark* [1986] RPC 421.

66 *Smith Kline and French Laboratories Ltd. v. Sterling Winthrop Group Ltd.* [1976] RPC 511.

67 Although the shape of goods is potentially registrable, section 3(2) prohibits registration of the shape of goods where the shape results from the nature of the goods themselves, performs certain functions or adds substantial value to the goods.

68 The grounds are enunciated in *SA CNL-Sucal NV v. Hag GFAG* (case C-10/89) [1990] ECR I-3711, *Hag II*, and in the Advocate General's opinion.

69 Cm 1203, 1990, para. 2.18.

source, and thus qualify for protection,<sup>70</sup> in trade mark law, the test is merely 'is the shape *capable* of distinguishing.' This is a rather lower threshold than that which appertains in passing off, although the White Paper considered that it would be unlikely for a shape application to succeed in the absence of evidence of factual distinctiveness.<sup>71</sup>

While an examination of US law on this problem would be outside the scope of this book, it may be noted that in the US there is a well developed doctrine of functionality which prevents a trade mark owner from inhibiting competition by using a trade mark to control a useful feature of a product.<sup>72</sup> This doctrine may override the registrability of a mark where the use of the feature as a trade mark would put a competitor at a disadvantage by preventing his use of a functional element necessary to the product. Thus, though shapes may be registered, there is an explicit underlying control mechanism. In the UK and EU, since the 1994 Act and the Directive explicitly envisage that shapes of goods and packaging can be registered, the necessary controlling principles will have to be developed through interpretation of 'capacity to distinguish' and the bars to registration of certain shapes as under section 3(2) of the 1994 Act.

### Colours as signs

A colour may qualify as a sign under the 1994 Act, thus confirming the

70 *Hodgkinson and Corby Ltd. and Robo v. Wards Mobility Services*, see [1985] FSR 169. See also *Benchairs Ltd. v. Chair Centre Ltd.* [1972] FSR 397.

71 See, however, *Phillips Electronics NV v. Remington Consumer Products* [1998] RPC 283 for an analysis of functional shapes and the capacity to distinguish.

72 The doctrine covers 'utilitarian functionality' (which considers the extent to which the design feature relates to a utilitarian function of the product), and 'aesthetic' functionality' (which relates to the extent to which an aesthetic feature contributes to consumer appeal.) As to the latter, the United States Supreme Court recently narrowed the bar against trade mark protection for aesthetic material. A feature will only be (aesthetically) functional if it: (i) is essential to the use or purpose of the article; (ii) affects the cost or quality of the article; or (iii) affords significant competitive benefits to the person marketing the article; (apart from any benefits attributable to the feature's or design's significance as an indication of source) that are unavailable through the use of alternative designs: *Qualitex v. Jacobson Products Co. Inc.* 115 S Ct 1300, 34 USPQ2d 1161 [1995], discussed in Unikel, *Better by Design: The Availability of Trade Dress Protection for Product Design and the Demise of Aesthetic Functionality* Vol. 85 TMR 312 [1995] As a result of *Qualitex* a wide range of aesthetic matter which attains secondary meaning should be protectable as trade dress. Subject matter could include, according to Unikel, not only colour and shape, but fragrance, dress and car design. The possibilities are open ended. See also Schwartz, *Registration of Colours as Trade Marks: US Supreme Court Decision in Qualitex Co. v. Jacobson Products Co. Inc.* [1995] 8 EIPR 393.

position already reached under the 1938 Act.<sup>73</sup> In the pharmaceutical field, colours are often claimed to serve as trade marks.<sup>74</sup> However, though a colour may be a sign within the meaning of the 1994 Act, it remains questionable whether colour, either single or in combination, will serve to distinguish in the marketplace. This is best left to the discussion on 'capacity to distinguish' later on in this chapter.

### Sounds

Sounds may qualify for protection, so that a jingle, or even the two note sound of the Intercity 125 train, is potentially registrable. The requirement of graphic representation may be satisfied by musical notation. Whether the mere description of sounds will be sufficient may well depend upon the complexity of the sounds in question and the accuracy of the description. In the US, for example, *Alka Seltzer* tablets were advertised for some time with the jingle 'plop, plop, fizz, fizz, Oh! What a relief it is', accompanied by the sound (and when advertised on television, the visual representation) of two tablets dropping into water and fizzing. Assuming capacity to distinguish could be shown, and sufficient description, the sounds 'plop, plop, fizz, fizz' may be registrable.<sup>75</sup>

### Fragrance marks

Under the 1994 Act, there is no automatic bar against any sign, so that a smell may be registrable if it fulfils the function of a trade mark in practice.<sup>76</sup> The breakdown of the classical assumption that a mark must be something distinct

73 In the leading case of *Smith Kline and French Laboratories Ltd. v. Sterling Winthrop Group Ltd.* [1976] RPC 511, the House of Lords concluded inter alia that a colour combination applied to the surface of goods (including the entire surface of the goods) may constitute a mark. See the preceding note for a brief discussion of the US position.

74 *Smith Kline and French Laboratories Ltd. v. KV Higon (trading as Eurim-pharm)* [1988] FSR 115 – yellow capsules with light and dark blue pellets; *Roche Products Ltd. v. Intercontinental Pharmaceuticals Ltd.* [1965] RPC 371 – green and black capsules; *John Wyeth and Brothers Ltd.'s Coloured Tablet Trade Mark* [1988] RPC 233 and *John Wyeth and Brothers Ltd. v. M and A Pharmaceuticals Ltd.* [1988] FSR 26 – blue and yellow for *Ativan* and *Lorazepam*; *Smith Kline and French Laboratories Ltd.'s Cimetidine Trade Mark* [1991] RPC 17 – pale green tablets; *Boots Co. Ltd. v. Approved Prescription Services Ltd.* [1988] FSR 46 – magenta for *Brufen*; *Hoffman La Roche v. DDSA* [1972] RPC 1 – green and black for *Librium*; *Roche Products Ltd. v. Berk* [1973] FSR 345 – white and yellow for *Valium*.

75 In the US the sound 'clap, clap, clap, moo' for restaurant services has been registered: *Trade Marks Registry Draft Work Manual*, 1995, chapter 6, p.11.

76 In *Sumitomo Rubber Industries Ltd.'s Application 2001416* the smell of roses as applied to tyres, achieved registration. The Registry is understood to be tightening up on fragrance marks.



from the thing marked in relation to the shape of goods may lead to further relaxations in relation to other products in which the goods and the mark merge. However, 'smell' trade marks raise complex issues in terms of both graphical representation and capacity to distinguish.

### 5.3 Capable of being graphically represented

It is a requirement of section 1(1) of the 1994 Act that the sign must be capable of graphic representation. The Registry has issued guidelines<sup>77</sup> indicating that a sign is graphically represented when:

- it is defined with sufficient precision so that infringement rights can be determined;
- the graphical representation can stand in place of the trade mark without the need for supporting samples; and
- it is reasonably practicable for persons inspecting the register, or reading the Trade Marks Journal, to understand from the graphical representation what the trade mark is.

Graphical representation may accordingly include two dimensional drawings of a three-dimensional mark, though if features of a shape can only be appreciated by different perspective views, multiple views should be filed.

The Registry generally considers that descriptions in words alone may be insufficient for graphic representation. Whether this is the case presumably depends upon the accuracy with which the written description identifies the trade mark.<sup>78</sup> Whether a fragrance, for example, could be described accurately in words, or would be recognisable by a written chemical formula is a difficult matter.<sup>79</sup> Where a fragrance mark is described in complex and

<sup>77</sup> Reproduced in Institute of Trade Mark Agents (ITMA) *Information No. 2/96*, March/April 1996.

<sup>78</sup> A recent application in respect of metal fencing items in which the mark was stated to be the shape of the goods, described as follows, failed: 'The use of tubes with distorted portions along their length, as fence posts, fence rails or fence bars to form, through the positioning of tubes adjacent to one another, a pattern superimposed on a fence panel.' The Registry considered the description to fail on all three of the guidelines.

<sup>79</sup> In *Sumitomo Rubber Industries Ltd.'s Application 2001/416*, 'the smell of roses as applied to tyres' was considered to be graphically represented, though this appears to have been a generous decision. For an analysis of the problems associated with fragrance marks from a US perspective, see Elias, *Do Scents Signify Source? An Argument Against Trademark Protection for Fragrances* Vol. 82 TMR 472, 1992.

fanciful terms, it is unlikely that the requirement of graphic representation would be met.<sup>80</sup>

#### 5.4 Capacity to distinguish

Both the Directive and the 1994 Act require a trade mark to have the capacity to distinguish the goods or services of one undertaking from those of another. The interpretation of this phrase is, therefore, vital to the operation of the 1994 Act. Unfortunately, the role of this criterion is somewhat opaque. This is because 'capacity to distinguish' is both an element that defines what can be a trade mark under section 1, and also an element which, if absent, will render the sign unregistrable as a trade mark under section 3.<sup>81</sup> There are therefore two questions to explore:

- (i) what does 'capacity to distinguish' mean?
- (ii) what is the relationship of 'capacity to distinguish' in sections 1 and 3?

#### The concept of distinctiveness

A sign can be strongly or weakly distinctive, or, indeed, completely non-distinctive. Distinctiveness may arise in a number of ways. A sign may be inherently distinctive in the sense that it means nothing in relation to the goods in question. Invented words and words that are fanciful or arbitrary in relation to the applicant's goods would generally be considered distinctive in and of themselves.<sup>82</sup> Examples would include '*Solio*' for photographic paper<sup>83</sup> or '*North Pole*' for bananas. The former is invented, while the latter is quite fanciful for the product. An inherently distinctive sign will normally make a strong trade mark. As a matter of policy, these marks are particularly

80 The requirement was not considered to be met in *Monsoon Application no. 2025328*, where the mark was described as 'the scent of an exotic and heady fruity floral fragrance consisting of jasmine, muguet, ylang, sensualised by an accord of musk, patchouli, oakmoss and dry amber, with slightly citrus, green top notes, floral woody middle notes and base notes of must, dry amber and vanilla. The scent is also known by the brand name Monsoon'.

81 Under section 3 of the 1994 Act, a trade mark 'devoid of any distinctive character' is unregistrable.

82 Under section 9(1) of the 1938 Act there were five classes of marks which were prima facie registrable in Part A as distinctive. The most important of these classes were: invented words (s. 9(1)(c)) and words having no direct reference to the character or quality of the goods (s. 9(1)(d)). For the latter class, the 1938 Act further barred words which were geographical or surnominal in their ordinary signification.

83 *Eastman's Application* [1898] AC 571.

acceptable because their use by one trader will not prejudice another.

On the other hand, a sign will be non-distinctive if it is, for example, descriptive or indicative, *inter alia*, of kind, quality, or geographical origin. Where a sign suffers from one of these defects, it is *prima facie* incapable of distinguishing. To be registrable, such a sign must lose its primary meaning and acquire a secondary meaning by which the public associates the mark with a particular source. The secondary meaning may then outweigh any descriptive connotations.

Some signs will fall between the two categories, having slight or weak distinctive capacity. Here, for example, a mark may be mainly descriptive but display a sufficient degree of difference from a non-distinctive word to render it capable of distinguishing the goods of one undertaking from those of another.<sup>84</sup> In many cases, the applicant will only be able to show distinctive capacity by adducing evidence that the public recognises the sign as a trade mark through its use.

### Guidance under the old law

It is helpful to know a little about the old law in order to see how the new law works. Under the 1938 Act, the hallmark of registrability was distinctiveness. The Register was divided into two parts, and the criteria of registrability were laid out in section 9 for Part A marks and section 10 for Part B marks.

Part A registration provided strong protection, but the criteria for registration were stringent. To be registered in Part A, a mark had to be 'adapted' to distinguish,<sup>85</sup> and fall within one of five classes set out in section 9(1)(a)-(e). A mark which fell within one of these classes was considered to be *prima facie* distinctive.<sup>86</sup> This meant that, in the absence of any specific objection from the Registrar, the trade mark would be registrable without consideration of its distinctiveness.<sup>87</sup>

84 An example might be 'Mothercare' for goods related to maternity and child care.

85 Section 9(2) of the 1938 Act.

86 These included: (a) company names presented in a special manner; (b) signatures of the applicant or his predecessor in business; (c) an invented word(s); (d) words having no direct reference to the character or quality of the goods, excluding words which were geographical or surnominal in their ordinary signification; and (e) 'any other *distinctive* mark'. Where the applicant sought registration of a mark under class (e) which failed to achieve registration under previous classes, it was necessary to adduce evidence of distinctiveness.

87 There are, however, marks which might at first sight fall within one of the four classes of *prima facie* distinctiveness but which are nevertheless objectionable: *Chin-Chin Trade Mark* [1965] RPC 136.

For Part B registration, where the protection was weaker, trade marks were merely required to have the capacity to distinguish.<sup>88</sup> This requirement was meant to ensure that traders did not obtain by registration a monopoly in indicia which other traders might legitimately desire to use.<sup>89</sup> The test of capacity to distinguish as it emerged from the 1938 Act was: did the mark afford an indication of trade origin without trespassing upon the legitimate freedom of other traders?<sup>90</sup> The way in which the test was applied depended upon whether the trade mark was used or unused. Where the trade mark was unused, the main question was whether it was apt for describing the goods. If so, it would be wrong to fence off the English language and deprive other traders of the use of legitimately descriptive words. Where the trade mark was used, the question generally was whether it had acquired sufficient secondary meaning to outweigh prejudice to other traders.<sup>91</sup>

In addition to the above requirements, for registration in either Part of the register, the trade mark had to demonstrate its distinctiveness both in fact and in law.<sup>92</sup> Case law indicated that certain marks, such as laudatory epithets and important geographical names, were to be considered incapable of distinguishing in law, whatever the factual evidence.<sup>93</sup>

### The new law

The Directive, and accordingly the 1994 Act, only require a trade mark to display capacity to distinguish. This is manifestly a lower standard of

88 Section 10 of the 1938 Act.

89 *du Cros (W&G)* [1913] AC 624, 635; 30 RPC 660 at 672: 'registration should largely depend upon whether other traders are likely, in ordinary course of business and without any improper motive, to desire to use...the same [or similar] mark [for their goods]'.

90 *American Screw Co.'s Application* [1959] RPC 344 'Torq-set': 'Part B...is intended to comprise marks which in use can be demonstrated as affording an indication of trade origin without trespassing upon the legitimate freedom of other traders', per Lloyd-Jacob J; *Weldmesh Trade Mark* [1965] RPC 590.

91 *Weldmesh Trade Mark* [1965] RPC 590 per Lloyd-Jacob J, approved per Willmer LJ, CA; See also '*I Can't Believe It's Yogurt Trade Mark* [1992] RPC 533. In *Always* [1986] RPC 93, Falconer J considered the unused mark 'Always' to be the kind of word which others will legitimately wish to use - 'always the best, always absorbent'. With use it might be capable, but as it stood it had no inherent capacity to distinguish.

92 Sections 9(3) and 10(2) of the 1938 Act. The courts read the words 'the court may have regard...' as meaning *must* have regard. *Tarzan Trade Mark* [1970] RPC 450, per Salmon LJ, p. 455.

93 Sections 9 and 10 of the 1938 Act; *Crosfield's Application 'Perfection'*, [1910] 1 Ch 130; *York Trade Mark* [1982] 1 All ER 257.

distinctiveness than inherent adaptation.<sup>94</sup> There is no longer any formal rule that marks which would have previously lacked the legal capacity to distinguish can never be registered, whatever the evidence. Whether a mark is capable of distinguishing will be a matter of fact, as discussed in *British Sugar plc v. James Robertson and Sons Ltd.*<sup>95</sup>

### **The relationship between sections 1(1) and 3 of the 1994 Act**

The most interesting question under section 1 of the 1994 Act for the moment is how it is to be interpreted in relation to section 3(1), which contains several grounds, called 'absolute' grounds, upon which the registrar must refuse to register a mark. Section 3(1) of the 1994 Act deals with trade marks which are defective in a variety of ways, such as: lack of conformity with section 1; lack of distinctive character; descriptive, geographical or generic significance. The first question which arises is whether section 1 of the 1994 Act adds a requirement of distinctiveness above and beyond the grounds set out in section 3(1), or whether section 1(1) is merely a definition to be interpreted by reference to the grounds for refusal in section 3(1). The sections are not clear, but the better view is that issues of distinctiveness should be left for consideration under section 3. *British Sugar plc v. James Robertson and Sons Ltd.* confirms this approach.<sup>96</sup> Further support for this approach can be found in the legislative history of the Act and in the Directive.

The Government affirmed in the 1990 White Paper<sup>97</sup> that it intended to accept the Directive's facilitative approach to registration. Article 2 of the Directive sets out a definition of a trade mark which is subject to the proviso that the sign is capable of distinguishing. Article 3 then states what may not be registered including, inter alia, signs which cannot constitute a trade mark

94 Clearly, anything which was adapted to distinguish under section 9 of the 1938 Act should of necessity be *capable* of distinguishing under the 1994 Act.

95 Jacob J. did, however, come close to suggesting that some marks are inherently unregistrable in *British Sugar plc v. James Robertson and Sons Ltd.* [1996] RPC 281, where he said '...no matter how much use a manufacturer made of the word 'Soap' as a purported trade mark for soap, the word would not be distinctive of his goods. He could use fancy lettering as much as he liked, whatever he did would not turn the word into a trade mark' (p.302).

96 Jacob J considered that the closing words of section 1(1) did not add anything to section 3(1)(b)-(d). His Lordship was able to avoid consideration of the scope of section 3(1)(a).

97 Cm 1203 (1990) para. 3.07.

and trade marks which are devoid of distinctive character in a variety of ways.<sup>98</sup>

Although the drafting of the 1994 Act is not unambiguous, it would nevertheless appear that section 1 is, like Article 2 of the Directive, simply a definition which indicates that a sign must function as a trade mark in order to qualify as such. The decision whether a mark has the capacity to distinguish (and hence function as a trade mark) is to be taken by reference to the criteria in Article 3 of the Directive, which corresponds to section 3 of the 1994 Act. That there is a link-up between 'capacity to distinguish' and lack of 'any distinctive character' is clear from the minutes of the EC Council meeting relating to the Directive, which state that the Council... 'consider that a trade mark is devoid of any distinctive character if it is not capable of distinguishing the goods or services of one undertaking from those of another.' What constitutes that 'capacity' must ultimately be determined by reference to trade mark theory.

The confusion in the UK legislation arises partly because it does not adopt the precise wording of Articles 2 and 3 of the Directive. Instead, in section 1(1) of the 1994 Act, capacity to distinguish is elevated from the status of proviso (the meaning of which may be derived from section 3)<sup>99</sup> to a definitional element: 'a trade mark means any sign...which is capable of distinguishing...'. This may suggest that 'capacity to distinguish' has a free-standing meaning beyond the criteria for refusal in section 3. If so, what would that free-standing meaning be? Ultimately the 1994 Act must conform to the Directive, making unlikely an interpretation which would create obstacles to registration unconnected with the criteria set out in the parallel provisions of the Directive.

In summary:

- the capacity to distinguish is clearly connected to the criteria in section 3 (in this particular case to lack of distinctive character); and
- the assessment of whether a mark satisfies section 1 takes place through section 3.

<sup>98</sup> Articles 3(1)(a), (b) and (c) of the Directive.

<sup>99</sup> See also its Directive counterpart, Article 3.

In other words, if the trade mark is not devoid of distinctive character (or otherwise debarred under section 3) it qualifies under section 1.<sup>100</sup>

Until the law develops under the 1994 Act, existing principles may still prove to be relevant, especially in relation to areas of acknowledged difficulty such as colour, smell, sounds, descriptive and geographical terms. The question of whether marks will be capable of distinguishing must be viewed in relation to the absolute bars set out in section 3 of the 1994 Act.

100 It appears from the *Trade Marks Registry Draft Work Manual* (June 1995) that the Registry is taking this approach. Para. 3.5 now states that the words of section 1 of the 1994 Act relate to whether the sign is a trade mark rather than setting the standard of distinctiveness necessary to secure registration: see CIPA and ITMA *United Kingdom Trade Mark Handbook* (1991) para. 105.1.5. Nevertheless, in the same paragraph of the *Draft Work Manual* the Registry sets the standard as that required for the old Part B (s. 10) registrations under the 1938 Act.

## 6 ABSOLUTE GROUNDS FOR REFUSAL

*Fundamentally flawed signs: section 3(1):*

- signs which do not meet the requirements of section 1(1);
- signs which are devoid of any distinctive character;
- signs which are descriptive;
- signs which are customary.

*Overcoming objections under section 3(1); i.e. signs which have become distinctive through use.*

*Shapes which cannot be registered: section 3(2).*

*Miscellaneous grounds upon which registration must be refused.*

*Issues of special interest to the pharmaceutical industry:*

- colours;
- invisible trade marks;
- trade marks incorporating INNs or stems;
- ‘genericisation’;
- shapes.

