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INTELLECTUAL PROPERTY

1. INTELLECTUAL PROPERTY RIGHTS IN SPORT: VICTORIES FOR COLE AND BEDFORD

On 12 January 2004 the WIPO Arbitration and Mediation Center gave its judgement in the case of *Joe Cole v Dave Skipper* [D2003-0843](#), while on 1 February 2004 the Ofcom Content Board gave its [decision](#) in *David Bedford v The Number*, both cases relate to protection sought by sports personalities against unauthorised use of their names and images.

Joe Cole, who currently plays for Chelsea in the Premiership, filed a complaint with the WIPO Arbitration and Mediation Center alleging that the respondent Mr Dave Skipper had registered a domain name '[joecole.com](#)' which is identical or confusingly similar to his registered trade mark. He further submitted that his name has acquired a secondary meaning, in the sense that it signifies distinctive features of his activities, and that the general public associates his services as a footballer with his name. This general association entitles him to common law protection. The WIPO Center transferred the domain name back to Joe accepting both his pleas.

David Bedford approached the Ofcom Content Board (the 'Board') with a complaint that The Number's "118 118" runners TV advertisement breached his image rights by falsely representing that he had endorsed the service. The Number denied the allegation. The Board found that there was a comically exaggerated representation of David Bedford in the advertisement, and held The Number to be in breach of the [ITC Advertising Standards Code](#).

Though these two cases were disputed in different arenas and under different legislation, both illustrate that sports personalities are ready and willing to assert their rights, and will seek legal protection to prevent unauthorised commercial use and exploitation of their images and celebrity status. This is increasingly becoming necessary due to the huge royalties involved in brand endorsements by sports personalities.

In the absence of statutory image or statutory personality rights in the UK, the only recourse open to individuals is seeking protection under the law of trade marks, passing off or copyright. The recent case of the ex-Formula One driver Eddie Irvine set the precedent for such an approach, where Laddie J recognised the commercial value of a sports person's celebrity status, and held that a false endorsement deal does come within the scope of passing off. In Joe Cole's case the WIPO Center accepted the concept of passing off in justifying the domain name transfer. However, the Board did not have an opportunity to examine this issue as its proceedings were limited to the question of whether or not the advertisement indeed made a caricature representation of David Bedford.

If David Bedford chooses to pursue his case, it will be interesting to see whether the English court will recognise a new separate image right/personality right, as exists in the US and other parts of Europe, or whether it will treat it as a case of passing-off. Whatever happens in the future, at present intellectual property law seems poised to be a referee for the protection of the legitimate interests of our sports stars.

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2. THE MUSIC INDUSTRY TAKES ACTION AGAINST PARALLEL IMPORTS

The great disparity in the prices operated by global companies across various territories has encouraged online retailers to import CDs from outside the European Economic Area (EEA), particularly the Far East and Asia. Indeed, as prices differ between the EEA and other parts of the world, the obvious tactic is for online CD retailers to buy from the least expensive country in order to sell in the most expensive country, without the copyright owner's consent. To address this imbalance the [British Phonographic Industry](#) (BPI) is beginning to take action against online retailers selling CDs sourced from outside the EEA.

The BPI brought an action against online retailer CD WOW!, which was settled in January 2004, two weeks before the case was due in court. The record industry was claiming that CD WOW! was obtaining sound recordings outside Europe and selling them to UK and Irish consumers. As a result of the settlement, CD WOW! has agreed that it would stop parallel importing and change the way it sources its CDs. In the future, CD WOW! will only sell CDs that have first been placed on the European market to UK and Irish consumers, instead of CDs that have been first placed on the market outside Europe. The consequence for CD WOW!'s consumers will be an average price rise of between £2 and £3 pounds for CDs brought on the internet.

The BPI, which has also recently issued proceedings against Play.com over parallel imports, is also investigating the US online retail giant Amazon.com.

The action taken by the BPI against CD WOW! was the music industry's first success in its battle against parallel imports. It is likely to open the way for a number of other legal battles. However, industry insiders believe that in the near future, record labels will come under increasing pressure to reduce retail prices of CDs in the UK and to enter the long and complicated process of standardising prices and royalties globally.

3. GOOGLE DEMANDS BOOBLE CHANGE ITS NAME

Google, the world's most popular internet search-engine, issued a legal warning in the US to Booble a pornography-based website for infringement of trade mark.

Booble is a new internet search-engine dedicated to pornography, and since its launch on 20 January 2004, the popularity of Booble has increased considerably. The company reported its site has collapsed twice because of overuse during that period.

Google said that the adult Domain "Booble" leads to confusion with the famous trade mark "Google". The famous search engine launched a legal warning claiming for a permanent refrain of use of the name of Google, or any variation that would create confusion or dilution, and claiming for the cessation and desistance of use of the Google trade dress. Booble has replied saying its site is a simple harmless parody and recalling the right to parody is held under the first amendment. In Google's view the assertion of the first amendment does not apply, since a parody must not only involve elements of the previous work, but

should also include a new creation and even comment upon the original work.

While in principle the assertion of Booble that the freedom to create or to express a parody would seem appropriated to the case, it is undeniable that both sites are internet search-engines and so compete in the same market, a fact that would be taken into account by the Court while assessing the infringement.

4. NELLIE THE ELEPHANT PART 1

On 15 December 2003, the UK Trade Marks Registry delivered its decision in the request for a declaration of invalidity of the NELLIE THE ELEPHANT trade mark by Dash Music Co. Limited, Decision [O-391-03](#).