### 6.1 Introduction

A registered trade mark system must provide mechanisms by which:

- trade marks which suffer from legal defects may be refused; and
- the relative rights of prior right owners and later applicants may be resolved.

These form the substance of the grounds for refusal in sections 3 and 5 of the 1994 Act. The grounds for refusal may be broken down very roughly into public policy grounds, known as ‘absolute’ grounds (section 3), and ‘relative’ grounds which involve the conflict between an applicant and the holder of a



prior right (section 5). In this chapter, we are concerned with the absolute grounds for refusal. Relative grounds for refusal are discussed in chapter 7.

The Registrar must refuse to register a mark if it falls foul of the criteria set out in section 3 of the 1994 Act. However, while the criteria are described as being absolute, some of the grounds for refusal are not absolute at all. Because of similarities between the 1994 Act and the 1938 legislation, it will be useful to refer to some old case law. Readers should also note that, because of the way that the 1994 Act is drafted, some of the issues introduced in chapter 5 arise for fuller exposition here.

The structure of section 3 is complex. The section lists six sets of reasons for refusing registration. As a brief guide:

**Section 3(1)(a)-(d)** deals with signs which are fundamentally flawed so that they cannot prima facie serve as trade marks. The grounds are:

- (a) signs which do not satisfy the requirements of section 1 of the 1994 Act;
- (b) trade marks which are devoid of any distinctive character;
- (c) trade marks which consist exclusively of certain types of descriptive matter; and
- (d) trade marks which consist exclusively of signs which are generic.

Only (a) is an irremediable ground for refusal. Objections raised under section 3(1)(b)-(d) may be overcome by evidence of factual distinctiveness *in use*;

**Section 3(2)** deals with shapes as trade marks;

**Section 3(3)** deals with immoral, unacceptable and deceptive marks;

**Section 3(4)** deals with marks prohibited by law;

**Section 3(5)** deals with specially protected emblems;

**Section 3(6)** deals with marks registered, or applied for, in bad faith.

## 6.2 Section 3(1)(a): signs which do not satisfy section 1

This subsection requires the Registrar to refuse *signs* which do not satisfy the definition in section 1 of the 1994 Act and thus it appears to bring section 1 back into play. The scope of this provision is, however, difficult to

establish.<sup>101</sup> Two main types of failure can be seen. A sign may fail because:

- it cannot be represented graphically;<sup>102</sup> or
- it is incapable of distinguishing the goods or services of one undertaking from those of another.

The latter ground, however, is potentially so wide that it could encompass the remaining grounds. Taken at its widest, it could be interpreted to mean that certain signs are inherently incapable of distinguishing and thus could never be registered despite evidence that the public had come to recognise the sign as a trade mark. This would, in effect, return the law to the position achieved under the 1938 Act, where certain marks were considered to be incapable of distinguishing in law<sup>103</sup> and would be contrary to the government's intentions as expressed in the 1990 White Paper.

To arrive at a reasonable interpretation, section 3(1)(a) of the 1994 Act must be considered in relation to the remainder of section 3 and to the objectives which the Directive and Parliament sought to achieve. One of these objectives was to facilitate trade mark registration by permitting the registration of a wider range of signs than previously permitted. With this objective in mind, we must look at the remaining subsections to discern the ambit of section 3(1)(a). Since the remaining subsections deal with specific flaws based on non-distinctiveness, section 3(1)(a) must be reserved for signs which are more fundamentally flawed. Thus, a sign may pass section 3(1)(a) and satisfy section 1(1), in the sense that the sign is 'not incapable' of distinguishing, but fail because of an objection arising under the remaining

101 The section does not adopt the wording of Article 2 of the Directive, which states that signs which cannot constitute a *trade mark* must not be registered. This Article suffers from ambiguity similar to that in section 3(1)(a), since in both cases the reader is thrown back on Article 1 (or section 1(1)), which requires a trade mark to have the capacity to distinguish. There is then an unexplained overlap between Article 3(1)(a) and (b), both of which require an assessment of distinctiveness: in (a) the capacity to distinguish and in (b) whether the mark is devoid of distinctive character.

102 The problem of graphic representation can affect not only fragrance marks, as previously discussed, but also other trade marks in which the applicant seeks to describe a shape mark in word form. The Registry has recently turned down an application for a shape mark for metal fencing items where the shape was described in words accompanied by supporting drawings. The shape could not be accurately determined from the description in the absence of supporting samples.

103 *York Trade Mark* [1984] RPC 231, HL.

provisions of section 3(1).<sup>104</sup> If, however, the sign fails section 3(1)(a) it can go no further. This subsection should be interpreted conservatively since it is not subject to any proviso which can save a trade mark which falls foul of it.

It is possible to interpret section 3(1)(a) to eliminate signs which do not function, either *prima facie* (i.e. without use) or even after considerable use, as trade marks at all. In *Phillips Electronics NV v. Remington Consumer Products*, Jacob J considered that this prohibition would cover a sign which could never be capable of fully distinguishing one trader's goods from those of another. On this basis, Jacob J rejected the shape of Phillips' three-headed rotary shaver as a trade mark. The sign primarily denoted function, even after use. 'More use could not make a difference. The sign can never only denote shavers made by Phillips... because it primarily says "here is a three headed rotary shaver".'<sup>105</sup> The following further examples are put forward as possibilities.

#### ● Certain forms of slogan

A slogan used in trade may be used as a mere exhortation to buy, rather than to indicate source, and may thus fail to qualify. In *Have a Break Trade Mark*<sup>106</sup> the words 'Have a break, have a *Kit Kat*', which were used on and off for many years in relation to the popular confection *Kit Kat*, were held not to be used in a trade mark sense to indicate source, nor were the words considered to be distinctive in respect of snack foods. The court held that the slogan did not function as a trade mark in the marketplace, even though the public might associate the slogan with the makers as part of the advertising campaign.

The question under the 1994 Act is whether this failure constitutes a ground for refusal under section 3(1)(a), viz. that the sign does not fulfil the requirements of section 1. This takes us back to whether the sign has the capacity to distinguish. It is quite possible that, although a slogan contains distinctive matter, it may nevertheless as a whole have no capacity to distinguish because it does not serve any identifying function. A trade mark may have an advertising function but, unless that function finds expression in the capacity to distinguish, it cannot qualify as a trade mark at all. On the other hand, it is quite possible that a slogan may be used in such a way as to

<sup>104</sup> This analysis is confirmed in *Allied Domecq's AD2000 Application* [1997] RPC 168, an appeal to an appointed person, Geoffrey Hobbs QC.

<sup>105</sup> [1998] RPC 283 at 300-301.

<sup>106</sup> [1993] RPC 217.

indicate source. In *I Can't Believe It's Yogurt Trade Mark*,<sup>107</sup> for example, it was held that the words '*I Can't Believe It's Yogurt*', used as the sole identifier on yogurt products, were, on the facts, serving the trade mark function of indicating brand name or source.

● **Signs which are merely decorative**<sup>108</sup>

● **Colours**

Although a colour may act as a trade mark, establishing distinctiveness is generally difficult. This is particularly so where the trade mark is a single colour for the product itself, or is background colouring used in packaging. In these circumstances, colour is more likely to be taken to indicate decoration or, in the pharmaceutical context, the type of drug or dosage rather than source.<sup>109</sup>

There is a considerable body of case law on colour trade marks where the plaintiff pharmaceutical company failed to establish that the colours in question constituted trade marks either for the purposes of registration or at common law. In two important cases where the plaintiff was successful, the trade marks consisted of unusual combinations: capsules half coloured and half transparent, containing multi-coloured pellets, in *Smith Kline and French Laboratories Ltd. (SKF) v. Sterling Winthrop Group*; and green and black for *Librium in Hoffman-La Roche v. DDSA*.<sup>110</sup> In the latter case, the court was

107 [1992] RPC 533.

108 By analogy with *Unidoor v. Marks and Spencer* [1988] RPC 275.

109 In *John Wyeth and Brothers Ltd.'s Coloured Tablet Trade Mark* [1988] RPC 233, an application for yellow or blue *Ativan* tablets of a particular shape and size was rejected. The colours selected depended upon dosage, were used on the applicant's own generic equivalent, and were in any event common to the trade. In *Smith Kline and French's Cimetidine Trade Mark* [1991] RPC 17, a number of reasons were given for refusing a mark consisting of the colour pale green for Cimetidine tablets. The colour was, inter alia, considered to be either incapable of distinguishing in law, given the utility of colour to denote the type of drug or its dosage, or of small distinctiveness when applied to the surface of a tablet. Indeed, there was no evidence from hospitals or patients to show that the colour denoted source, even after a period of use. Further cases include *Smith Kline and French Laboratories Ltd. v. KV Higson (trading as Eurim-pharm)* [1988] FSR 115 – yellow capsules with light and dark blue pellets; *Roche Products Ltd. v. Intercontinental Pharmaceuticals Ltd.* [1965] RPC 371 – green and black capsules; and *John Wyeth and Brothers Ltd. v. M and A Pharmaceuticals Ltd.* [1988] FSR 26 – blue and yellow for *Ativan* and *Lorazepam*; *Boots Co. Ltd. v. Approved Prescription Services Ltd.* [1988] FSR 46 – magenta for *Brufen*; *Roche Products Ltd. v. Berk* [1973] FSR 345 – white and yellow for *Valium*.  
110 [1976] RPC 511 and [1972] RPC 1 respectively.

struck by the fact that patients for whom the drug was prescribed would be of an anxious disposition and consider the colour of the medication an important indicator.

● **Trade marks which are invisible at the point of sale**

This type of mark poses interesting problems for the pharmaceutical industry. A medicine may be supplied by prescription, or in different packaging from that in which it originally came, or the trade mark may be hidden until the package is opened. A distinctively coloured capsule, such as that in the *SKF Coloured Capsule Application*,<sup>111</sup> might not become visible until some time after supply. Nonetheless, the public may have been educated by repetition of supply or by advertising to recognise the mark as a trade mark.

There was some controversy on this point under the 1938 Act and, while the definition of a trade mark under the 1994 Act is quite different, the issue will no doubt have to be resolved. The basic question is whether a sign serves a trade mark function if it is not visible at the point of sale but later comes to the attention of a purchaser or consumer. It is certainly arguable that a hidden mark may nevertheless serve a trade mark purpose by acting as verification of source, by creating demand for repeat orders or by performing an advertising function. However, in a series of cases under the 1938 Act involving Unilever's striped toothpaste *Signal*, the courts rejected applications for trade marks comprising the red and white striped toothpaste itself<sup>112</sup> and devices of a slug of red and white toothpaste (with and without a depiction of a toothbrush).<sup>113</sup> The marks were rejected on a number of grounds, one of which was that a mark hidden at the point of sale could not act as a trade mark *in the course of trade*.<sup>114</sup> In *Striped Toothpaste No. 2*, Hoffmann J, having rejected the device mark application on the ground that it was neither distinctive nor indicative of origin, reiterated the view that a mark invisible at the point of sale would have been unregistrable. His lordship went so far as

111 *Smith Kline and French Laboratories Ltd. v. Sterling Winthrop Group* [1975] RPC 511.

112 *Unilever's (Striped Toothpaste) Trade Mark* [1980] FSR 280.

113 *Unilever plc's Trade Mark* [1984] RPC 155 (Falconer J); *Unilever Ltd.'s (Striped Toothpaste No. 2) Trade Mark* [1987] RPC 13 (Hoffmann J).

114 The trade mark consisting of the *striped toothpaste* itself was rejected on the ground that the stripes in the toothpaste did not exist until the toothpaste was extruded by the customer, and thus did not exist as a trade mark in the course of trade. In a subsequent case before Falconer J, the *device mark* was rejected on the ground that it was merely a representation of the goods.

to suggest that *SKF's Coloured Capsule Application* would have failed had it been established that the capsules were sold in opaque packages.

The issue of visibility at the point of sale was not before the House of Lords in the *SKF Coloured Capsule* case. It will also be remembered that in this *SKF* case the medicine was generally supplied on prescription, so that there were no purchasers in the ordinary sense. Lord Diplock did, however, discuss the role of advertising which may familiarise buyers with the trade mark in the absence of the goods themselves as a matter of some significance. There is no reason to infer from this case that a mark applied to goods which was not visible at the time of purchase, but which the public had come to recognise, would not qualify as a trade mark. Equally, the *Signal* cases<sup>115</sup> failed to consider a number of other authorities concerning common law and registered trade marks in which marks serving a post-sale verification purpose were held to be, or considered to be, trade marks.<sup>116</sup> Despite their early date, these cases were ahead of their time in recognising the widely varying circumstances in which the public could come to understand such marks to indicate source.

Should this view prevail under the 1994 Act? Section 1 of the 1994 Act requires that a trade mark be capable of distinguishing the goods of one undertaking from those of another. There is no provision equivalent to section 68(1) of the 1938 Act, which required a trade mark to indicate a connection *in the course of trade* between the goods and a proprietor, a phrase which tended to be narrowly construed. It is possible that a sign which is actually *non-existent* at the point of sale, such as the stripes in the *Signal* toothpaste case,<sup>117</sup> may still be considered incapable of constituting a trade

115 Nor the more recent case of *Bostick v. Sellotape* [1994] RPC 556.

116 Prescott: *Trade Marks Invisible at Point of Sale: Some Corcking Cases* [1990] 7 EIPR 241, citing *Re Trade Mark of Crompton and Co. Ltd.* 19 RPC 265 [1902]; *Goodall (Charles) and Son v. John Waddington Ltd.* [1924] 41 RPC 465 and 41 RPC 658 (CA). Also see *Esquire Electronics Ltd. v. Roopenand Bros.* [1991] RPC 425, where the South African Court of Appeal considered that there was nothing in section 44 of South Africa's Trade Marks Act 1963 (which defines a trade mark in terms closely resembling section 68 of the UK Trade Marks Act 1938) requiring that infringement could only arise where the trade mark comes into existence for the first time after the circulation of the goods. Neither *SKF* nor the *Striped Toothpaste* cases were considered apposite because they focused on registrability and not infringement. There is nothing in the judgements, however, to cast any doubt on the validity of the trade mark in question – a trade mark appearing in the opening credits of a film on video tape.

117 The stripes are ingeniously formed when the toothpaste is extruded, and not before.

mark. But there is no reason why a mark which in fact serves a trade mark purpose should be barred. If it permits customers to verify the source of their satisfaction, or performs an appropriate advertising function such as a continuing reminder to consumers of source, it should not fail under section 3(1)(a).

#### ● Certain fragrance marks

In order to qualify for registration, a fragrance will have to function as a trade mark in the marketplace. That is, it would have to serve to distinguish the goods of one undertaking from those of another. This raises formidable difficulties. First, it is notoriously difficult accurately to identify even simple smells, to distinguish similar smells from each other, or to retain the memory of a smell.<sup>118</sup> Establishing that a consumer identifies a particular smell may thus prove problematic. Even if the public can identify a particular fragrance, it will not necessarily be taken as an indication of source. The ultimate question is whether a smell serves a trade mark function, or is the smell nothing other than the goods. Despite these difficulties, product smells may be of more than minor importance to the pharmaceutical industry in relation to pharmaceutical products aimed at children, for whom smell and taste may be significant identifiers;<sup>119</sup> and in relation to more peripheral products produced by the industry, such as soaps, dentifrices, hair lotions and cosmetics.<sup>120</sup>

In considering the problem of fragrance marks, it will be necessary to look at the broad types of smell for which registration may be sought:<sup>121</sup>

- (i) *product scents*. These are scents added to products having some other primary purpose, such as personal care products or household products; and
- (ii) *primary scents*. These are scents which are the essence of the product itself, such as a perfume or room fragrances.

118 Proust notwithstanding. See Elias, *Do Scents Signify Source?* 82 TMR 472 citing Engen: *Remembering Odors and Their Names*, American Scientist, September-October 1987, 497.

119 This phenomenon will be familiar to the hapless parent attempting to administer a liquid paracetamol product other than *Calpol* to a young child!

120 These are found in Class 3 of the List of Classes of Goods and Services.

121 Elias, 1992 82 TMR 474; *Trade Marks Registry Draft Work Manual*, 1995, chapter 6, p.11.

**(i) Product scents.** In this class, the scent is normally applied to goods for which fragrance is necessary from a marketing or aesthetic point of view, such as a disinfectant or washing powder. For these goods, the smell is functional to the extent that it is added to make the product more pleasant or attractive. It is thought that the potential purchaser is generally unlikely to consider this type of fragrance to be an indication of origin.<sup>122</sup> A scent may also be applied to an item for which its addition is completely capricious, such as the smell of roses as applied to rubber tyres.

These two types of product scent are distinguishable. In trade mark terms, the capricious addition of a scent to goods which are normally unscented is conceptually less offensive. In this case, the consumer may be more likely to associate a scent with a source, since there is no other reason for the scent to be present. In contrast, where scents are applied to make the product more pleasant, it is less likely that the consumer would associate the smell with a source.

Where a smell is utterly capricious in relation to goods, it may at first sight seem innocuous enough to permit registration. In the American case of *Re Clark*,<sup>123</sup> for example, the applicant was the only person in the market who fragranced embroidery thread, so that in theory a wide range of scents remained available to trade rivals who also decided to do so. Ultimately, however, it may become common to apply floral smells to many such items. The position then becomes more complex. The range of smells which may be usable and distinctive in relation to goods is fairly narrow. It must of necessity be confined to pleasant smells. These will generally be chosen from a limited range of acceptable fragrances (floral, herbal, fruity, arboreal, oceanic). Within each range, the variety of fragrances may be chemically infinite, but practically indistinguishable. The rose family, for example, contains a diversity of fragrances which may not in any event be distinguishable to the ordinary consumer from, say, lily or magnolia. There is no reason to suppose that the classes of scents which the human nose can clearly distinguish in the floral range is wider than those everyday scents with which it singularly fails.<sup>124</sup>

<sup>122</sup> *Trade Marks Registry Draft Work Manual*, 1995, chapter 6, p.11.

<sup>123</sup> *Re Clark* [1990] 17 USPQ 2d 1238.

<sup>124</sup> Elias, note 33. At page 481 Elias cites Engen to the effect that adults sampled in the latter's study could only identify correctly about one third of the common odours such as mint, lemon and banana which they were asked to identify.



(ii) **Primary scents.** The problem is particularly acute where the trade mark sought is for the smell of a perfume itself. Commercial perfumes are complex blends and there is evidence that many fragrances are recycled, or similar.<sup>125</sup> Recent popular perfumes have introduced trends in unusual scents, such as vanilla or 'white tones', such as watermelon. If a scent in which 'white tones' predominate acquires trade mark registration, other perfumiers may find themselves unable to use similar tones without infringement. In essence, a monopoly may be acquired in a style of perfume, or the idea of a perfume with particular notes and tones.<sup>126</sup>

In view of these difficulties, it is possible that many scent applications, particularly primary scent applications, will fail under section 3(1)(a) for lack of trade mark function, in addition to the already mentioned problems regarding graphic representation. It may also be noted that such marks may fail under section 3(1)(b) in that they lack distinctiveness, or are scents other traders legitimately need to use to compete, or perhaps because the scent is an inherent or natural characteristic of the goods which might cause it to fall foul of section 3(1)(c).

### 6.3 Section 3(1)(b): trade marks which are devoid of any distinctive character

The general definition of a trade mark in section 1(1) of the 1994 Act makes capacity to distinguish an essential element of a trade mark. Section 3(1)(b) of the 1994 Act reflects this requirement: trade marks devoid of any distinctive character must not be registered. Notice, however, that the distinctiveness requirement is differently worded in the two sections.

One might well ask, if a trade mark is devoid of any distinctive character, how can the sign be a trade mark within the meaning of section 1(1) in the first place? Despite this peculiarity of drafting, meaning must be ascribed to the words. In *AD2000*<sup>127</sup> it was considered that the essence of this objection was a mark's immaturity: 'The sign is not incapable of distinguishing, but it is not distinctive by nature and has not become distinctive by nurture.' In

<sup>125</sup> Elias, note 33, at page 520. Elias gives as examples *Oscar* and *Vanderbilt: Youth Dew, Opium* and *Cinnabar*.

<sup>126</sup> An application for the smell of *Monsoon* perfume is currently under consideration in the Trade Mark Office. The smell is romantically described by its ingredients. Not surprisingly, no proportions are given.

<sup>127</sup> *Allied Domecq's AD2000 Application* [1997] RPC 168.

*British Sugar plc v. James Robertson and Sons Ltd.*<sup>128</sup> the test was said to be whether the sign, assuming no use, cannot do the job of distinguishing without first educating the public that it is a trade mark. In order to be really distinctive of a person's goods, a word must generally speaking be incapable of application to the goods of anyone else.<sup>129</sup> The phrase 'capable of distinguishing' should be considered 'in the context of traders who were in competition with each other in the market place, and to whom Parliament wished to accord proper protection but not any exorbitant monopoly'. To that extent, the test under the old law remains helpful:<sup>130</sup> is the trade mark such that other traders would legitimately need to use it for their own goods?

It is thought that section 3(1)(b) might appropriately be used in relation to signs such as common surnames, colours, numerals and connotative marks.<sup>131</sup> Objections were successfully taken to the signs *AD2000* and *Treat* under this heading.<sup>132</sup> It must always be remembered, however, that section 3(1)(b) is subject to the proviso which permits registration of non-distinctive marks subject to sufficient evidence that the mark is factually distinctive in use.

A final difficult matter of interpretation arises over the use of the word 'any' in the phrase 'devoid of any distinctive character'. This phrase may suggest that the presence of even the slightest distinctive character will suffice to save a mark from failure under this objection. It is unlikely, however, that this interpretation will prevail. In considering the meaning of this phrase in relation to the laudatory (and descriptive) mark 'Treat', Jacob J considered that the issue of whether a mark is factually distinctive is a question of degree.<sup>133</sup> Thus, the more common, apt, laudatory or descriptive the mark, the more compelling the evidence must be. The applicant for such a mark might need to show that it had become a household word.

128 [1996] RPC 281, 305-6.

129 *The Shredded Wheat Co. Ltd. v. Kellogg Co. of Canada Ltd.* [1938] 55 RPC 125, per Lord Russell, cited by Jacob J in *British Sugar plc v. James Robertson and Sons Ltd.* [1996] RPC 281.

130 *du Cros (W&G)* [1913] AC 624; 30 RPC 660, in *re Procter and Gamble Ltd.*, *The Times*, 17 February 1999.

131 While there may be areas of overlap between the sub-paragraphs of section 3(1), this will not always be the case. A surname such as 'Smith' would only fall within section 3(1)(b). The *W&G* test could bring within its ambit signs more specifically catered for in section 3(1)(c) or (d). This is not of great importance, since if the sign fails for lack of distinctiveness under (b), it would probably also do so under (c), and vice versa.

132 The subject matter of *AD2000 Application* and *British Sugar plc v. James Robertson and Sons Ltd.*, respectively.

133 [1996] RPC 281 at p. 306.

Including an INN is a special problem of distinctiveness in relation to pharmaceutical products. The level of distinctiveness required to avoid failure under this heading might in theory pose problems in relation to a pharmaceutical product if its proprietor either sought to incorporate an INN, whether in an abbreviated form, a misspelling, or indeed by straight inclusion. In practice, case law under the 1938 Act suggests that the Registry was fairly relaxed.<sup>134</sup> Since the 1994 Act sets a more flexible standard, no great change in approach would be expected. However, if the misspelling or abbreviation of the INN is too obvious, the trade mark may fail under this head, and indeed under section 3(1)(c).<sup>135</sup> Pharmaceutical names may, of course, be non-distinctive because they fail the tests set out in earlier paragraphs.<sup>136</sup>

<sup>134</sup> See, for example, *Geigy AG v. Chelsea Drug and Chemical Co. Ltd.* [1996] RPC 64: *Butazoladin* and *Butazone* were both permitted onto the register for the drug phenylbutazone, which was prescription only. A number of cases in the next footnote may also be of interest.

<sup>135</sup> In *Searle and Co.'s Application Diodoquin* passed muster as an invented word, despite the fact that it was an abbreviation of the chemical name for the drug 'diiodohydroxyquinoline', and the BPC generic name (though not approved). At the time of the case, the Registry did not consider this abbreviation to be an obvious misspelling or an ordinary word, either of which would have been fatal to the argument that the word was invented – *Eastman's Application* [1898] 15 RPC 476 '*Solio*'. Nor was it a descriptive word in the pharmaceutical trade. The category of invented marks does not exist under the 1994 Act, but such a mark would, on general principle, be considered *prima facie* distinctive. The mark *Slophyllin*, on the other hand, was rejected in *Slophyllin* [1984] RPC 39, as having a direct reference to the character and quality of the goods. In Germany, registration was achieved in *Trilopirox Application*, briefly reported in [1995] 5 EIPR D-132. In that case the addition of the single letter 'i' to 'rilopirox' was held sufficient to distinguish the applicant's mark from a non-proprietary name. In coming to its decision, the German Federal Supreme Court was influenced by: (i) the distinctiveness residing in first syllable of the word; (ii) the lack of any significance to public of the INN 'rilopirox'; and (iii) the lack of embarrassment which this registration would cause other traders. The first ground is comprehensible, since the addition of a first letter may change the pronunciation or impact of the word sufficiently to provide an element of distinctiveness – see, for example, *Rheumaton TM* [1978] RPC 407. The second ground is more surprising. If the equivalent case were to arise in the UK, the relevant public would probably be the medical and health care professions (*cp. Slophyllin*), for whom the name rilopirox would have clear meaning. The third ground is also surprising, since the INN seems to have been incorporated in its entirety. The danger of allowing too close an incorporation of the name of a chemical compound can be seen in *Stuart Pharmaceuticals Ltd. v. Rona Laboratories Ltd.* [1981] FSR 20, where the manufacturers of *Sorbitrate*, an abbreviation of sorbide nitrate, succeeded in establishing infringement of that trade mark through use by the defendant of *Sorbislo*.

<sup>136</sup> *Ovalen*, for example, was rejected under the 1938 Act for steroid hormones as directly conveying the meaning that the goods contain female sex hormones: *Ovalen* [1965] RPC 89. The mark would be equally non-distinctive today, in the absence of evidence.

#### 6.4 Section 3(1)(c): 'trade marks which consist exclusively of certain descriptive matter'

Subject to evidence of distinctiveness through use, the Registrar must not register signs which may serve in trade

'to designate kind, quality, quantity, intended purpose, value, geographical origin, time of production of goods or rendering of services, or other characteristics of goods or services.'<sup>137</sup>

This sub-section only applies if the sign consists exclusively of the forbidden subject matter. If it is used in combination with other material, this paragraph is no bar, though the trade mark might still fail under section 3(1)(b), depending on its distinctive character. An interesting example for section 3(1)(c) might be found in *California Fig Syrup Co.'s Application*, an old case involving the trade mark *California Syrup of Figs*.<sup>138</sup> Each individual element of the trade mark is on the prohibited list, but the mark was proven to be factually distinctive in use. If the same facts were to arise today, it would presumably be saved by the proviso.

Laudatory epithets such as 'Perfection' and important geographical terms such as 'York' could also fall foul of this paragraph, as would descriptive terms such as 'Treat'. Marks which fall within this heading may nevertheless be saved if sufficient evidence of distinctiveness in use can be adduced, though as the mark becomes more descriptive, so the level of evidence required to show that the mark had become distinctive would increase.<sup>139</sup> For some marks, such as 'Perfection', it might prove impossible to present sufficient evidence of factual distinctiveness. 'Tubegauz',<sup>140</sup> a mark which was considered to be a priori unregistrable under the 1938 Act, would now provide an example of a mark falling foul of section 3(1)(c).<sup>141</sup> It is notable in that case that 10 years' use of the mark was considered to be ineffective to indicate that the mark had acquired distinctiveness.

<sup>137</sup> This type of subject matter was previously covered by section 9(1)(d)(e) of the 1938 Act.

<sup>138</sup> This case is one of the conjoined appeals reported in *Crosfield's Application* [1910] 1 Ch 130.

<sup>139</sup> *British Sugar* [1996] RPC 281.

<sup>140</sup> *Tubegauz Trade Mark* [1961] RPC 331. The good in question was tubular gauze.

<sup>141</sup> It would also fall foul of section 3(1)(b).

6.5 Section 3(1)(d): 'trade marks which consist exclusively of signs... which have become customary in the current language or in the bona fide established practices of the trade'

This paragraph seeks to prohibit the registration of a range of matter which has become customary. It would include names which have become generic, such as 'pizza'. A further example of the prohibition would be words used by many people in relation to a wide range of goods, such as 'Treat'.<sup>142</sup>

A name is in greatest danger of becoming generic where the product to which it is applied is new (particularly if it is also patented), and the public have no name other than the one given by the manufacturer by which to call it. Where this happens, the sign becomes the name of the product itself, and is not distinctive of the goods of the manufacturer.<sup>143</sup> Since this paragraph is subject to the proviso, it would be possible (though very difficult) for an applicant to prove that such a mark had become known as a brand name.

From the pharmaceutical world, one can readily appreciate the problems faced by manufacturers whose trade marks become the common names for a drug. The proprietors of *Terramycin*<sup>144</sup> narrowly escaped such a finding. Having initially been lost for a suitable generic name for their product, they marketed it for two years under the name *Terramycin*. When a generic name was finally established, they made reasonable efforts to ensure that *Terramycin* was only used to refer to their product. The proprietors were fortunate in this case in that the opponent was unable to adduce sufficient evidence to show that the trade had used *Terramycin* as a generic name.

The problem of genericisation can, to large extent, be avoided by careful trade mark management. A trade mark proprietor should not permit his mark to be used as the name of the product itself either by those under his control, such as employees or licensees, or by outsiders. This means, of course, that he must make reasonable efforts to ensure that he distinguishes clearly between the trade mark and the common product names in his own dealings with it. He must also police use by others, in order to avoid the risk of revocation under section 46(1)(c) of the 1994 Act. This will be discussed in chapter 9.

142 *British Sugar* [1996] RPC 281.

143 If it is the only product of its type on the market, there is, of course, nothing from which it may be distinguished: *Sievert v. Findlater* [1878] 7 Ch D 801, per Fry J.

144 *Terramycin Trade Mark* [1966] FSR 339. Compare *Bach and Bach Flower Remedies Trade Marks* [1999] RPC 1, where the words 'Bach and Bach Flower Remedies' were held to be generic.

A number of common sense precautions, which are by no means exclusive, will be helpful in preventing a trade mark from becoming generic:<sup>145</sup>

- never use the trade mark as a description of the product;
- never use the mark as a noun or a verb;
- make sure that the packaging clearly distinguishes the trade mark from the generic name and other surrounding material on the packaging. This may be done by using devices such as inverted commas, bold letters and capitals, to make the trade mark prominent – e.g. ***'PLINK'*** plonk;
- show the trade mark proprietor's name clearly on packaging and literature;
- if the trade mark is being used by a licensee, this should be indicated on the packaging and literature, with a statement that it is so used with the proprietor's authority;
- if the mark is registered in the UK, refer to this on the packaging. You may use the sign ®.<sup>146</sup> If the mark is unregistered, you should use the mark ™.

### 6.6 Section 3(2): shapes<sup>147</sup>

We have already seen in chapter 5 that a shape may be a trade mark in theory, though there may be substantial difficulties in establishing distinctiveness. Even if a shape mark is distinctive, section 3(2) of the 1994 Act nevertheless contains further exclusions from registration where the mark is a product shape that is functional, inevitable or aesthetically pleasing. This is because where a shape serves any of the latter purposes, the effect of permitting registration would be potentially anti-competitive, enabling the trade mark owner to control through trade mark law material which is properly in the public domain in the absence of patent, copyright and design rights.

<sup>145</sup> Annand and Norman, *Blackstone's Guide to the Trade Marks Act 1994*, p.128ff. contains a fuller discussion of the problem and possible solutions.

<sup>146</sup> This is subject to section 95 of the 1994 Act, which makes it an offence falsely to represent a trade mark as registered by using the word 'registered' or any other word or symbol importing a reference to registration. The section deems such a reference to be a representation of registration under the 1994 Act, unless it is shown that the reference is to registration elsewhere than the UK and that the trade mark is in fact so registered for the goods or services in question.

<sup>147</sup> By reference to Benelux law, it is thought that only three-dimensional shapes are caught by this section: *Burberrys v. Bossi (Burberrys II)* [1992] N] 596 – tartan mark (Uniform Benelux Trade Marks Law 1971).

Section 3(2)<sup>148</sup> states that a sign must not be registered where it consists *exclusively* of:

- (a) the shape which results from the nature of the goods themselves;<sup>149</sup> or
- (b) the shape of goods which is necessary to obtain a technical result;<sup>150</sup> or
- (c) the shape which gives substantial value to the goods.<sup>151</sup>

In relation to pharmaceuticals, the shape of most tablets and capsules would be unlikely to qualify for protection by virtue of exclusion (b). Round and torpedo-shaped capsules, which are most acceptable for patient administration, are common to the industry (and thus lacking in capacity to distinguish in any event) and determined by industrial efficiency.<sup>152</sup>

Exclusion (b) will only bite if the shape is necessary. Under Benelux law, it has been suggested that exclusion will only arise where there are no usable alternatives.<sup>153</sup> While this is certainly a possible interpretation, its adoption could give rise to difficulties where only a small number of alternatives are available. This interpretation has been rejected in the UK in *Phillips Electronics NV v. Remington Consumer Products*<sup>154</sup> and in *Proctor and Gamble Co.'s Application*.<sup>155</sup>

148 The wording is taken straight from the Directive, Article 3(1)(e).

149 A tennis ball, for example, has to be spherical. Other suggestions under this head include an umbrella, a carrier bag and an eggbox; cf. a bottle with grooves and a purposefully designed handle in the body of the bottle itself: Strowel, *Benelux: A Guide to the Validity of Three-dimensional Trade Marks in Europe* [1995] 3 EIPR 154.

150 An aerodynamic spoiler for a car may be an example falling within (b), or the shape of a wheelchair cushion comprised of 'an array of [inflated] rectangular blocks whose upper portions have been curved inwards', the shape being entirely functional but striking to the eye, as in the passing off case of *Hodgkinson and Corby Ltd. and Robo v. Wards Mobility Services* [1995] FSR 169. See also *Phillips Electronics NV v. Remington Consumer Products* [1998] RPC 283.

151 An application for metal fencing was recently rejected by the UK Registry on the ground, *inter alia*, that the mark was, in fact, a decorative effect which added substantial value to the goods: *Beachcroft Stanleys Intellectual Property News Bulletin*, September 1994. The shape of a Jif lemon container would fall on the other side of the line. It could not be said to add substantial value.

152 *Smith Kline and French Laboratories Ltd.'s Cimetidine Trade Mark* [1991] RPC 17.

153 Strowel, *Benelux: A Guide to the Validity of Three-dimensional Trade Marks in Europe* [1995] 3 EIPR 154.

154 [1998] RPC 283, Jacob J. *Phillips v. Remington* concerned the famous three headed shaver, while *Proctor and Gamble Co.'s Application*, a Registry decision, concerned a bone-shaped bar of soap.

155 Transcript 0/52/97, 13 February 1997. The bone-shape made the soap easier to grasp when wet.

The third exclusion concerns shapes which add substantial value to the goods. This class will largely comprise shapes with aesthetic appeal or, indeed, functional value, as in *Phillips*. The greater the aesthetic or functional appeal, the more likely it is that the consumer will buy because of the intrinsic quality of the goods, rather than because the shape acts as a guarantee of origin, and the more likely it is that the shape will add substantial value. If so, registration is impermissible according to the strict wording of section 3(2).

The real problem, of course, is how to decide whether the shape substantially adds to the intrinsic quality of the goods. Benelux law may be helpful in establishing the scope of section 3(2), since it was acknowledged by the EC Council as the model for the CTM and Directive. Examples from Benelux law include twirled crisps, where the Dutch Supreme Court held that the shape of the crisps was protectible, the substantial value of the product residing in its taste;<sup>156</sup> compared with liquor miniatures sold in containers shaped like old Dutch houses, where it was held that the shape was not registrable because the added attractiveness of the shape gave the product special value.<sup>157</sup>

In determining whether the shape adds substantial value, it is necessary to distinguish between:

- value added by the shape itself. This is a function of the essential value of the product; and
- any value resulting from recognition of the shape as a trade mark. This is a function of the acquisition of goodwill.

The statutory exceptions in section 3(2) are narrowly drawn. Only marks which consist *exclusively* of prohibited matter must be rejected. The mark must, therefore, be looked at as a whole for the purpose of determining registration. Control of the ill-effects of registration of a trade mark containing necessary, aesthetic or functional aspects must come through manipulation of the principles of infringement.

## 6.7 Trade marks prohibited under section 3(3)

Section 3(3) prohibits the registration of trade marks which are:

- contrary to public policy or immoral (section 3(3)(a)); or

<sup>156</sup> *Smiths Food v. Red Mill*, 21 April 1989, IER 1989 at 58.

<sup>157</sup> The President of the Court of Justice Rotterdam (29/4/82, BIE 1984 193).



- deceptive as to e.g. the nature, quality or geographical origin of the goods or services (section 3(3)(b)).<sup>158</sup>

Immoral trade marks are not a great problem nowadays. The likelihood of the pharmaceutical industry producing an immoral trade mark is low, barring some linguistic accident.

In relation to trade marks contrary to public policy, the most likely source of difficulty for the industry would arise where a pharmaceutical trade mark was dangerously similar to, say, a popular brand name for a comestible item.

Where a mark is deceptive as to, inter alia, the nature, quality or geographical origin of the goods, it is not registrable.

For pharmaceuticals, a danger may arise where, for example, a proposed Class 5<sup>159</sup> trade mark contains a stem which is misleading because it indicates a chemical entity with which the pharmaceutical is not properly associated. A number of such stems are commonly used in the industry, but are not, however, necessarily seen as indicating the nature of the drug.<sup>160</sup> Insofar as these are picked up by the Registry in its search, the question of whether the use is deceptive should be looked at in the context of the proposed trade mark and its effect upon health care professionals, and, where the pharmaceutical is an over the counter medicine, on the general public. In determining deception, the position of the syllable in the trade mark may be significant for professionals, while for the general public, issues of confusion through mispronunciation, misunderstanding or memory failure will be more important.<sup>161</sup> Another example of a deceptive pharmaceutical trade mark will arise where the proprietor tries to attach words such as 'safe' to the trade mark. Previous practice is to reject such marks, as they may falsely suggest that the product is safe in all circumstances.<sup>162</sup>

<sup>158</sup> For an example of the Registry's more relaxed approach to immorality (albeit in the design field, where a similar provision exists) see *Masterman's Design* [1991] RPC 89. The design in question showed the viewer exactly what a Scotsman wore under his kilt.

<sup>159</sup> Trade marks must be registered for goods or services in classes set out in the Trade Mark Rules. Pharmaceutical products are registered in Class 5. The class covers not only pharmaceutical, veterinary and sanitary preparations, but also a wide range of other medical, health related and environmental products including: dietetic substances adapted for medical use; food for babies; plasters and materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides and herbicides.

<sup>160</sup> '-ac' and '-il', for example. The position of the syllable is significant.

<sup>161</sup> In *Edvard's Application* [1945] 63 RPC 19, an application for *Jardex* for a disinfectant was refused in the light of an existing registration for *Jardex*, a meat extract. Although the products were not similar, they might be kept in close proximity so that a mistake, if it occurred, would be serious.

<sup>162</sup> *Vitasafe Trade Mark* [1963] RPC 256.

As to quality, the wording of the sub-section forbids trade marks which are deceptive as to *the* quality, and not *a* quality of goods. Under previous case law, objection was taken only where the mark was deceptive as to a particular quality, such as geographical origin<sup>163</sup> or perhaps the material from which the goods were made.<sup>164</sup> It is unlikely that this change of wording heralds an elevation in the quality control function of a mark. Such a change would interfere unduly with the traditionally acknowledged and, it is submitted, legitimate right of a producer to make changes to his products according to his financial situation and market conditions, including changing tastes.<sup>165</sup>

### 6.8 Section 3(4): marks the use of which is prohibited by UK or Community law

The most important aspect of this subsection for the pharmaceutical industry arises in relation to Community law provisions prohibiting the use of different trade marks for a single product in Member States. Thus, under the ruling in *Centrafarm BV v. American Home Products Corp.*,<sup>166</sup> it is unlawful for a trade mark owner to take such a course in order artificially to divide the common market, thereby causing a disguised restriction on trade between Member States. The problem of parallel imports and exhaustion of rights is considered in chapter 9.

### 6.9 Section 3(6): bad faith

The Registrar must not allow a registration which is made in bad faith. An applicant who attempted to register a trade mark which he had no bona fide intention to use would be caught by this provision.<sup>167</sup> In a recent case the Registry refused the mark *Sanaprav* in Class 5 on this ground where the applicant was found to be non-existent, thus leading the hearing officer to conclude that there was no intention to use the trade mark.<sup>168</sup> Those who may wish to register trade marks speculatively<sup>169</sup> or in order to block possible

163 *Royal Worcester Corset Co.'s Application* [1909] 1 Ch. 459.

164 *Orlwoola Trade Mark* [1910] 1 Ch 130.

165 Laddie J restates this principle in *Chocostisse et al v. Cadbury Ltd.* [1998] RPC 117.

166 Case 3/78 [1978] ECR 1823, [1979] 1 CMLR 326.

167 Section 32(3) of the 1994 Act.

168 *Spade Holdings Inc.'s Application*, opposition by Sankyo Company Ltd., transcript 01/57/97, 27 March 1997.

169 *Rawhide Trade Mark* [1962] RPC 133.

applications by others<sup>170</sup> will also find themselves caught by this sub-section. Further examples of bad faith applications include those where traders seek to usurp foreign trade marks by registering them in the UK without the consent of the true proprietor.<sup>171</sup>

170 *Imperial Group v. Philip Morris* [1982] FSR 72 CA was an example of an application in bad faith, since the applicant registered the mark *Nerit* as a 'ghost mark' to prevent competitors using the unregistrable word 'merit'. At the time of registration, it was not proposed to use the mark to indicate a connection in course of trade. Bad faith might be the natural conclusion on these facts.

171 Cf. *Vitamins Ltd.'s Application* [1956] RPC 1; *Brown Shoe's Application* [1959] RPC 29.

## 7 RELATIVE GROUNDS FOR REFUSAL

*When will prior trade mark rights bar registration of a later mark?*

*Who is entitled to object: earlier trade marks and earlier rights?*

*Concepts of identity and similarity:*

– *as applied to marks;*

– *as applied to goods.*

*The meaning of confusion and association.*

*'Anti-dilution' provisions.*

*Consent.*

*Honest concurrent use.*

It is fundamental to the success of a registered trade mark system that those with a prior right to a trade mark are protected from later applicants seeking to register conflicting marks. The grounds upon which a prior right owner may be protected from a conflicting registration by a later applicant are known as relative grounds of refusal and are set out in section 5 of the 1994 Act. By and large, they reproduce Article 4 of the Directive, though there are certain departures from it.

### 7.1 Relative grounds and interaction with grounds of invalidity and infringement

Under the Directive, the basic grounds for relative refusal and invalidity are found in Article 4. These grounds are also the basis for infringement under Article 5. This is reflected in the 1994 Act, so that the analysis of the basic grounds for refusal, invalidity<sup>172</sup> and infringement should be consistent. In

<sup>172</sup> Section 47, 1994 Act. A trade mark may be removed from the Register because it is invalid for a variety of reasons discussed in chapter 9.

order to avoid repetition, the law will be examined in detail here, and will be tailored in subsequent chapters to invalidity and infringement.

Earlier trade marks are protected from later applicants where:

- **Section 5(1):** the later trade mark is identical to an earlier trade mark and registration is sought for identical goods or services; or
- **Section 5(2):** there exists a likelihood of confusion, including association, because the later trade mark is:
  - (a) identical to an earlier trade mark and to be registered for similar goods or services; or
  - (b) similar to an earlier trade mark and to be registered for identical or similar goods or services;
- **Section 5(3):** the trade mark is identical or similar to an earlier trade mark and is to be registered for dissimilar goods or services, and:
  - the earlier mark has a reputation in the UK (or, if it is a Community Trade Mark, in the EU); and
  - the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier mark.

When we look at the subsections of section 5, we can see a progression from strong, narrowly-based protection to broadly-based protection hedged in by a multitude of caveats. Thus, where the later trade mark is identical, and intended for identical goods, there is an absolute right to object. It is unnecessary to prove that confusion will arise, but the earlier trade mark owner must show identity in order to succeed. A broader base of protection arises under section 5(2), so that an earlier proprietor may object to registration of an identical mark for similar goods, or a similar mark for identical or similar goods. In order to succeed here, however, he must go on to establish that there is a likelihood of confusion, including association. Section 5(2) also calls for a causal connection to be shown, in that registration is to be refused *because* the mark is identical/similar and is to be used on similar/identical goods so that confusion is likely. Section 5(3) is broadest in scope, but hedged in most tightly with limitations. It protects the earlier trade mark proprietor from use of an identical or similar mark for *dissimilar* goods,

but only if certain types of damage are likely. Section 5(3) is thought to be an 'anti-dilution' section, though its meaning is far from clear.

Earlier rights are protected where use of the later trade mark in the UK may be prevented by:

- any rule of law protecting unregistered trade marks or other signs used in the course of trade (in particular, passing off); or
- other types of rights such as copyright, design or registered designs (section 5(4)).

There are two basic categories of previous right owners who may object to later applicants on the grounds set out above. These are:

- proprietors of earlier *trade marks*; and
- proprietors of *other earlier* rights.

Earlier trade mark owners include owners of:

- registered UK trade marks, international marks (UK) and Community trade marks (CTMs), which have earlier application dates for registration than the later application;<sup>173</sup>
- CTMs which may claim seniority from an earlier registered trade mark or international trade mark (UK);<sup>174</sup>
- well-known marks within the meaning of the Paris Convention.<sup>175</sup>

For the purposes of the 1994 Act, the definition of a well-known mark is in section 56. This section offers protection in two ways:

- (i) by permitting the proprietor of a well-known trade mark to object to registration of a later mark; and
- (ii) by entitling the proprietor of a well-known mark to injunctive relief against the use of an identical or similar mark for identical or similar goods, where that use would cause confusion.

<sup>173</sup> Taking into account any priorities claimed in respect of the trade marks. Under section 6(2) of the 1994 Act, earlier trade marks include certain trade mark applications.

<sup>174</sup> Section 6(1)(b) of the 1994 Act.

<sup>175</sup> Article 6bis of the Paris Convention for the Protection of Industrial Property 1883 (as amended from time to time), to which the UK is signatory, requires effective protection of well-known marks.

The trade mark need not be registered anywhere to enjoy well-known status, but must have a reputation in the UK, whether or not its proprietor has a business or goodwill here. The protection granted under the new law can be contrasted with the inadequacies of protection, both at common law and under the 1938 Trade Marks Act, for such marks.<sup>176</sup> Protection under section 56 of the 1994 Act is probably confined to foreigners who have the appropriate Convention connection. Domestic proprietors will have to rely on section 5(4) of the 1994 Act alone, with all the difficulties of proving passing off.

Earlier rights (as distinct from 'earlier trade marks') include:

- unregistered trade marks and other signs used in the course of trade. This provision will primarily affect unregistered marks which can be protected through an action for passing off;<sup>177</sup>
- right owners who can protect themselves by virtue of copyright and design laws.<sup>178</sup>

## 7.2 Similarity of marks and of goods

The concept of similarity is central to section 5(2), where both similarity of marks and similarity of goods or services are relevant to the analysis. The requirement of similarity in relation to section 5(3) is limited to similarity of marks.

<sup>176</sup> In order to qualify for protection through passing off, it is necessary for the proprietor of an unregistered mark to establish goodwill in England and Wales. Many foreign plaintiffs have been unable to satisfy the requirement of goodwill under the strictly territorial approach taken by English courts to this matter. In the *Budweiser* case (*Anheuser Busch v. Budejovický Budvar* [1984] FSR 413) for example, the American plaintiff was unable to establish goodwill in England. It was irrelevant that the plaintiff enjoyed a wide reputation in this country. The absence of custom in this country was fatal to the claim. Recent cases have taken a more lenient view of 'customers'.

<sup>177</sup> Owners of unregistered marks are less well off under the new law than under section 11 of the 1938 Act, under which the proprietor of a trade mark which had a reputation in the UK could prevent registration of a later trade mark where the use of the later mark would cause consumers to wonder whether there was a connection between the prior mark and the latter. This 'wonderment' did not have to amount to passing off. (*Bali Trade Mark* [1969] RPC 472).

<sup>178</sup> Cases such as *Karo Step Trade Mark* [1977] RPC 255 and *Oscar Trade Mark* [1979] RPC 173 would therefore appear to remain relevant. Section 5(4) of the 1994 Act particularises these types of rights, but the list is merely inclusive.

**When are goods (and/or services) similar?**

In deciding whether goods are similar to other goods, *British Sugar*<sup>179</sup> requires an examination of the following factors:

- the nature of the goods;<sup>180</sup>
- their respective uses and users;
- the trade channels through which they are sold;<sup>181</sup>
- where they are located in the shop;<sup>182</sup> and
- the extent to which the respective goods or services are competitive.<sup>183</sup>

Similarity is not determined by the particular class under the Trade Mark Rules in which the applicant seeks to register his goods. Goods that are similar may be in different classes, while quite dissimilar goods may share a class.

For pharmaceuticals, the Registrar's previous practice was to consider everything in Class 5 to be goods of the same description.<sup>184</sup> This was because, although the goods in the class were wide ranging, their nature was the same, in that they were all intended to have a specific effect in relation to living organisms and would all pass through the same channels of trade, either

179 *British Sugar plc v. James Robertson and Sons Ltd.* [1996] RPC 281.

180 [1996] RPC 281, at p. 294. Jacob J suggests that 'Kodak' would cause confusion if used for socks or bicycles, though the goods are plainly dissimilar to films or cameras. Jacob J's view is based upon his interpretation of the 10th Recital in the Preamble to the Directive. He considers it reasonably clear that Recital 10 treats the issues of similarity and confusion as separate matters. Recital 10 is rather difficult, however. It sets out a number of factors relevant in assessing confusion, especially: (i) recognition of the trade mark in the market (e.g. the strength of the mark); (ii) the association which can be made with the used or registered sign; (iii) the degree of similarity between the trade mark and sign; (iv) the degree of similarity between the goods or services. It is (ii) which gives pause for thought. It may be suggesting that a perceived association of the mark with a wide range of goods may have an impact on the degree of similarity of the goods or services.

181 *Jellinek's Application* [1946] 63 RPC 59 at p. 70, approved *Daiquiri Rum Trade Mark* [1969] RPC 600.

182 In particular, where they are sold in a self service outlet such as a supermarket, whether they are to be found on the same or different shelves.

183 The ECJ affirms the relevance of factors such as these in *Canon Kabushiki Kaisha v. MGM* [1999] RPC 117. It is sensible also to look at how those in the trade classify the goods, and also at how market researchers acting for industry classify the goods.

184 Except plasters, bandaging material, tooth stopping and dental wares. Class 5 also includes veterinary and sanitary preparations; dietetic substances adapted for medical use; food for babies; disinfectants; and preparations for destroying vermin; fungicides and herbicides.



at manufacturing level or at wholesale or retail levels.<sup>185</sup> One would expect that the same type of reasoning would apply under the 1994 Act.

A few examples taken from the literature will show the kinds of problems facing the court in assessing similarity. In *British Sugar*, a sweet spread was considered not to be similar to a dessert sauce or syrup, while in *Baywatch Productions v. The Home Video Channel*<sup>186</sup> video tapes and discs featuring music, action etc. were considered not to be similar to television programmes with an adult content. Pharmaceutical cases are subjected to the broader approach mentioned in the previous paragraph, since there is a clear danger to the public through confusion between pharmaceutical products. Examples would include *Inadine Trade Mark*,<sup>187</sup> in which *Inadine* was held to be unregistrable for wound dressings in light of the trade mark *Anadin* for analgesics. Wound dressings in this case were considered the same goods, or, at the very least, of the same description, as analgesics. The circumstances of distribution were important to the decision.<sup>188</sup> In *Pruriderm Trade Mark*<sup>189</sup> the proprietor of *Prioderm*, a headlice preparation, successfully opposed an application for *Pruriderm*, for itchy skin products. *Univer Trade Mark*<sup>190</sup> is a more marginal decision, though one may expect the public protection aspects expressed therein to remain of importance. In this case, the court was not impressed by the different trade channels through which a veterinary pharmaceutical and a prescription-only, human cardiovascular preparation would pass, in refusing registration. The essential nature of the products and the need to protect the public from confusion over pharmaceuticals were paramount.<sup>191</sup>

185 *Floradix Trade Mark* [1974] RPC 583.

186 [1997] FSR 22.

187 [1992] RPC 421.

188 It is notable that both were over the counter preparations. Cf. *Bensyl Trade Mark* [1992] RPC 529, where a specification covering, inter alia, soaps (Class 3), was held to be of the same description (and, thus, similar in today's terminology) to pharmaceutical preparations in Class 5. The Registrar's practice of placing medicated soaps under Class 3, and mildly medicated ointments and creams in Class 5, was considered important, since an anti-acne cream and an anti-acne soap would be of the same description.

189 [1985] RPC 187.

190 [1993] RPC 239. The conflict was with the mark *Univet*. This case may be compared with *Invicta Trade Mark* [1992] RPC 541, where fungicides for human use were considered to be sufficiently dissimilar to those used for agriculture to permit registration of the later mark.

191 Neither was the court impressed by the lack of confusion in practice and the evidence of good pharmaceutical practice which made the possibility of an accident rather remote.

Services may be similar to other services, and goods and services may be similar, as well.<sup>192</sup> The current Registry approach to judging the similarity of services takes into consideration:

- the nature of the services;
- their respective purposes;
- the characteristics of their users; and
- the normal kinds of business relationship involved.<sup>193</sup>

The analysis is more complex where the Registry has to decide whether goods and services are similar. The favoured approach uses the concept of 'associated' goods and services, as developed under the 1938 Act.<sup>194</sup> This requires the Registry to decide whether the goods and services are likely to be provided by the same business.<sup>195</sup> This test is only a proposed starting point, since the language of the 1938 and 1994 Acts differs.

### **When are marks similar?**

In coming to a conclusion on this issue, the Registry and courts work on the assumption that the trade marks will be used normally and fairly in respect of all the goods or services for which application has been made. To a certain extent the exercise of comparison is one of common sense, though principles have been developed in the case law. The mark and sign should be judged as a whole and not dissected.<sup>196</sup> In English jurisprudence, this has meant that the comparison is made 'mark for sign'<sup>197</sup> excluding any surrounding material

192 *British Sugar plc v. James Robertson and Sons Ltd.* [1996] RPC 281 at p. 297; Minutes to the Council meeting at which the Directive was adopted.

193 *Trade Marks Registry Draft Work Manual*, (1995), Ch. 6, p. 30.

194 Section 12, as amended. See also section 68(2A) of the 1938 Act.

195 Car hire and motoring accessories might be examples of associated goods and services.

196 *Bailey (William) Ltd.'s Application* [1935] 52 RPC 136,151-2, '*Erectiko*'. In *Sabel BV v. Puma AG* [1998] RPC 199, the ECJ indicates that trade marks must be compared globally, taking into consideration visual, aural and conceptual similarities, and bearing in mind in particular their distinctive and dominant components. The more distinctive the marks, the more likely there is to be confusion: paragraphs 23-24. This approach has been adopted in the UK by the English Court of Appeal in *The European Ltd. v. The Economist Newspapers Ltd.* [1998] FSR 283.

197 *British Sugar plc v. James Robertson and Sons Ltd.* [1996] RPC 281; *Origins Natural Resources v. Origin Clothing* [1995] FSR 280. The surrounding material is referred to in the case law as added matter, though the exact nature of added matter is flexible. It is uncertain how far this approach can be reconciled with the ECJ's view in *Sabel BV v. Puma AG*.

such as packaging,<sup>198</sup> promotional or advertising material. The marks should be judged visually, aurally and pictorially (if necessary).<sup>199</sup> The court must take into account common linguistic matters such as variations in pronunciation,<sup>200</sup> the prominence of first syllables in speech and memory, and the tendency to slur endings.<sup>201</sup> The idea of the mark may also be relevant, since it is possible for two marks to convey a single idea and thus confuse.<sup>202</sup> The circumstances of sale and type of purchaser must also be taken into consideration.<sup>203</sup> Imperfect recollection of customers must always be borne in mind, since they may not have both marks in front of them at the time of purchase.<sup>204</sup> Where a customer is relying on memory alone, mistakes that would be hard to make where visual comparison is possible become conceivable.

198 Unless, of course, the trade mark consists of packaging.

199 *Pianotist Co's Application* [1906] 23 RPC 774; *Erectiko* [1935] 52 RPC 136. A similar Benelux formulation is: 'Similarity arises, taking into account the particular circumstances of the case, such as the distinctive power of the mark, where the mark and the sign, each looked at as a whole and in correlation, show such a resemblance auditatively, visually or conceptually that by this resemblance alone [associations] between the sign and the mark are evoked': *Union v. Union Soleure*, Decision of 20/5/83, Benelux Court of Justice. This test will have to be revised to substitute 'confusion' for 'association' in light of *Sabel BV v. Puma AG* [1998] RPC 199.

200 *Aristoc v. Rysta* [1945] AC 68.

201 Cf. *Pfizer International Inc. and Pfizer AIS v. Danascan Medical Products AIS* [1997] ETMR 86. In this Danish case the plaintiff, who owned the trade mark *Vibranycin*, failed in its opposition to registration of the defendant's mark *Vibradox*. The Danish court, by majority, did not consider the initial syllable 'vibra' to be inventive (and therefore strong) and considered that the mark was dominated aurally by the stress which would be laid on the last syllables. The court also thought that the audience to whom the mark was directed, doctors, would be able to distinguish the mark without difficulty. As a matter of linguistics, it is interesting to note that in English stress would be laid on the first syllable. Differences in pronunciation such as this may cause problems in obtaining CTMs.

202 *Broadhead's Application* [1950] 68 RPC 113. *Alka-vecent* was refused in light of *Alka-seltzer*, both being effervescent tablets. Customers frequently asked for 'alka' tablets, and dropped 'seltzer'. The effervescent nature of *Alka-seltzer* was heavily advertised. Cf. *Demuth's Application* [1948] 65 RPC 342, where *Seda Seltzer* was accepted for registration, 'seltzer' being considered common to the trade. See also *Fisons plc v. Norton Healthcare Ltd.* [1994] FSR 745, where *Eye-crom* was held to infringe not only *Vicrom* but also *Opticrom* because it conveyed the same idea. *Sabel BV v. Puma AG* [1998] RPC 199 does not affect the validity of the English analysis here.

203 *Pianotist Co's Application* [1906] 23 RPC 774; *Glaxo Laboratories v. Pharmax Ltd.* [1976] FSR 278. No injunction was granted to restrain the use of *Predenema* in light of *Predsol*, both used for prednisolone enemas. The type of purchaser and trade channels were important. The purchasers of the product were either: (i) hospitals, who dispensed through their pharmacies; or (ii) retail pharmacists who would be obliged to dispense exactly what was prescribed in a private prescription, and consult the doctor if unsure; or (iii) pharmacists dispensing in response to a NHS prescription, where regulations determined what would be supplied.

204 See *Dallas Burston Ashbourne Ltd's Application*, opposition by *Beecham Group plc*, transcript 0/27/97, 3 February 1997, where *Clavumix* was refused in light of *Clavumox*. The application was refused on the basis that the only difference between the applicant's mark and opponent's was the two final vowels, so that bearing in mind imperfect recollection the marks were confusingly similar.

Trade marks may consist of a variety of components, not all of which are important to the public's recognition of the mark as a badge of origin. It often happens that trade marks contain matter that is common to the trade.<sup>205</sup> Since the public does not pay much attention to this material, the Registry and the courts also tend to minimise its importance. This makes a finding of confusion through its presence unlikely.<sup>206</sup> On a similar theme, a trade mark may be made up of a number of other features, not all of which are significant to the public. Here, the Registry or court will have to decide which of those features are essential when assessing similarity.<sup>207</sup> A trade mark may, for example, have a descriptive word as a prominent part. The presence of the same descriptive word in a similar trade mark will not necessarily lead to a finding of similarity when the marks are compared as a whole.<sup>208</sup> Since under the new regime of the 1994 Act many weak trade marks may achieve registration, it is possible that the Registry and court will advert to basic passing off principles in assessing similarity. Thus the Registry may decide that, where a trade mark is weak, slight changes in the later mark are sufficient to negate confusion.<sup>209</sup>

### 7.3 Is there a likelihood of confusion?

This is the next stage of the inquiry, and may often be a theoretical question since neither trade mark may be in use. However, if both trade marks are in use, the absence of actual confusion may be highly significant to a decision that there is no likelihood of confusion.<sup>210</sup>

In assessing the likelihood of confusion, the ECJ decision in *Canon v.*

205 'Common' has two aspects: open to use by the trade or commonly used by the trade. The word 'cola' is an example of material common to the trade by use. 'Butter' is an example of a word common to the trade because it is open for use in relation to butter: *Demuth's Application* [1948] 65 RPC 342.

206 *Coca-Cola Co. of Canada Ltd. v. Pepsi-Cola of Canada Ltd.* [1942] RPC 127; *Laura Ashley v. Coloroll* [1990] RPC 359 (infringement).

207 *de Cordova v. Vick Chemical Co.* [1951] 68 RPC 103; *Saville Perfumery Ltd. v. June Perfect Ltd.* [1941] 58 RPC 147.

208 In *European Ltd. The v. The Economist Newspapers Ltd.* [1996] FSR 431, an infringement case, the court considered that the device mark *The European* (with a dove, newspaper and hemisphere) and *European Voice*, both used on newspapers, were not similar. 'European' is common to both, but is an ordinary descriptive word. Its grammatical use as a noun in the plaintiff's case and as an adjective in the defendant's was considered to create a significant difference, especially when viewed in relation to the use of the word 'voice' by the defendant.

209 This principle may be seen in the passing off case *Office Cleaning Services v. Westminster Window and General Cleaners* [1946, 63 RPC 39, HL].

210 *Barwatch Productions v. Home Video Channel* [1997] FSR 23.

*MGM* makes it clear that the distinctive character of the earlier trade mark, and in particular its reputation, must be taken into account when determining whether the similarity between the goods or services covered by the two trade marks is sufficient to give rise to the likelihood of confusion. A lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa.<sup>211</sup>

A number of pharmaceutical examples from the old law may be used to illustrate the likelihood of confusion. *Pristacyn* was infringed by *Brystacin* for tetracycline in Class 5.<sup>212</sup> *Vanildene* was refused registration in light of *Vaseline*.<sup>213</sup> *Karsote Vapour Rub* infringed '*Vicks VapoRub*',<sup>214</sup> and *V-Cil-K* was infringed by *econoCIL-VK*.<sup>215</sup>

Section 5(2) of the 1994 Act provides that confusion includes the likelihood of association. The interpretation of this phrase has been the subject of much debate but is now settled by the decision in *Sabel BV v. Puma AG*.<sup>216</sup>

*The British view:* Traditionally, UK trade mark law has only recognised confusion as to source as an acceptable ground for limiting a rival's use of a mark. This type of confusion would embrace association in the sense developed in passing off, where the similarity of the parties' trade marks led customers to believe that the defendant's goods were associated with the proprietor's goods or services in that they were, for example, an extension of his range of goods.<sup>217</sup> In this traditional analysis 'association' is a subset of 'confusion'.

211 [1999] RPC 117, at paragraphs 17-24. This decision rejects Jacob J's approach in *British Sugar*.

212 *Bristol Myers Co. v. Bristol Pharmaceutical Co. Ltd.* [1968] RPC 259.

213 *Ana Laboratories Ltd.'s Application* [1951] 69 RPC 146. The fact that *Vaseline* was a household name did not minimise confusion, given the goods, wide reputation and extensive range of customers who bought the opponent's products.

214 *De Cordova v. Vick Chemical Co.* [1951] 68 RPC 103. The essential feature here was 'VapoRub', and *Karsote* was merely added material.

215 *Eli Lilly and Co. Ltd. v. Chelsea Drug Chemical Co. Ltd.* [1965] RPC 14.

216 [1998] RPC 119. For a robust clash of earlier opinions, see Kamperman-Sanders, *The Wagamama Decision: Back to the Dark Ages of Trade Mark Law* [1996] 1 EIPR 3; Prescott, *Think Before You Waga Finger* [1996] 6 EIPR 317; Kamperman-Sanders, *The Return to Wagamama* [1996] 10 EIPR 521; and Prescott, *Has Benelux Trade Mark Law Been Written into the Directive?* [1997] 3 EIPR 99. For analysis of the Benelux law, see: Gielen, *Harmonisation of Trade Mark Law in Europe*, [1992] 8 EIPR 262; Gielen, *European Trade Mark Legislation: The Statements* [1996] 2 EIPR 83; Kamperman-Sanders, *Some Frequently Asked Questions about the Trade Marks Act 1994* [1995] 2 EIPR 69.

217 *Wagamama Ltd. v. City Centre Restaurants plc* [1995] FSR 713; *Ravenhead Brick Co. v. Raubon Brick Co.* [1937] 54 RPC 341.

*The Benelux view:* It has been argued that association refers to the wider principle found in Benelux law, under which infringement arises where the later sign causes people merely to think of the earlier mark, even though no confusion as to source occurs.<sup>218</sup> Under Benelux law, then, 'confusion' is a subset of 'association'. This interpretation would extend the scope of protection for trade marks (in terms of registration, invalidity and infringement) far beyond that which is traditionally afforded in many EU Member States.

*The wording of the Directive:* The concept of association was hotly debated during the drafting of the Directive, and it was probably no accident that the final wording incorporates association into confusion. This interpretation is said to cause some difficulty in interpreting sections 5(3) and 10(3) of the 1994 Act. To add to the problem, the Minutes of the Council of Ministers attached to the Community Trade Mark Regulation stated that "'association' is a concept particularly developed in the Benelux."<sup>219</sup> There was, in the upshot, a widespread view that Benelux law was to apply. If so, extensive protection against 'dilution' of a trade mark would be granted, with all the potential anti-competitive effects that entails.<sup>220</sup> In *Wagamama*,<sup>221</sup> however, Laddie J rejected this interpretation which he considered to be a substantial and unnecessary burden on traders.

The matter has now been finally resolved with the ECJ's confirmation of the Advocate General's opinion in *Sabel BV v. Puma AG*,<sup>222</sup> that the *Wagamama* approach is correct.<sup>223</sup> The Advocate General's opinion stressed the essential function of a trade mark to be a guarantee of origin<sup>224</sup> and

218 *Monopoly v. Anti-Monopoly*. Dutch Supreme Court 24/6/77, an infringement case, is often cited as an example of how Benelux law works. People seeing the name *Anti-Monopoly* for a board game would think of the famous game *Monopoly*. This association was enough to enable the court to conclude that there was infringement even in the absence of confusion. Since the tests under the Directive and the Act are the same for both infringement and relative grounds for refusal, the case appears apt.

219 This document was confidential, in name at least, and not commonly available to the public until some time after the *Wagamama* decision.

220 A trade mark is, in effect, accorded quasi-copyright protection if the Benelux test is imported. In addition, even the most scrupulous of traders will have difficulty in selecting a mark, given the possibility of association under section 5(2) in combination with the protection given in relation to dissimilar goods in section 5(3).

221 The Council Minutes were held to be inadmissible as a matter of EU and UK law as an aid to interpretation. The plaintiffs were, in any event, successful in establishing infringement on the traditional principle of association.

222 [1998] RPC 199.

223 Laddie J's decision in *Wagamama* is cited with approval in paragraphs 44 and 46 of the Advocate General's opinion [1997] ETMR 283.

224 Paragraph 32.

rejected the Benelux interpretation as anti-competitive. Accordingly, Article 4(1)(b) of the Directive, which is the equivalent of section 5(2) of the 1994 Act, is to be interpreted to require a genuine and properly substantiated likelihood of confusion about the origin of goods or services. A mere association, in the sense that one mark simply brings the other to mind, is insufficient.

#### 7.4 Section 5(3): protection of trade marks against dilution

Trade marks were, until recently, considered to be simple badges of origin. It is now commonly argued that trade marks have assumed a greater role in society, and are seen to have marketing power far beyond the confines of the products for which they are registered. They are valuable as commodities in their own right.<sup>225</sup> Dilution is said to occur where a trade mark loses its drawing power owing to loss of exclusivity, distinctiveness or tarnishment through use on dissimilar goods.<sup>226</sup> Anti-dilution provisions recognise that such use may cause damage, though the extent of any damage that might be caused in the absence of confusion is highly debatable.<sup>227</sup>

The anti-dilution provisions adopted in the 1994 Act require proof of reputation in the UK<sup>228</sup> and that use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark. There are two points to note at the outset:

- section 5(3) only requires the mark to have a reputation in the UK. There is no need to establish goodwill in the UK, nor that the mark is well-known; and
- the section does not make confusion a requirement.

Once reputation is shown, the remaining factors are:

<sup>225</sup> Under the 1994 Act, restrictions on assignments have been lifted and they may be bought and sold, in whole or in part, with or without the goodwill of the business to which they attach: section 24. Since a trade mark may be revoked if it becomes misleading (section 46), it is still necessary for a proprietor to take care in assigning or licensing his marks.

<sup>226</sup> See Schechter [1927] 40 Harvard Law Review 813. The concept has been incorporated into Benelux law and also into the Directive, through optional provisions which the UK adopted in the 1994 Act. In the US anti-dilution statutes exist at state and federal level.

<sup>227</sup> In *BASF plc v. CEP (UK) plc* [1996] ETMR 55 and *Baywatch Productions v. Home Video Channel* [1997] FSR 23, the courts considered that, in the absence of confusion, neither the distinctive character nor the repute of a mark would be adversely affected.

<sup>228</sup> Or, in the case of a CTM, in the EU.

- is the use without due cause? Since there are no clues in the Directive or statute on what this means, the courts must determine the scope of this factor on a case by case basis;<sup>229</sup>
- would the use take unfair advantage of, or be detrimental to the distinctive character or repute of, the prior mark? The permutations that may arise, therefore, involve:
  - (i) taking unfair advantage of distinctive character;
  - (ii) causing detriment to distinctive character;
  - (iii) taking unfair advantage of repute;
  - (iv) causing detriment to repute.

There has been tentative exploration of the equivalent infringement provision in a number of cases, but the effect of the provision remains obscure. As a matter of logic, the distinctiveness of the proprietor's mark should be investigated for each permutation, since the less distinctive the mark, the less likely that its distinctive character or reputation will be affected outside of a narrow range of goods. The proprietors of *prima facie* non-distinctive marks which obtain registration through proof of secondary meaning may thus find this provision of little assistance if this is the approach taken.

Analysis provided by case law to date has yielded no conclusive answer. In *Baywatch* the judge considered that confusion was necessary to section 10(3) of the 1994 Act, and that, in the absence of confusingly similar marks, no adverse effect on the plaintiff's trade mark could be shown.<sup>230</sup> This interpretation, however, reads words into the section which are simply not there. In contrast, in *British Sugar* Jacob J. considered that the section might cater for the situation where, despite the facts that the goods were vastly different, the repute of the mark might suffer,<sup>231</sup> while in *Sabel BV v. Puma*

229 Benelux law suggests that prior right or necessity may serve to establish due cause. Since the Directive specifically provides for prior right use elsewhere, this interpretation is unlikely to be adopted. Insofar as it is not explicit in the 1994 Act, we may speculate whether honest concurrent use of a mark for dissimilar goods would provide an example of due cause.

230 Section 10(3) mirrors section 5(3). See also *BASF v. CEP* [1996] ETMR 55.

231 This situation occurred in *Claeryn/Klarein*, Benelux Court of Justice 1.3.1975 NJ 1975, 472, where the defendant's mark for disinfectant came to grief in light of the plaintiff's similar mark for gin. The association was unpleasant. In *BT plc v. One in a Million Ltd.* [1999] FSR 1, the Court of Appeal was not satisfied that section 10(3) required confusion in order to operate.



AG the ECJ simply took the view that confusion was not necessary for the sub-section to operate. In all the circumstances, the better view is that confusion is unnecessary.

A further question is how unfair advantage is taken of, or detriment is caused to, the distinctive character of a trade mark. The use of *Coca-Cola* for power tools might be an example of use which damages the exclusivity and drawing power of the trade mark. This example, however, involves a trade mark that is not only a 'household word', but also contains an invented component, giving the mark particular drawing power anyway. Whether and, if so, to what extent, relevant damage may arise in the case of less prominent marks, are questions fraught with difficulty. Too generous an answer will lead to overprotection of trade marks and ultimately undermine the present system of trade mark registration, which requires the proprietor to designate the classes in which he seeks protection.

### 7.5 Section 5(5): consent

Under the 1994 Act, where the earlier proprietor consents, nothing shall prevent registration of the trade mark. The Registrar no longer retains any discretion to refuse a trade mark to which the proprietor of an existing registered trade mark or other earlier right consents. It may, of course, be ill-advised to agree to another's use of the trade mark outside of a controlled licence, since consensual use of the trade mark may cause it to become deceptive as to source and thus render it liable to revocation.<sup>232</sup> The word 'consent' is used in various places in the 1994 Act and Directive but is not defined.

### 7.6 Honest concurrent use: section 7

The Directive contains no mechanism by which the honest concurrent user of a trade mark can obtain registration where there is a conflicting trade mark on the register.<sup>233</sup> It has been argued that the inclusion of an honest concurrent use provision in the 1994 Act is in breach of the Directive, but the question is debatable. The government ultimately concluded that a modest

<sup>232</sup> Section 46(1)(d) of the 1994 Act.

<sup>233</sup> This represents a restriction of the position under the 1938 Act, under which the Registrar could register a later conflicting mark, despite the prohibition under section 12(1), where honest concurrent use was proved under section 12(2).

honest concurrent use provision would be not only compatible with the Directive but also important for the UK in the short term. The necessity for such a provision arises in order to level the playing field between the UK, which currently has a strict examination procedure, and other Member States where there is no examination for relative rights. In a non-examination system, a later applicant has a procedural advantage since the earlier proprietor must take positive steps either to oppose the mark, or to bring invalidity proceedings. There is always the risk that the earlier proprietor will not act in time for opposition and, in relation to invalidity, questions of consent and acquiescence may arise as time passes.<sup>234</sup> Finally, it is not entirely clear from the language of Article 4 of the Directive, which provides the foundation for relative grounds and invalidity, whether removal from the register for invalidity is mandatory or discretionary.<sup>235</sup> If the latter is the correct interpretation, then a later applicant who obtains registration has a fighting chance of surviving invalidity proceedings where it is quite possible that a wider range of policy considerations may appertain.<sup>236</sup>

The honest concurrent use provision adopted is not an ideal solution, but is a procedural method of achieving the desired result.<sup>237</sup> It is a minor provision which allows the Registrar to register a mark despite sections 5(1)-(3) where the applicant can establish honest concurrent use. It is important to remember, however, that the applicant cannot succeed if an objection is raised in opposition proceedings. Whether an opponent does so depends upon how diligent he is in protecting his trade mark rights. Section 7 directly incorporates the law on this matter as established under section 12(2) of the 1938 Act and explained in *Pirie's Application*.<sup>238</sup>

<sup>234</sup> Section 5(5); section 48.

<sup>235</sup> Directive Article 4(1), Trade Marks Act 1994, section 47. Article 4(1) states that a trade mark *shall be liable* to be declared invalid if it was registered in breach of one of the relative grounds for refusal. A permissive interpretation is quite possible here. The permissive approach is taken in section 47 of the 1994 Act, which states that a mark *may* be removed from the register where it was registered in breach of one of the grounds in section 5.

<sup>236</sup> A lack of actual confusion might provide one example.

<sup>237</sup> It will also come to an end if and when the present examination system ends: section 7(5) of the 1994 Act.

<sup>238</sup> [1933] 50 RPC 147, HL. The Registrar will examine: (i) the extent of use in time, quantity and area of trade; (ii) the degree of confusion which is likely to occur or has actually occurred; (iii) hardship to the parties if the mark is registered; and (iv) the applicant's honesty. Also see *Bali No.2* [1978] FSR 193.

It has been argued that the honest concurrent use requirements are inapt because:

- section 12(2) of the 1938 Act only applied to identical/similar trade marks for similar goods, but section 5(3) applies it to the registration of identical/similar marks for dissimilar goods; and
- section 12(2) of the 1938 Act did not apply to passing off and other forms of right, while section 7(1)(b) purports so to apply it.<sup>239</sup>

The match between section 12 of the 1938 Act and the 1994 Act is imperfect<sup>240</sup> but that does not undermine the value of the provision. Honest concurrent use issues are most likely to arise in relation to confusingly similar marks for similar goods, for which the principle under the 1938 Act was designed. Section 5(3) of the 1994 Act is concerned to prevent other forms of damage to trade marks, but given its potential anti-competitive effects, an explicit honest concurrent use provision may be salutary. It should be noted, however, that the phrase 'due cause' within section 5(3) could be interpreted to extend to honest concurrent use anyway.

In *Origins Natural Resources Inc. v. Origin Clothing Ltd.*,<sup>241</sup> Jacob J considered that a defendant could rely on honest concurrent use even though the plaintiff's mark was not in actual use. Finally, section 7 of the 1994 Act is phrased slightly differently from section 12(2) of the 1938 Act, so that, in contrast to the latter, the Registrar may no longer permit registration on the basis of honest concurrent use due to 'other special circumstances'. This effects a narrowing of the grounds available to the applicant.

It is important to remember that the honest concurrent use provision is not a defence in and of itself. It merely allows the Registrar to register a conflicting mark in certain circumstances. It may be tactically important, in that, once registered, a defendant is entitled to use the trade mark within his registration without infringing; see section 11 of the 1994 Act.

239 Commentary to section 7 of the Trade Marks Act 1994, *Current Law Statutes*, D Kitchin, QC and J Mellor.

240 The Government ultimately must have decided to broaden the scope of honest concurrent use beyond the scope established under section 12(2) of the 1938 Act, but nevertheless define it by reference to that section, thus causing a mismatch. The requirements in *Pirie's Application* would now seem to apply to all cases where honest concurrent use is alleged. This goes beyond Lord Peston's proposed amendment.

241 [1995] FSR 280. His lordship doubted the correctness of the Registrar's decision in *LAMY Trade Mark* [1983] RPC 137.

## 8 EXCLUSIVE RIGHTS AND INFRINGEMENT

*Drawbacks of previous legislation.*

*Rights granted under the 1994 Act.*

*Is 'use in a trade mark sense' necessary?*

*Use in the course of trade.*

*Similarity, confusion, association, dilution.*

*The infringing uses:*

- *affixing a mark;*
- *offering or exposing goods for sale under the mark;*
- *importing and exporting;*
- *using the sign on business papers or advertising.*

*Secondary participation in infringement.*

*Comparative advertising.*

*Who may sue.*

*Remedies.*

### 8.1 Drawbacks of the 1938 Act

Under the 1994 Act, the scope of infringement is dramatically expanded from that which appertained under the 1938 legislation, which granted narrow rights of an obscure nature.<sup>242</sup> The main drawbacks under the 1938 Act were that:

<sup>242</sup> Section 4 of the 1938 Act granted exclusive rights which were, without prejudice to their generality, infringed in two ways: (a) by a trader's use of an identical or confusingly similar trade mark in the course of trade for goods for which the plaintiff's mark was registered ('trade mark use'); and (b) by comparative advertising ('importing a reference'). It was unclear whether exclusive rights existed beyond the two specified in (a) and (b): *Bismag v. Amblins* [1940] 57 RPC 209. Furthermore, although it was clear that the defendant's use had to be in the course of a trade, case law was unclear as to whether the defendant actually had to trade in the particular goods for which the mark was registered. In other words, if the defendant was a mechanic who built a car to show his skills and placed 'the spirit of ecstasy' (a Rolls Royce registered trade mark) on the bonnet, did he infringe? The mark is on the goods for which the mark is registered, but the defendant does not 'trade' in cars. Compare *Rolls Royce v. Dodd* [1987] FSR 517 with *Ravok v. National Trade Press* [1955] 1 QB 554.

- (i) infringement only arose where the defendant used the trade mark on goods for which the trade mark was registered. If the defendant used the mark on similar goods for which the plaintiff's trade mark was not registered, there was no recourse under the 1938 Act. The plaintiff would have to rely on passing off, with all its difficulties;
- (ii) the 1938 Act prohibited comparative advertising. This came to be seen as acting against consumer interests;
- (iii) the tests for infringement differed in Part A and Part B of the register, at least in theoretical terms;
- (iv) infringement was confined to visual or printed use.<sup>243</sup> Spoken use, for example on the radio, did not amount to infringement.

## 8.2 Rights granted under the 1994 Act

Section 9 of the 1994 Act grants the proprietor exclusive rights in the trade mark which are infringed by its use in the UK without his consent.<sup>244</sup> The content of this right is set out in section 10, subsections (1), (2) and (3) of which mirror section 5(1)(2) and (3). Subsection (4) of section 10 prescribes the types of use by which the defendant's sign will infringe.

Section 10(2) makes it clear that use of the sign need not be graphic, so that oral use may now amount to infringement. The rights are infringed by a person who uses a sign in the course of trade in the circumstances set out in section 10. Since these are the same as the relative grounds for refusal under section 5 which were detailed in chapter 7 above, discussion of matter common to both sections will not be repeated here.

## 8.3 Use in a trade mark sense

Section 10 of the 1994 Act prevents use of a *sign* in any of the specified ways. There is no requirement that the defendant use the sign as 'a trade mark'. This may have significant ramifications for uses which, under previous legislation, were considered non-infringements. Neither the 1994 Act nor the Directive contains any clear statement of the function of a trade mark, though the Preamble specifies that guarantee of origin is one function of a trade mark. The definition of a trade mark in section 1 of the 1994 Act merely requires a

<sup>243</sup> Section 68, 1938 Act.

<sup>244</sup> This formulation varies from Article 5 of the Directive, but the differences would not appear to be material.

trade mark to have a capacity to distinguish goods of one undertaking from those of another. In comparison, under the 1938 Act<sup>245</sup> it was clear that both the proprietor's use and an infringing use had to be 'in a trade mark sense', that is, to indicate a trade connection. Use as an embellishment or in a descriptive sense was not sufficient.<sup>246</sup> Although Government thought it implicit that an infringing use must be in a trade mark sense,<sup>247</sup> this is not determinative under the Directive.<sup>248</sup> In *British Sugar plc v. James Robertson and Sons Ltd.*,<sup>249</sup> Jacob J rejected the argument that the defendant's use must be in a trade mark sense before infringement will arise.<sup>250</sup>

#### 8.4 Use in course of trade

Section 10 of the 1994 Act requires the infringer's use to be in the course of trade. Since infringement may arise in relation to goods for which the plaintiff's mark is not registered, it is clear that the defendant need not trade in the plaintiff's goods.

#### 8.5 Similarity, confusion, association, dilution

In order to find infringement, section 10 of the 1994 Act requires a comparison of the trade mark and the sign used by the defendant. This has been discussed in chapter 7, but we will recap here and add a number of supplementary points.

<sup>245</sup> Section 68 of the 1938 Act.

<sup>246</sup> *Mars v. Cadbury* [1987] RPC 387 'Treats' v. 'Treat Size'; *Unidoro v. Marks and Spencer plc* [1988] RPC 275 – 'Coast to Coast' used as embellishment on tee-shirts was not considered a trade mark use, and hence not an infringement of the plaintiff's mark; *Mothercare v. Penguin Books* [1988] RPC 133 – defendant's use of 'Mother care – Other care' as a book title was held not to be a trade mark use. See also *Kodiak Trade Mark* [1990] FSR 49. Use of a trade mark in a book title arose under the 1994 Act in *Bravado Merchandising Services v. Mainstream Publishing (Edinburgh) Ltd.* [1996] FSR 205, where the defendant's book title 'Wet, Wet, Wet – A Sweet Little Mystery' was alleged to infringe a famous pop group's *Wet, Wet, Wet* trade mark, registered for, inter alia, books. The Scottish court held the use to be protected by section 11 of the 1994 Act. Since the sign used was identical to the plaintiff's trade mark, the defendant had to establish a defence under section 11.

<sup>247</sup> Lord Strathclyde, *Harvard* (HL) 24/2/94, Col. 733.

<sup>248</sup> In support of the Government's view, Article 5 of the Directive makes it clear that the control of non-trade mark uses is a matter upon which individual states are at liberty. A Directive to control comparative advertising is expected imminently, by way of amendment to Directive 84/450/EEC (the Misleading Advertising Directive).

<sup>249</sup> [1996] RPC 281 at 292.

<sup>250</sup> Cf. *Bravado Merchandising Services v. Mainstream Publishing (Edinburgh) Ltd.* [1996] FSR 205. Lord McCluskey accepted a concession that only use in a trade mark sense would amount to infringement. This was criticised by Jacob J in the *British Sugar* case.

As previously mentioned, the traditional comparison in UK law is made 'mark for sign', without taking into consideration extraneous matter such as differences or similarities in packaging or the addition of potentially distinguishing matter.<sup>251</sup> In order to assess whether confusion will arise, it is necessary to presuppose that the plaintiff's mark is in use, or will come into use. The court must then assume that the plaintiff's mark is used in a normal and fair manner in relation to the goods for it is registered, then assess the likelihood of confusion in relation to the way in which the defendant uses the sign.<sup>252</sup> Confusion may arise not only where customers mistake one mark for the other, but also where customers would think the marks are associated in the sense that one is an extension of the other.<sup>253</sup>

One of the most interesting questions in relation to infringement is how the trade marks are to be assessed for identity or similarity. This has always been an obscure area and there is a tension between the principle that marks are to be compared as a whole and the principle that excludes consideration of extraneous or additional matter.<sup>254</sup>

251 *British Sugar plc v. James Robertson and Sons Ltd.* [1996] RPC 281; *Origins Natural Resources Inc. v. Origin Clothing Ltd.* [1995] FSR 280; *Saville Perfumery Ltd. v. June Perfect Ltd.* [1941] 58 RPC 147. But see *Sabel BV v. Puma AG* [1998] RPC 199.

252 In *Wagamama Ltd. v. City Centre Restaurants plc* [1995] FSR 713, Laddie J applied the usual tests in assessing confusion: the judge must bear in mind the impact the marks are likely to make on the target customers, bearing in mind pronunciation, visual and phonetic impact, and imperfect recollection.

253 *Wagamama Ltd. v. City Centre Restaurants plc* [1995] FSR 713.

254 In *Saville Perfumery* [1941] 58 RPC 147, the plaintiff's trade mark consisted of the word 'June' on a floral garlanded bar. 'June' was treated as the essential element of this mark, and was held to be infringed by the defendant's use of the phrases 'a "June" hair curler product'; and 'Perfect "June" hair curlers present the perfect lipstick'. The defendant was clearly using the word 'June' as a trade mark. The rest was simply added matter. The situation would be less clear where, for example, the defendant's sign was 'June Perfect'. In such a case, should the court compare 'June' and 'June Perfect', or should 'Perfect' be ignored? In *British Sugar plc v. James Robertson and Sons Ltd.* [1996] RPC 281 at p. 293 Jacob J faced this problem and concluded that the defendant's sign *Robertson's Toffee Treat* was identical to the plaintiff's trade mark *Treat*. He noted, however, that while in most cases there will be no difficulty because the sign is either there or not, it is possible for the sign to be hidden or swamped. 'No one but a crossword fanatic, for instance, would say that 'treat' is present in 'theatre atmosphere'.' It is important to know how added matter is to be treated, since if the court concludes that by using either the whole mark (e.g. *Treat*) or an essential element (e.g. *June*), the defendant has used a mark identical to the plaintiff's, then section 10(1) of the 1994 Act applies (assuming the goods are identical) and no issue of confusing similarity arises. The Advocate General in *Sabel BV v. Puma AG* [1997] ETMR 283 takes as his starting point the principle that the trade marks should be compared as a whole, but that added matter may be insufficient to dispel any confusion. This has been confirmed by the ECJ: [1998] RPC 199. This approach looks more flexible than that applied in England, though the results of the two tests would frequently be the same. This is because, once it is shown that an identical or sufficiently similar essential element is included in the defendant's mark, confusion will be likely as a matter of common sense.

Problems relating to dilution and the prevailing approach in UK law were discussed in the previous chapter. One further point, however, may be noted. As in section 5(3) of the 1994 Act, section 10(3) makes infringement dependent upon 'use without due cause.' This expression is not defined. It has been suggested that, in relation to infringement, 'due cause' may encompass honest concurrent use.<sup>255</sup>

## 8.6 Infringing uses

Uses which amount to infringement are 'in particular' set out in section 10 (4)(5) and (6) of the 1994 Act.<sup>256</sup> Section 10(4) regards use of a sign as being:

- (a) *affixing it to goods or packaging;*
- (b) *offering, exposing goods for sale, putting them on the market or stocking goods for such purposes under the sign, offering or supplying services under the sign;*
- (c) *importing/exporting goods under the sign;*
- (d) *using the sign on business papers or in advertising.*<sup>257</sup>

### (a) Affixing a mark

This covers not only the more obvious types of infringement where the defendant applies a sign to goods or packaging, but also less obvious examples. Post-sale use should, for example, qualify, and that use could be by way of electronic recordal.<sup>258</sup> Despite the apparent simplicity of this provision, it should be noted that problems regarding its scope have already arisen. Part of the problem is that, as seen above, it is no longer necessary for the defendant to have used the sign in a trade mark sense. Thus, so long as the trade mark is affixed to the goods, it is arguable that a simple depiction of

<sup>255</sup> Cornish, *Intellectual Property*, 3rd edition, Sweet and Maxwell, 1996, pp.17-98.

<sup>256</sup> The uses must be read in connection with the general definition of 'use' in section 10(3) of the 1994 Act, which extends to use otherwise than by means of a graphic representation. Thus, for example, smells and sounds may be infringed by use of the smell or sound itself.

<sup>257</sup> This paragraph does not deal with comparative advertising.

<sup>258</sup> *Esquire Electronics Ltd. v. Roopenand Bros.* [1991] RPC 425 (Supreme Court of South Africa), where the trade mark was electronically recorded in a video and was thus only visible post-sale, would be an example. This type of use was specifically mentioned by Lord Strathclyde during debates in the House of Lords: Hansard, HL, Vol. 552, Col. 740.



a registered trade mark in a factual sense is an infringement, unless a defence can be found. The problem arose starkly in *Trebor Bassett Ltd. v. The Football Association*,<sup>259</sup> concerning the plaintiff's use of the Football Association's three lion crest trade mark on football cards. The court, without much analysis, refused to accept that printing a photograph of a player wearing his football strip was a use within section 10. It did not amount to affixing the sign in relation to football cards. The implications for free speech are substantial if such use were held to be an infringement. It would prima facie be unlawful to publish a photograph which happened to include a trade mark.<sup>260</sup>

**(b) Offering or exposing goods for sale, etc.**

This provision extends to stocking goods under a sign, and would thus cover the situation where a trader adopts a trade name for his shop which is identical or confusingly similar to another proprietor's registered trade mark for goods. This is important because, although the issue has not been finally decided under the 1994 Act,<sup>261</sup> it is thought that, just as was the case under the 1938 Act, registration will not be permitted for general 'retail services'. These may be defined as the general activities of selecting, ordering, and arranging goods and assisting customers. In *Dee Corporation plc's Application*,<sup>262</sup> a case arising under the 1938 Act, these activities were considered to be merely an adjunct to trade in the goods themselves, and not services in and of themselves. The court considered the phrase 'retail services' to express no more than that embraced by the concept of trading in goods. Moreover, it considered a specification for retail services to be far too vague for registration.

Although one of the grounds upon which registration was refused – that the services be provided for money or money's worth – has not been transposed into the 1994 Act, other aspects of the court's decision remain valid. These formed the basis for the Government's rejection of proposed amendments to the Bill aimed at permitting registration for retail services.

259 [1997] FSR211, Rattee J. The mark was registered for inter alia: labels, cardboard, paper articles and photographs, so that the football cards were undoubtedly covered by the registration.

260 This case may be compared with *The Football Association Ltd. GB v. Distributors of Football Strips* [1997] ETMR 229, where the Supreme Court of Vienna held that the defendant's use of the plaintiff's emblem on clothing amounted to unfair competition. The court left open the question of whether the use would amount to a trade mark infringement.

261 *Aenet Inc v. Isoact Ltd.* [1998] FSR 16 at 20 leaves the point open under the 1994 Act.

263 [1990] RPC 159.

While the expanded scope of infringement should provide practical protection to retailers, it will, no doubt, be contested under the 1994 Act in the near future.

### **(c) Importing and exporting**

A trade mark will only be infringed by acts which take place in the UK.<sup>263</sup> Accordingly, the commercial importation of the goods under the sign may be an infringement, subject to the exhaustion of rights principle discussed in chapter 9 below.

Using a sign in the UK for export purposes may also constitute an infringement under section 10(4)(c). This is so even if the goods are intended for direct export and are never placed on the UK market. Where the goods are intended for export, the test of confusion is assessed by reference to the public in the country to which the goods are to be exported.<sup>264</sup>

### **(d) Using the sign on business papers or in advertising**

This continues the effect of the 1938 Act, which prevented use of the trade mark on advertising, invoices<sup>265</sup> and so on.

Where such use amounts to comparative advertising, reference should be made to the discussion on section 10(6) below, and to chapter 9.

## 8.7 Secondary participation: section 10(5)

In addition to primary forms of infringement, section 10(5) of the 1994 Act creates a form of secondary participation. A person who applies the registered trade mark to material intended for labelling or packaging goods, as a business paper, or for advertising goods or services, shall be treated as a party to any infringing use of the material if, when he applied the mark, he knew or had reason to believe that the application was not duly authorised. The defendant must know, or have constructive knowledge in the sense that he knew, facts from which the reasonable man would realise that the use is not authorised.

<sup>263</sup> Section 9(1), 1994 Act. The Act extends to England and Wales, Scotland and Northern Ireland – section 108(1). It also extends to the Isle of Man, subject to exceptions and modifications made by Order in Council. UK territorial waters are treated as part of the UK (section 107(1)) and the Act applies to things done in pursuance of sea bed exploration in the UK sector of the continental shelf (section 107(2)).

<sup>264</sup> *Ballantyne v. Ballantyne Stewart* [1959] RPC 273.

<sup>265</sup> *Cheetah Trade Mark* [1993] FSR 263.

## 8.8 Infringement and comparative advertising: section 10(6)

The status to be accorded to comparative advertising was a matter of some contention during the passage of the Bill. Comparative advertising can arise in many ways. One trader may use a rival's trade mark to compare the respective merits of their goods, or as a compendious way of praising his own goods, or simply to denigrate the other's goods. For comparative advertising, the competitor will normally use the aggrieved party's mark exactly, since the object of the exercise is to compare A with B. If anyone is left in any doubt as to the products in question, the comparative advertisement will have failed.

Under the 1938 Act, comparative advertising constituted a form of infringement,<sup>266</sup> but the resultant blanket ban came to be seen as against the public interest, in that fair comparative advertising enables the consumer to make intelligent choices.<sup>267</sup> The Directive leaves Member States free to do as they wish in the field of comparative advertising, though this area is now subject to a further Directive, 97/55/EC, which concerns misleading advertising.

The Government wished to liberalise the law in the UK, but the resulting section 10(6) of the 1994 Act is muddled. It enables a trader to use another's registered trade mark to identify the goods or services of that other person subject to certain limitations. If, however, the use is not in accordance with honest practices in industrial or commercial matters, and that use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark, then the use becomes an infringement. The first element has been enacted in something of a vacuum since, under the 1938 Act, comparative advertising was simply not permitted. Nevertheless, certain industries had reached agreement on this issue. The Association of the British Pharmaceutical Industry (ABPI) Code of Practice, for example, allowed a degree of comparative advertising, permitting the use of generic names but not trade marks. In addition, there are codes of advertising practice in existence which may provide some help in establishing what is honest,<sup>268</sup> though these codes are not in any sense determinative.<sup>269</sup> In *Barclays Bank v.*

<sup>266</sup> Section 4(1)(b), 'importing a reference', of the 1938 Act.

<sup>267</sup> See Mills [1995] EIPR 417 for a discussion of what may be viewed as the distorting effect of comparative advertising, and of the law in various jurisdictions.

<sup>268</sup> For example, the *British Code of Advertising* (1995) and the *Independent Television Commission Code of Advertising Standards and Practice* (1995).

<sup>269</sup> *Barclays Bank v RBS Advanta* [1996] RPC 307, per Laddie].

*RBS Advanta*,<sup>270</sup> Laddie J castigated the drafting of this section but considered that, in essence, it was intended to allow honest comparative advertising.<sup>271</sup> The overriding consideration appears to be the honesty of the practice,<sup>272</sup> the test of honesty being objective and the standard being that of a reasonable reader who has been given the full facts. The court took a robust view, and considered that it was not dishonest to puff one's own goods, poke fun at one's rival<sup>273</sup> or not point out all of the competitor's advantages. The damage must be more than *de minimis*.

### 8.9 Who may sue?

The proprietor of the registered trade mark may sue for infringement.<sup>274</sup> An exclusive licensee may also sue for infringement in his own name if the licence is appropriately worded.<sup>275</sup> There is also a fall-back provision<sup>276</sup> which enables a licensee (whether non-exclusive licensee or exclusive) to call upon the proprietor to take infringement proceedings. If he refuses or fails to do so, the licensee may bring proceedings in his own name, subject to limitations.

### 8.10 Remedies

The proprietor is entitled to all relief by way of damages, injunction, account or otherwise, that is available for infringement of any other property right.<sup>277</sup>

270 [1996] RPC 307. The approach in this case was approved in *Vodafone Group plc v. Orange Personal Communications Services* [1997] FSR 34.

271 The burden is on the plaintiff to establish that the use is dishonest.

272 In both *Barclays Bank v. RBS Advanta* [1996] RPC 307 and *Vodafone Group plc v. Orange Personal Communications Services* [1997] FSR 34, the judges considered that the phrase 'takes unfair advantage of or is detrimental to...' generally added nothing. A dishonest use will almost inevitably take unfair advantage, etc. On the other hand, an honest use may be unfair, but protected: *Vodafone*.

273 Ciba-Geigy's complaint about Parke Davis' advertisement depicting a bite taken from a green apple (Ciba-Geigy's unregistered trade mark for its products) with the slogan 'Diclomax Retard takes a chunk out of your prescribing costs...' would presumably have fared equally badly under section 10(6), had the mark been registered. *Ciba Geigy plc v. Parke Davis and Co. Ltd.* [1994] FSR 8 (passing off and malicious falsehood).

274 Section 14(1) of the 1994 Act.

275 Section 31. He may exercise rights and remedies as granted by the licence, as if it were an assignment, subject to the remaining subsections.

276 Section 30.

277 Section 14(2.) It has recently been established that, in relation to damages for infringement, innocence is no defence: *Gillette v. Edenwest* [1994] RPC 279.

The 1994 Act also contains provisions for the erasure, removal or obliteration of a trade mark from infringing goods and material,<sup>278</sup> and for delivery up and destruction.<sup>279</sup> The 1994 Act also provides a remedy against a person who makes groundless threats of infringement proceedings.<sup>280</sup> This is an important addition to trade mark law. The threat must be for reasons other than the application of the trade mark, importation of the goods or supply of services under the mark. For example, the threat may be against the seller of goods carrying an infringing trade mark. A seller may have no desire to stand up to such a threat, even if groundless, and may prefer to discontinue his association with the manufacturer, much to the latter's detriment. To remedy this situation, once the threat is shown, *any* person aggrieved may complain. Thus a manufacturer may complain if the threat is made to one of his customers. The person aggrieved is entitled to a declaration that the threats are unjustifiable, an injunction against continuance of the threats and damages (as appropriate), unless the defendant shows that the acts in respect of which proceedings were threatened constitute an infringement of the trade mark.

278 Section 15. The erasure etc. of an infringing mark may be an entirely appropriate remedy. Generally, the trade mark will be distinct from the goods and goods may be quite legitimate without the offending mark.

279 Sections 16-20.

280 Section 21.

## 9 DEFENCES, PARALLEL IMPORTS, REMOVAL OF MARKS AND REVOCATION

*Defences to infringement – section 11:*

- *use of one's own registered trade mark;*
- *use of one's own name, address;*
- *use to indicate the characteristics of goods or services;*
- *spare parts and accessories;*
- *earlier local rights.*

*Exhaustion of rights and parallel imports – section 12.*

*Removing a mark from the register:*

- *revocation – section 46:*
  - *non-use;*
  - *suspended use;*
  - *generic and misleading use;*
- *invalidity – section 47. Registration in breach of absolute or relative grounds for refusal;*
- *effect of acquiescence – section 48.*

### 9.1 Defences to infringement of a trade mark

The 1994 Act provides a range of defences which may protect an unauthorised use of another's trade mark which would otherwise be actionable. These defences bear a resemblance to those found under the 1938 Act, though there are changes in wording and indeed in substance, which mean that there is no exact correlation between new and old. The defences are found in sections 11, 12 (exhaustion) and 48 (acquiescence). In addition, the scope of rights in a trade mark will be limited where the applicant agrees to imposition of a disclaimer under section 13.<sup>281</sup>

<sup>281</sup> Section 13(1) of the 1994 Act. However, in contrast to the 1938 Act, under the 1994 Act the applicant must agree to imposition of a disclaimer.

While the defences under section 11 are familiar to trade mark lawyers, they have all been substantially revamped under the 1994 Act. All of the defences under section 11 are linked together by the common proviso that, to be permitted, the use must be 'in accordance with honest commercial practices'. That term, however, is undefined, and will be discussed in due course. The defences include the following.

### **Section 11(1): use of one's own registered mark**

This section, which has no counterpart in the Directive, gives a registered proprietor the right to use his registered trade mark within the bounds of his registration without infringing another registered trade mark.<sup>282</sup> The provision is necessary to enable proprietors of conflicting registered trade marks to use their marks lawfully without infringement until such time as the relative rights of the parties can be determined by reference to the invalidity provisions under section 47. It affects both those who obtain registration through honest concurrent use and also those who manage to obtain registration in the ordinary way but nevertheless find themselves in conflict with other registered marks.

When the detailed examination procedure currently in use in the Trade Mark Registry comes to an end, a large number of potentially conflicting marks may find their way onto the register and may thus find some shelter behind this provision. It is submitted that, in principle, the statute should make it clear that the mere exercise of rights granted by registration does not infringe another trade mark. This provision, however, is not determinative of the rights and obligations of conflicting trade marks and must be seen in the light of sections 47 and 48. The former provides that trade marks may be held invalid, and accordingly expunged from the register, on various grounds, including registration in breach of the absolute or relative grounds for refusal under sections 3 and 5. Section 47 is not couched in terms of mandatory expungement where wrongful registration is proved. The wording is permissive: the mark 'may' be removed. If a mark is removed, it is deemed never to have been made. Accordingly acts of infringement rendered innocuous under section 11(1) will change their character and become infringements. Section 48 is also relevant here. It makes acquiescence a bar

<sup>282</sup> It has its parallel in section 4(4) of the Trade Marks Act 1938, and is comparable. For an example see *Gor-Ray Ltd. v. Gilbey Skirts Ltd.* [1952] 69 RPC 99.

both to a declaration that the trade mark is invalid, and to opposition to the use of the later trade mark.<sup>283</sup>

### Section 11(2): 'honest practices'

The rights granted under section 11(2) of the 1994 Act had their counterpart in the 1938 Act,<sup>284</sup> but are not directly equivalent. In particular, all of the defences under section 11(2) are subject to the proviso that the defendant's use of the matter prescribed therein, be 'in accordance with honest practices in industrial or commercial matters.' 'Honest practices' is an equivocal phrase, taken from the Paris Convention.<sup>285</sup> Since the decision in *Barclays Bank plc v. RBS Advanta*, however, it seems likely that 'honest practices' will be assessed objectively.<sup>286</sup> In that case, which examined the phrase 'honest practices' in relation to section 10(6), Laddie J considered that the requirement of honesty was to be judged by the standards of a reasonable audience.<sup>287</sup> A use which is significantly misleading would be one example of a dishonest use.<sup>288</sup> Presumably, a use which took unfair advantage in the sense of free-riding on the registered proprietor's mark, would also be considered a dishonest practice.

### Use of a person's own name or address

This is narrower than the similar defence under section 8(a) of the 1938 Act, which permitted the bona fide use of a person's or his predecessor's name or address. There is nothing in the 1994 Act or the Directive itself to suggest that the 'person' has to be a human though, in relation to both the Directive and the Community Trade Mark Regulation, the Minutes of the Council of

283 The earlier proprietor cannot oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used. This would appear to bar both statutory and common law objections.

284 Section 8(a) (b) and section 4(3)(b), 1938 Act.

285 Article 10bis contains the phrase, for example.

286 [1996] RPC 307.

287 Cf. Trade Marks Act 1938, section 8, where the use had to be bona fide. This was subjectively assessed in relation to use of one's own name: *Baume v. Moore* [1957] RPC 459 at 463, CA: [1958] RPC 226 at 235. However, in relation to section 8(b) of the 1938 Act, use of the trade mark in a descriptive sense, the user had to clear two hurdles: the use had to be bona fide, and must not have imported a reference to the proprietor of the trade mark and his goods. The defence was taken to require an examination of the defendant's motives in using the trade mark descriptively. A use which was meant to take advantage of the reputation of the registered trade mark would not be excused: *British Northrop v. Texteam Blackburn Ltd.* [1974] RPC 57.

288 *Emaco Ltd. v. Dyson Appliances*, The Times, 26 January 1999, Parker J.



Ministers state that the defence is only available to natural persons.<sup>289</sup> This contrasts with the position under the 1938 Act where a company was permitted to rely on the defence in *Parker-Knoll v. Knoll International*.<sup>290</sup>

**Use of indications concerning the kind, quality, quantity, intended purpose, value, geographical origin or other characteristics, of goods or services**

This section permits use of indications which might otherwise infringe, if that use is honest. For these purposes, it is important to look at the way the mark was used and its effects.<sup>291</sup>

**Accessories and spare parts**

Use of the trade mark is permitted where it is *necessary* to indicate the intended purpose of a product or service, in particular as accessories or spare parts (this is similar to section 4(3)(b) of the 1938 Act). Spare parts and accessories makers may have a legitimate need to use the plaintiff's trade mark to inform the public of those facts. However, it must be *necessary* to do so for the defence to apply. An example might be a statement that a computer is 'IBM compatible.'

**Section 11(3): earlier local rights**

This is the one possible exception where an unregistered user is given a helping hand. It is, however, rather ambiguously worded. The section allows an antecedent *local* user to continue that use if he would be protected in that locality by passing off. The problem is the meaning of 'use... in a particular locality'. The Government did not consider that the whole of the UK was a relevant locality. The trade mark must have been used continuously from a point before either registration or use of the registered trade mark.

## 9.2 Exhaustion of rights and parallel imports: section 12

It is generally accepted that, in respect of products which have been lawfully made and sold to the public, there must be a limit to the exercise by a trade

289 Statement 7 by the Council and Commission in the minutes of the Council Meeting at which the Directive was adopted and statement 8 by the Council and Commission in the minutes of the Council Meeting at which the Community Trade Mark Regulation was adopted (see OHIM OJ 5/96, p.609 and 615 respectively.)

290 *Parker-Knoll v. Knoll International* [1962] RPC 265.

291 *British Northrop v. Texstream Blackburn Ltd.* [1974] RPC 57, may remain relevant.

mark proprietor of the right in his trade mark. If this were not so, such apparently trivial commercial activities as the sale of a second-hand car by its owner would require the licence of the owners of the trade marks in the car itself, its tyres and any branded accessories.

UK law accepted that there was such a limit even before it formally recognised in British law the principle now described as 'exhaustion of rights', but there was no clear articulation of any reason why this should be so. This is an unusual instance of a state of affairs which was not developed by the jurisprudence of British case law prior to harmonisation of trade mark law. The resale of lawfully marketed products is an area in which British lawyers have been more guided by modern European legal theory than by the common law.

Exhaustion of rights is often spoken of as a synonym for parallel importation of 'grey goods' but, while exhaustion of rights is the basis for the legal justification of parallel importation, the two are not the same thing. Exhaustion of rights occurs even where goods are marketed and resold without ever crossing a national border.

Parallel importation occurs when a party purchases lawfully marketed goods in a country where they are cheap, importing and reselling them in a country where the market price for them is high. A business may seek to prevent such imports by reliance on its trade mark rights in the country of importation. In the absence of exhaustion rules it can do this because trade marks are territorial in their effect, and a business can hold marks through subsidiaries in various jurisdictions which are technically independent entities. Thus a business holding trade marks in jurisdiction A could, by relying on its trade mark rights there, prevent the importation of goods bearing an identical trade mark owned by and applied to the goods by a sister company in jurisdiction B.

This practice is regarded as anti-competitive in EU law insofar as it results in an artificial partitioning of the European market. As a result, EU law strictly controls the extent to which, *inter alia*, intellectual property rights may be used to prevent the parallel importation of goods placed in lawful circulation in the EEA. The free movement of goods within the EEA is guaranteed by the Treaty of Rome and, while the enforcement of intellectual property rights is also respected by the terms of the Treaty, the principle of free movement generally overrides the exercise of private proprietary rights.<sup>292</sup>

<sup>292</sup> Treaty of Rome, Articles 30 to 36 deal with the principles of free movement.

For trade marks, the principle of exhaustion of rights is found in similar terms in the Community Trade Mark Regulation, the Directive and the 1994 Act. The law must be interpreted in light of Article 36 of the Treaty of Rome.<sup>293</sup> Section 12 of the 1994 Act provides as follows:

'(1) A registered trade mark is not infringed by the use of the trade mark in relation to goods which have been put on the market in the European Economic Area under that trade mark by the proprietor or with his consent.

(2) Subsection (1) does not apply where there exist legitimate reasons for the proprietor to oppose further dealings in the goods (in particular, where the condition of the goods has been changed or impaired after they have been put on the market).'

Article 7 of the Directive and Article 13 of the Community Trade Mark Regulation are nearly identical in their content.

The doctrine of exhaustion, as it applies to parallel trade, is simple in theory but difficult to apply in different situations. Topics which are of particular interest include those which arise from:

- (i) The importation of lawfully marketed products which originate from non-EEA countries, where that importation is direct or via another EEA country;
- (ii) the sale of lawfully marketed products which have themselves changed since the time of marketing, whether through use, changes in fashion or subsequent changes;
- (iii) the extent, if any, to which an exclusive right-holder (whether trade mark owner or exclusive licensee) who is unable to exercise his trade mark right against a parallel importer may nonetheless prohibit parallel importation by invoking unfair competition (or, presumably, passing-off) law.

The vexed question of 'international exhaustion', referred to in topic (i) above, has been resolved in *Silhouette International v. Hartlauer*<sup>294</sup> which decides that Article 7(1) of the Directive enables a trade mark proprietor to

<sup>293</sup> *Bristol-Myers Squibb v. Paranova AS* [1996] ETMR 1.

<sup>294</sup> Case C-355/96, [1998] FSR 729.

stop a third party from using the mark for goods which have been on the market under that mark outside the EEA, even though they were so marketed by him or with his consent.

The expectation of the public, when purchasing pharmaceutical products or obtaining them under prescription, is that they will be effective and that their effectiveness will not have been impaired by anything which may be done to those products after they left the control of the company which manufactured them. For this reason, the ECJ<sup>295</sup> developed in 1978 a set of guidelines to be followed, whereby pharmaceutical goods may lawfully be repackaged and subsequently resold by a parallel importer if:

- the exercise of the trade mark right, having regard to the marketing system adopted by the trade mark owner, could contribute to an artificial partitioning of the market between the EU Member States;
- the repackaging cannot adversely affect the original condition of the product;
- the owner of the trade mark receives prior notice before the repackaged goods are put on sale;
- it is stated on the new packaging by whom the goods have been repackaged.

So long as these guidelines are adopted, parallel importers may repackage goods, resell them in containers carrying different quantities, insert an extra article from a source other than the trade mark owner and even translate information relating to the products from one language to another, as was explained when the ECJ affirmed the validity of its previous approach in the first post-harmonisation case on the subject, *Bristol-Myers Squibb v. Paranova*.<sup>296</sup>

### **Artificial partitioning of the market**

*Bristol-Myers Squibb v. Paranova* makes it clear that it is unnecessary to establish that the trade mark owner intended artificially to partition the market. The important factor in deciding whether any resultant partitioning

<sup>295</sup> See *Hoffmann-La Roche v. Centrafarm*, Case 102/77 [1978] ECR 1139.

<sup>296</sup> [1997] FSR 102.

is artificial is whether opposition to repackaging is justified by the need to safeguard the essential function of the trade mark.<sup>297</sup> It is clear that such opposition is not justified where a pharmaceutical product cannot be put on the market in another Member State because of packaging or prescribing requirements. On the other hand, the court also mentioned in *Bristol-Myers* that, in order to avoid artificial partitioning, it might still be justifiable to repack for Member State A, a product imported from Member State B, even though a package meeting the requirements imposed by Member State A was available on the market in the exporting Member State.<sup>298</sup>

### Adverse effects on product

The idea of an adverse effect on the original condition of a product refers to the product inside the packaging.<sup>299</sup> It extends to risks to the product itself through tampering or exposure to other factors influencing its original condition. Whether an adverse effect occurs, will depend on the nature of the product and method of repackaging. Thus, the court confirms that there will be no adverse effect where, for example:

- repackaging only affects the external layer of double packaging;
- repackaging is supervised by a public authority; or
- blister packs, flasks, phials, ampoules or inhalers are merely removed from their external packaging and replaced in new external packaging.

More interestingly, the court rejects the argument that an adverse effect could be established by reference to hypothetical risks of error in repackaging, such as:

- mixing together blister packs coming from sources with differing expiry dates;
- repackaging products that may have been stored too long; or

297 That is to enable the consumer or final user to distinguish, without any possible confusion, that product from others of a different provenance: *SA CNL-Sucal NV v. Hag GF AG* (Case 10/89 [1990] ECR I-3711 'Hag II'). In *Hoffman-La Roche v. Centrafarm* Case 102/77 [1978] ECR 1139 para. 7 and *Pfizer v. Eurim-Pharm* [1981] ECR 2913 para 8, the court stated '...the guarantee of origin implied by the trade mark means that the consumer can be certain that a trade marked product has not been subject to interference by a third party, without the authorisation of the proprietor of the trade mark, such as to affect the original condition of the product'.

298 [1996] ETMR 1, para. 54.

299 [1996] ETMR 1, para. 58-66.

- repackaging light-sensitive products in conditions where they are exposed to light.

On the other hand, products could be indirectly adversely affected where:

- repackaging or new user instructions omit important information or give inaccurate information about the nature, composition, effect, use or storage of the drug; or
- the importer places in the packaging an extra article for ingestion and dosage which does not comply with the manufacturer's envisaged method of use and dosage.

The question of whether a product has been adversely affected is one for the national court to assess, and entails a comparison with the product as marketed in the importing Member State.

### **Can a parallel importer use a different trade mark on the imported product?**

Where a product is on sale in Member States under different brand names, a parallel importer may wish to import the product from one Member State to another, but, for obvious reasons, affix to it the name by which the product is sold in the importing Member State. This issue is not addressed by the wording of either Article 7 of the Directive or section 12 of the 1994 Act. The ECJ, however, examined the relative rights of the trade mark proprietor and the importer in this situation in *Centrafarm BV v. American Home Products Corporation*. It establishes that, even where a producer or distributor uses more than one mark for the same product, the essential function of a trade mark prevents an unauthorised third party from usurping the right not only to affix one or the other mark, but also to change the marks as affixed by the proprietor to the products.<sup>300</sup> The court nevertheless stated that if such a marketing strategy was adopted in order to partition the market artificially, it might amount to a disguised restriction of trade, contrary to the second sentence of Article 36 of the Treaty of Rome. Whether the strategy did so was a question for the national courts.

Although the ECJ judgement gives no guidance on when the use of

<sup>300</sup> [1979] CMLR 326; [1978] ECR 1823.

different names for the same product will constitute a disguised restriction on trade, Advocate General Capotorti, in his opinion, gives examples of possible objective justifications for use of different trade marks:

- the use of different trade marks may give the consumer wider choice of products, by providing, for example, a 'de luxe' and budget product. This factor, however, is unlikely to provide justification where the trade mark proprietor is using the differing marks in different Member States and he does not himself market the products in the other Member States.
- it is necessary to use a different trade mark in the other Member States in order to avoid trade mark conflicts. The national court would need to investigate whether the trade mark conflict was genuine, since a producer might artificially generate a trade mark conflict in order to adopt different marks and thereby partition the market artificially. To detect this kind of abuse, a national court would need to examine the behaviour of the undertaking or related undertakings in the EU as a whole.

As increasing numbers of medicines receive their marketing authorisation within the EU through the centralised procedure of the European Medicines Evaluation Agency (EMA), the use of different trade names for the same product in different Member States may decline. In principle, the granting of a single EU marketing authorisation by EMA requires there to be one single name for the medicine throughout the EU. Although this name does not have to be a trade name, in practice companies usually choose it to be so. Relaxations of the single name requirement are allowed if necessary to avoid a risk to public safety (e.g. such as might follow from possible confusion with an existing product in a particular Member State).

### **The positive side of *Bristol-Myers Squibb v. Paranova***

Although the limitations imposed by EC jurisprudence are severe, the ECJ's decision in *Bristol-Myers Squibb v. Paranova* gives some comfort to trade mark owners. The court recognises that the trade mark owner has a legitimate interest, related to the specific subject matter of a trade mark right, in preventing the sale of imports, the repackaging of which is liable to damage the reputation of the trade mark and its owner. Thus the packaging must not be defective, of poor quality or untidy. To bolster this interest, the decision requires the importer not only to give notice prior to selling the product but also to supply specimens of the repackaged product on demand.

Pharmaceutical companies will, no doubt, find it a sensible strategy to demand samples as a matter of routine. They may then make fully informed decisions on whether their reputation in the trade mark will be impaired by shabby packaging, in addition to assessing whether the repackaging affects the original condition of the product. The demand of a sample of the product cannot delay its marketing by the importer but, if the importer fails to comply with the demand, there would appear to be an infringement.<sup>301</sup>

Broadly speaking, the approach adopted for the pharmaceutical industry has founded the basis for applying the doctrine of exhaustion to re-labelled non-pharmaceuticals, as has just been indicated by the recent case of *Loendersloot v. Ballantine*.<sup>302</sup> This decision provides that, once goods have been lawfully marketed, a parallel importer may even, in some circumstances, remove or deface trade mark bearing labels so as to remove information which enables the trade mark owner to identify the distribution route which his product has taken.

### 9.3 Removing a mark from the register

If none of the defences to infringement listed above are available, it may still be possible for a defendant to avoid liability by challenging the validity of the trade mark which he has apparently infringed. A trade mark may be removed from the register for a number of reasons. The ability to remove trade marks will become increasingly important given the ease of registration under the 1994 Act and the ultimate aim of ending the UK's examination procedure sometime early in the 21st century.<sup>303</sup> An application for revocation or invalidity may be made by any person, though the Registrar may seek a declaration of invalidity in the case of a bad faith registration. It is no longer necessary for the applicant to be a 'person aggrieved'. The grounds under the 1994 Act bear a resemblance to those under the 1938 Act, sections 15 and 26.

#### **Revocation: section 46**

A trade mark may be revoked for the following reasons:

301 For a detailed analysis, see Shea, *Parallel Importers' Use of Trade Marks: The European Court of Justice Confers Rights but also Imposes Responsibilities* [1997] EIPR103.

302 Case C-349/95 [1998] FSR 544.

303 Reform of Trade Mark Law, Cm 1203, 1990, para. 4.15. Section 8 of the 1994 Act enables the Secretary of State to end the examination system set out in section 37, by statutory instrument.



- (a) failure to put the trade mark to genuine use in relation to the goods within five years of registration, there being no proper reasons for non-use;
- (b) suspending use for an uninterrupted period of five years, where there are no proper reasons for non-use;
- (c) allowing a trade mark to become a common name in the trade for the goods or service through the act or inactivity of the proprietor;
- (d) allowing a trade mark to become misleading to the public, particularly as to nature, quality or geographical origin, in consequence of the proprietor's own use or use to which he has consented.

**The period of non-use:** For (a) and (b), the relevant period of non-use is five years.<sup>304</sup> Where a proprietor commences or resumes use after five years but within three months of the application for revocation, he cannot count that period as use unless preparation for commencement or resumption of use began before he became aware of the application. The non-use, to jeopardise the registration of a trade mark, must be in relation to the goods or services for which that mark is registered.

In the pharmaceutical industry, where there may be a considerable delay between registration of a trade mark and use on a product, special care needs to be taken to avoid problems of non-use.

**Genuine use:** Under ground (a), a trade mark can only be attacked if there is no genuine use for the relevant period of five years from the date of completion of registration. Genuine use is not defined, but it may be that it will bear the same meaning as bona fide use, as established in *Nerit*.<sup>305</sup> Substantial and genuine use judged by ordinary commercial standards, and not merely cosmetic use as a commercial manoeuvre unrelated to the true commercial exploitation of the product.<sup>306</sup> Once the use is genuine, the motive for that use is irrelevant.

There is no provision in the 1994 Act equivalent to the power under section 26(1)(a) of the 1938 Act to remove an unused trade mark less than five years old if it was registered without any bona fide intention to use it. That situation, as in *Nerit* itself, would be now be treated as an application in

<sup>304</sup> This is the same period as under the 1938 Act.

<sup>305</sup> *Imperial Group v. Phillip Morris* [1982] FSR 72.

<sup>306</sup> See also the White Paper, para. 4.29 (Reform of Trade Mark Law, Cm 1203, (1990).

bad faith, and the trade mark would be liable to removal from the register by reason of invalidity under section 47.

Under ground (b), five years' uninterrupted suspension of use can result in revocation, unless there are 'proper' reasons.

**What is 'use in relation to goods'?** For the pharmaceutical industry, a broad definition of use would be helpful in relation to revocation, given the delay that occurs between registration of a trade mark and final marketing clearance. The 1994 Act, however, provides no overall definitions of 'use', although sections 10(4), 46(2) and 103(2) give partial or inclusive meanings. Case law under the 1938 Act is of some help, though, to an extent, we must speculate.

For use to be 'in relation to goods', the proprietor must have an intention to make available goods under the trade mark. It is not always necessary for goods actually to be available, so long as the trade mark proprietor is effectively preparing to make them available. Thus, use of the trade mark on invoices and orders where the proprietor is taking bona fide steps to acquire goods to be sold under the trade mark in the future, may be sufficient, as shown in *Hermes Trade Mark*.<sup>307</sup>

Use in advertising will ordinarily suffice where goods are actually on the market; but where goods are not on the market, the question of whether advertising will qualify as use depends on the nature of the advertising and how soon the goods will be available. Thus, in *Hermes* the court held that advertisements in a trade journal aimed at preserving the trade mark were insufficient where no goods had been available on the market for a considerable time. On the other hand, where a trade mark is advertised in a pre-launch campaign, one would expect relevant use to have occurred.

Would use of the trade mark during the course of clinical trials, or in a product registration application suffice? This is a debatable point, since use of the trade mark in these circumstances has a contingent element. It could, however, be argued that, in these circumstances, the proprietor is showing a commitment to use of the trade mark, and is making effective steps towards marketing.

A further question to consider is whether promotional use, as in the case of *Kodiak*,<sup>308</sup> will be viewed as a case of non-use or whether, having regard to the expansion of the definitions under sections 1, 5 and 10, promotional use

307 [1982] RPC 425.

308 [1990] FSR 49.

will be taken to be use for the purposes of the 1994 Act. Early indications from unreported Trade Mark Registry decisions are that bona fide promotional use of a trade mark in advertising will be regarded as trade mark use, so long as the promotional use is made in respect of the goods for which the mark is registered.

**Proper reasons for non-use:** The Trade Mark Registry has already indicated that is not prepared to accept delays in consequence of market testing as 'proper' reasons, particularly if those market tests did not even involve the use of the trade mark but merely related to the product.<sup>309</sup> In *Invermont Trade Mark*<sup>310</sup> the Registry considered that:

- 'proper' must be considered in a business context and meant 'apt, acceptable, reasonable or justifiable in all the circumstances';
- the phrase 'proper reasons' is not meant to cover normal or routine difficulties in the marketing function that were under the proprietor's own control and for which he could plan; but
- some normal delays, such as those caused by some regulatory mechanism, might be reasonable.

In light of this decision, the pharmaceutical industry may be able to construct a sound argument that the delays in using the trade mark caused by the exigencies of the licensing system constitute a reasonable or justifiable excuse.

**Genericisation:** Under ground (c) of the 1994 Act, a trade mark can be expunged if it becomes common in the trade for a product or service for which it is registered, but it must have become so through the act or inactivity of the proprietor. This will normally arise through trade mark mismanagement. The trade mark proprietor must make every effort to ensure that the public sees the sign as a trade mark and should pursue relentlessly those who use it generically. The scope of infringement under section 10 of the 1994 Act enables the proprietor to attack a wider range of uses than under the 1938 Act. Chapter 5, above, discussed measures which may be taken to safeguard trade marks from this pitfall.

309 *Glen Catrine Bonded Warehouse Ltd.'s Applications to revoke the trade marks of William Grant and Sons Ltd.* [1996] ETMR 56.

310 [1997] RPC 125.

**Misleading trade marks:** As to ground (d), the 1994 Act contains clear and simplified provisions for revoking the trade mark if it becomes misleading to the public by use made of it by the proprietor or with his consent in relation to the goods or services for which it is registered. The wording of (d) reflects Article 12(2)(b) of the Directive. Ground (d) displays some similarities with the decision in *GE Trade Mark*.<sup>311</sup> In *GE*, the House of Lords considered that, where a trade mark became deceptive after registration, it could only be expunged if that arose through the fault of the proprietor. While the new section does not specify 'fault', a use is more likely to become misleading where the proprietor's (or his licensee's) use has been remiss. One may speculate as to whether use within the rights afforded by registration but which lead to public confusion could be a ground for revocation.

Certain types of deception are particularised in this section, including misleading the public as to the nature, quality, or geographical origin of the goods or service. Interestingly, it does not particularise as fatal a situation where the trade mark becomes deceptive as to *commercial* origin. This might occur, for example, through uncontrolled licensing. Such an extension might be considered appropriate and in line with the examples particularised.

#### **Invalidity: section 47**

Section 47 of the 1994 Act provides that trade marks may be removed from the register as invalid in certain circumstances. The effect of invalidity is that the registration is deemed never to have been made (provided that this does not affect transactions past and closed): section 47(6). Invalidity may be found in relation to some or all of the goods or services for which the trade mark is registered: section 47(5). The application may be made by any person, but it would appear that the Registrar may only bring proceedings for invalidity in the case of a trade mark registered in bad faith: see section 47(3)(4).

The grounds for invalidity parallel the grounds for absolute and relative refusal in sections 3 and 5 of the 1994 Act.

**Invalidity where the registered trade mark is in breach of the absolute bar on registration:** Under section 47(1) of the 1994 Act, a trade mark may be declared invalid on the ground that it was registered in breach of section 3

311 [1993] RPC 297.

provided that, if it was registered in breach of section 3(1)(b), (c) or (d), no declaration shall be made if the trade mark has become distinctive in use since the date of registration. The date at which the invalidity is assessed is the date of registration. Thus invalidity is not available where the trade mark has come to suffer from some defect under section 3 since the date of registration. Grounds under section 46 (revocation) might be applicable in such a case.

**Invalidity where the registered trade mark is in breach of the relative bar on registration:** The very extensive grounds for refusal under section 5 of the 1994 Act are discussed in chapter 7. Consent of the proprietor of the earlier trade mark or other earlier right will defeat an application for invalidity. Note that honest concurrent use is not technically an excuse under section 47. It is arguable, however, that it may be a relevant factor in any decision the Registrar may take in deciding whether to expunge the mark since section 47 has a permissive element. Nevertheless, if a later trade mark manages to obtain registration through honest concurrent use, and the earlier proprietor acquiesces in that use (section 48), the later mark may be safe because of that acquiescence.

### **Acquiescence**

If a proprietor of an earlier trade mark or other right acquiesces for a continuous period of five years in the use of another registered trade mark, being aware of that use, he loses the right to apply for declaration of invalidity or to oppose use of the later trade mark in relation to the goods for which used. It is thought that acquiescence will not be tied to old common law doctrine. Awareness seems to be the basic test. Thus standing by and watching will become very dangerous. Acquiescence only has an effect where there is a later registered trade mark. In this regard, acquiescence in the use of an unregistered trade mark will be irrelevant. For the time being, however, since the inclusion of honest concurrent use provisions, it will be possible for an honest concurrent user to obtain registration. He may then be able to hold his breath and wait for five years, to see if the prior right owner does anything.

## 10 CONCLUSIONS

It is difficult to derive a set of conclusions from a legal work which is designed both to introduce a difficult and rapidly developing area of law while at the same time focusing on particular areas of application to the pharmaceutical industry. A few basic conclusions, however, may be drawn:

- trade marks are of vital importance to the economic health of the pharmaceutical industry, particularly in view of the keen competition both between manufacturers of branded products and between branded and generic products;

- the pharmaceutical industry is faced with a unique set of constraints on its trade mark choices by dint of regulatory control which lies outside of the trade mark system *per se*. These constraints add layers of difficulty to trade mark selection, licensing and marketing, with attendant added expense and delay;

- control over the naming of pharmaceutical products may be justified on grounds of public safety, open access to non-proprietary names and maintaining the purity of common stems;

- EMEA's 'single trade mark' requirement for novel medicinal products will create difficulties for the pharmaceutical industry. Speedy, efficient and inexpensive solutions must be put in place:

(i) to enable pharmaceutical producers to use an alternative trade mark in Member States where difficulties over use of the first mark arise at the outset;

(ii) to deal with the possibility that a trade mark will be invalidated after registration, hence making selection and use of an alternative trade mark necessary; and

(iii) to deal with EU enlargement;

- the ECJ has reaffirmed that the principle of free movement of goods will trump trade mark rights in relation to the parallel importation of

pharmaceutical products originally put on the market in the EU with the consent of the trade mark owner. Extensive repackaging is permissible in line with the guidance in *Bristol-Myers Squibb v. Paranova A/S*.<sup>312</sup> The decision, however, boosts the position of the trade mark owner by enabling him to require not only advance notice, but also specimens of the repackaged product.

Pharmaceutical trade marks are particularly prone to attack on a number of grounds that have been highlighted in the main text. Concerning distinctiveness and the absolute grounds for refusal of registration:

- the industry's preference for trade marks which sound scientific and give an indication of the nature of the pharmaceutical product may clash with the requirement that a trade mark must have the capacity to distinguish;
- a trade mark that is too close to its non-proprietary name may encounter further objections because it is descriptive or generic;
- successful coloured tablet registrations are likely to remain infrequent. Colour applications are more likely to succeed where there is an unusual colour combination. Single colours have little distinctive capacity and may in any event be indicative of dosage, rather than source;
- shape marks are permissible under the 1994 Act but it is unlikely that, in the pharmaceutical context, shape marks will succeed, given the bars on functional shapes in section 3 of the 1994 Act.

Concerning relative rights and infringement, specific problems for pharmaceuticals are:

- the Registrar's practice of treating almost all products in Class 5, which includes pharmaceuticals, as similar. Thus, the pharmaceutical industry will continue to face the problem of veterinary, and a wide range of other, substances being treated as similar to human preparations;
- the importance of public safety in relation to assessing similarity of pharmaceutical trade marks. The Registry may be more inclined to consider trade marks similar where there is a danger of public confusion; and

- the problem of assessing similarity where the rival trade marks both contain common matter, such as common stems or parts of non-proprietary names. A large number of weak pharmaceutical trade marks of this nature may obtain registration.

Concerning revocation:

- the pharmaceutical industry must guard with particular care against revocation for non-use, given the delay between registration of a pharmaceutical trade mark and its use;
- pharmaceutical trade mark proprietors must take special care to ensure that their trade marks do not become generic or customary. Proper trade mark management is essential.

Trade mark law is now harmonised throughout the EU and the Directive effecting that harmonisation<sup>313</sup> imposes overall order on the widely differing trade mark philosophies in Member States. The Directive is, by its nature, a political and legal compromise. It is not surprising that, in these circumstances, key concepts are ambiguously drafted and unclear in their underlying philosophy. Difficulties inherent in the Directive are also apparent in the UK's 1994 Act and, no doubt, in the national legislation of other Member States. The burden of finding answers to the dilemmas posed by the Directive will first fall upon the national courts. Final analysis, however, is the unenviable task of the ECJ, which will have to resolve the conflicts between liberal trade mark jurisdictions, such as the Benelux, and more conservative states, such as the UK, in relation to a range of matters at the heart of trade mark theory. In doing so, it will be deciding whether to enlarge or reduce the scope of trade mark protection in the EU.

Trade marks are tools of economic power, and enlarged rights may hamper competition unduly. Thus the decision whether to enlarge the scope of trade mark rights must carefully balance the needs of the trade mark owner to protect the integrity of his mark and his investment in building it up, with those of his competitors and the public. Little imagination is needed to see that shape marks may act as a barrier to the entry into the market of competing products, or that broad concepts of association and dilution can

313 89/194/EEC.



lead to the monopolisation of fairly mundane marks across an unnecessarily wide range of products. Decisions on difficult matters such as these will affect the shape of competition across the EU.

There are some difficulties over which the ECJ has no jurisdiction and which national courts will have to resolve.<sup>314</sup> Since national practices vary,<sup>315</sup> it is apparent that there will be divergent decisions, thus further complicating the legal task of choosing and using trade marks in the EU.

314 An important example is the assessment of confusion, which arises in relation both to the relative grounds of refusal and infringement.

315 *Sabel BV v. Puma AG* [1998] RPC 199.

## APPENDICES

### I Abbreviations

ABPI	Association of the British Pharmaceutical Industry
AC	Appeal Cases
All ER	All England Reports
BIE	Bijblad bij de Industriële Eigendom
BPC	British Pharmacopoeia Commission
CA	Court of Appeal
Ch	Chancery
Ch D	Law Reports, Chancery Division
CIPA	Chartered Institute of Patent Agents
Cm	Command paper
CMLR	Common Market Law Reports
CPMP	Committee for Proprietary Medicinal Products
CTM	Community Trade Mark
ECJ	European Court of Justice
ECR	European Court Reports
EEA	European Economic Area
EIPR	European Intellectual Property Review
EMEA	European Medicines Evaluation Agency
ESC	European Study Conferences
ETMR	European Trade Mark Reports
EU	European Union
ex. p	ex parte
FDA	Federal Drugs Administration
FSR	Fleet Street Reports
GATT	General Agreement on Tariffs and Trade
HL	House of Lords
IER	Intellectuele Eigendom en Reclamerecht
INN	International non-proprietary name
ITMA	Institute of Trade Mark Agents
MCA	Medicines Control Agency
NJ	Nederlandse Jurisprudentie

OAMI	See OHIM
OHIM	Office for Harmonisation in the Internal Market
QB	Queen's Bench
RPC	Reports of Patent Cases
SI	Statutory Instrument
TMR	Trade Mark Reporter
TRIPS	Trade Related Aspects of Intellectual Property Rights
UK	United Kingdom
US	United States Supreme Court Reporter
USPQ	United States Patents Quarterly
WLR	Weekly Law Reports
WHA	World Health Assembly
WHO	World Health Organisation

## II Glossary

The chapters of this report contain, and make reference to, numerous legal definitions. The reader seeking specific guidance as to the meaning of the terms so defined is advised to consult the relevant chapter. However, for the sake of convenience, some of the terms which are defined in the text in greater detail are mentioned alphabetically below in simplified form.

***Absolute grounds:*** grounds upon which the Trade Mark Registry is obliged to refuse registration of a trade mark, without regard to the nature or extent of the use or existence of the marks of any third party.

***Classes of goods and services:*** the register of trade marks is broken down into 42 Classes of goods and services laid down in the Nice Agreement of 1952, which facilitates the searching of records by industry or activity. Class 5 is the principal class for pharmaceutical products.

***Common law mark:*** a trade mark which has not been registered but where its user is entitled to legal protection. In the UK this protection is founded upon *passing-off* law. In most countries in Europe similar protection is provided through the law on unfair competition.

***Community trade mark (CTM):*** a single trade mark granted in respect of all of the territories of the European Union.

***Distinctiveness:*** a mark may not be registered as a trade mark unless it is able to distinguish the products or services of its proprietor from those of its competitors. What constitutes distinctiveness is a blend of legal principles and findings of fact.

***Generic:*** a term which does not refer specifically to one manufacturer's products but instead describes the type of product it is, or its contents, is a *generic* term which cannot be appropriated by any one manufacturer.

***Infringement:*** any activity which, if not done with the licence or consent of the trade mark owner, may be an unlawful interference with the trade mark.

***Licence:*** a permission, given by the trade mark owner or other party entitled to give it, to do any of the actions which would otherwise be an infringement of the registered trade mark.

**Passing-off:** a tort under English law and a delict under Scottish law, which makes it an actionable wrong for one trader to pass his goods off as being those of another trader, or as being related to them in any way.

**Registration:** an administrative procedure whereby an application for a trade mark is examined and entered on a register which establishes its legal status, unless it fails to meet formal legal requirements or is successfully challenged by a third party.

**Relative grounds:** grounds upon which the Trade Mark Registry may refuse registration of a trade mark, having regard to the nature or extent of the use or existence of the marks of any third party.

**Revocation:** a legal action to have a registered trade mark removed from the register on the ground that it was not validly registered, or because it was not used for a continuous period of five years.

**Trade mark:** a 'sign' which is able to distinguish the goods of one business from the goods of another.

### III Sources of Law

#### TREATIES

Treaty of Rome 1957

The Paris Convention for the Protection of Industrial Property 1883  
(revisions 1900-1963)

#### COUNCIL DIRECTIVES

7/22/EEC

65/65/EEC

75/318/EEC

75/319/EEC

75/319/EEC

83/570/EEC

84/450/EEC

87/21/EEC

89/104/EEC<sup>316</sup>

92/27/EEC

93/39/EEC

97/55/EC

#### EEC REGULATIONS

2903/93

EC 40/94<sup>317</sup>

#### UK ACTS OF PARLIAMENT

European Communities Act 1972

Medicines Act 1968

Trade Marks Act 1938

Trade Marks Act 1994

#### UK RULES AND REGULATIONS

Medicines (Applications for Product Licences and Clinical Trial and Animal Tests) Regulations 1971

Trade Marks Rules 1994 (SI 2583/1994)

<sup>316</sup> First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks, or the 'Harmonisation Directive.'

<sup>317</sup> Council Regulation of 20 December 1993 on the Community trade mark.

## IV Table of Cases

- AD2000 Application* – see *Allied Domecq's AD2000 Application*  
*Allied Domecq's AD2000 Application* [1997] RPC 168  
*Always* [1986] RPC 93  
*American Screw Co.'s Application* [1959] RPC 344  
*Ana Laboratories Ltd.'s Application* [1951] 69 RPC 146  
*Anheuser Busch v. Budejovicky Budvar* [1984] FSR 413  
*Aristoc v. Rysta* [1945] AC 68  
*Avnet Inc. v. Isoact Ltd.* [1998] FSR 16  
*Bach and Bach Flower Remedies Trade Marks* [1999] RPC 1  
*Bailey (William) Ltd.'s Application* [1935] 52 RPC 136  
*Bali Trade Mark* [1969] RPC 472  
*Bali Trade Mark (No. 2)* [1978] FSR 193  
*Ballantyne v. Ballantyne Stewart* [1959] RPC 273  
*Barclays Bank v. RBS Advanta* [1996] RPC 307  
*BASF plc v. CEP (UK) plc* [1996] ETMR 55  
*Baume v. Moore* [1957] RPC 459, CA; [1958] RPC 226  
*Baywatch Productions v. Home Video Channel* [1997] FSR 23  
*Benchairs Ltd. v. Chair Centre Ltd.* [1972] FSR 397  
*Bensyl Trade Mark* [1992] RPC 529  
*Biogen v. Medeva* [1995] FSR 4; [1997] RPC 1, HL  
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## VI Where to Find Information

### THE TRADE MARK REGISTRIES

The Trade Mark Registry of the UK is part of the Patent Office. Its address is: Concept House, Cardiff Road, Newport, Gwent NP9 1RH (tel. 01633 814997, fax 01633 814817). The UK Registry is widely regarded as one of the most helpful and user-friendly in the world; it also has the most up-to-date, searchable database of trade mark applications and registrations of any country in Europe. The Registry invites telephone inquiries relating to general trade mark-related matters and will generally be able to redirect callers in respect of those inquiries which fall outside its competence.

The Office for Harmonisation in the Internal Market (OHIM) is the EU's Community Trade Mark Office. Its address is: Avenida de Afuilera 20, E-03080 Alicante, Spain. Its telecoordinates are: tel. 0034 6 513 9333, fax 0034 6 513 9173. While much information concerning the OHIM and its activities is available in printed format, the Office is hard-pressed by volume of work and may not be able to deal at length with individual inquiries.

### TRADE MARK LAW

*Statutes and statutory instruments relating to UK trade mark law:* These are published by The Stationery Office. Since little publicity is given to the issue of statutory instruments, care should be taken to ensure that up-to-date versions of the law are obtained. Details of current official publications may be obtained from the Stationery Office website. Information is also available from the Trade Mark Registry.

*Community Trade Marks:* Principal legal materials relating to the Community Trade Mark are published by the European Commission. Implementing and secondary laws, administrative and procedural rules are published by OHIM in its monthly *Official Journal*.

*UK case law:* Reported legal decisions are an important source of UK trade mark law. Most of the important decisions of the courts are published within six months of their being made, in one or more of the following law reports: the *Reports of Patent Cases*, *Fleet Street Reports*, *Entertainment and Media Law Reports* and the *European Trade Mark Reports*.

Unreported cases from the Chancery Division of the High Court<sup>318</sup> are stored in boxes in the Science Research and Information Service, Southampton Buildings, Chancery Lane, London. Also stored in boxes at the same site are reports of hearings before the Trade Mark Registry's hearing officers. Most of these hearings are never formally reported, but all provide a valuable guide as to how the trade marks legislation is applied on a day-to-day basis by the Registry.

*European Court of Justice (ECJ) case law:* Reported legal decisions relating to the exercise of trade mark rights in the EU are handed down by the ECJ and are usually available on its website within a few days of the decision being made. Where the language of the proceedings is a language other than English, the report may first appear on the web page of the appropriate language (no note of the existence of a foreign-language text appears on the English website).

*OHIM decisions:* A number of OHIM decisions are available in the ETMR.

*Trade Mark Practice:* The Trade Mark Registry publishes a Practice Manual, which is a set of pamphlets which are revised periodically. These Manuals do not have the force of law, but they set out practice in respect of the law which will generally be followed by all trade mark examiners and hearing officers. Their function is to ensure the Trade Mark Registry employees apply the law consistently as between themselves. OHIM issues similar guidelines, notes of which have been reported in journals such as *CIPA*.

## TRADE MARK REGISTRATIONS

Trade mark registration information may be obtained from the Trade Mark Registry on payment of a search fee. The trade mark registration records of many countries may now be searched online or by means of regularly-updated CD-ROMS. Trade mark search is a service provided by many companies on a commercial basis. OHIM is also issuing data relating to trade mark applications in CD-ROM format. OHIM and the other trade mark registries in Europe follow the same classification system for trade marks as does the UK.

<sup>318</sup> This is the division of the High Court which normally hears trade mark and other intellectual property cases.