Dash is the proprietor of the copyright in the song ‘Nellie the Elephant’. Animated Music Ltd took a licence from Dash, to enable it to launch a cartoon series about a female pink pachyderm, the name of which and the main character in which was ‘Nellie the Elephant’. Animated subsequently registered NELLIE THE ELEPHANT as a trade mark in Class 41. Dash claimed that the registration was invalid because: (i) it had an earlier right for the purposes of s.47(2)(b) taken in conjunction with s.5(4)(b) of the [Trade Marks Act](#) in the form of its copyright in either the phrase NELLIE THE ELEPHANT or in the lyrics of the song and (ii) Animated had registered the mark in bad faith under and so the mark was invalid under ss.47(1)/3(6), since Animated knew of Dash’s rights in the song.

The Registry refused the application for a declaration of invalidity, rejecting both of Dash’s arguments. First the Hearing Office decided that under s.5(4)(b), the earlier right must predate the date of the application for the challenged trade mark. Dash’s copyright in the song satisfied this requirement. However, Dash could not base its claim on the title to “Nellie the Elephant” alone. While a title can, in theory, attract copyright protection, “Nellie the Elephant” did not, as a literary work must “afford either information and instruction, or pleasure in the form of literary enjoyment”. “Nellie the Elephant” did not inform or instruct. Nor did it give pleasure in the form of literary enjoyment when taken on its own, as opposed to when it was used as part of the lyrics of the song. Any other view would expand the scope of copyright in relation to song titles.

The use of the phrase “Nellie the Elephant” did not constitute the taking of a substantial part of the lyrics of the entire song in which copyright vested. Substantiality must be assessed qualitatively rather than quantitatively. Previous case law suggests that the taking of a title of a song does not constitute the taking of a substantial part of the copyright work. It was also questionable whether, if the title itself did not attract copyright, it was possible for it to qualify for protection on the basis that it was a substantial part of the musical composition.

Finally, Animated’s mark had not been registered in bad faith. Even though the licence to use “Nellie the Elephant” granted to Animated was non-exclusive and, therefore, Dash could have granted licences for similar uses to other undertakings, Dash had made no attempt to do so or to exploit the intellectual property rights in the composition or name

between acquiring the copyright and Animated's application to register the mark. Also, Animated had no obligation to consult Dash about their plans and so it could not be said to have acted covertly.

This case required a trade marks official to decide on what is essentially a copyright point. A contrary decision would have recognised copyright names, something the courts have recognised as possible in theory but have refused to implement in practice (although it would have no binding force on any relevant copyright tribunals).

PATENTS

5. NEW PATENTS BILL INTRODUCED INTO THE HOUSE OF LORDS

The [Patents Bill](#) (Bill No.18) is starting life as a Private Members' Bill in the House of Lords, after being introduced on 15 January 2004 by Lord Davies of Oldham on behalf of Lord Sainsbury.

One of the aims of the Bill is to fulfil UK obligations to bring legislation into line with international conventions and particularly the EPC. The opportunity is taken also to bring in some other amendments in keeping with the stated aim of the government to strengthen the hand of proprietors in defending their rights.

One area of controversy dealt with in the EPC amendments was the exclusion of methods of medical treatment as lacking industrial applicability. However, the new Bill deals with this issue in an independent new s.4A. This new section maintains the scope of the old exclusion, and merely clarifies an inconsistency in the reasoning for disallowing patents for methodology of medical treatment. The new provision maintains the exclusion of such an invention; the clarification that this does not apply to products used in such inventions; allowing first medical use for known products; allowing subsequent "specific" uses of known products in such inventions.

For proprietors, defences to actions for, and clarification of, allowed threats have been introduced. For example, where a person has infringed the patent by making or importing, threats may be made by the proprietor in respect of his other infringing acts (s.70(4)(b)). Threats may be allowed where the proprietor has used "best endeavours" to discover who the primary infringer is. Also the Bill would enable easier enforcement of damages orders by introducing access to the county courts in England and Wales and equivalent systems in Scotland and N.Ireland (s.61(7)).

Sections of the Act relating to amendments to patents after grant, relief for partially valid patents and revocation are also amended in the Bill. These recognise the application of principles under the EPC and provide a mechanism of interaction between national proceedings and the European Patent Office. Minor amendments to the law on co-ownership and employee inventor's rights to compensation make up the remainder of significant amendments to the Act introduced by the Bill.

The amendments in the Bill are particularly welcome in that they avoid upsetting the delicate nature of s.1, which defines what may and may not be considered a patentable invention, and is already the subject of much controversy. Notably, the proposal to update s.1 to incorporate the words

“in all fields of technology” from the EPC has not been included in the Bill. There remains the prospect of further pressure to s.1 if the draft EC Directive on computer-implemented inventions becomes law.

The issues of threats and damages enforcement were not raised as part of the UK Patent Office’s (UKPTO) consultations and clearly stem from the government’s policy to strengthen the hand of IP owners. There is seemingly an attempt to balance this by introducing a new power to request opinions of patent validity direct from an examiner at the UKPTO. However, the opinion will not be binding on any court, and most likely the Court will retain its significance and expense as the forum where third parties must defend themselves.

6. EUROPEAN COMMISSION PROPOSES COMMUNITY PATENT COURT

On 2 February 2004, the [European Commission](#) (EC) presented its proposal ([IP/04/137](#)) for two Council Decisions for the constitution and establishment of a Community Patent Court vested with jurisdiction to resolve Community Patent disputes concerning validity and infringement claims.

These proposals are part of the broader campaign of setting up of single Community Patent, valid across the whole of Europe, which was first mooted by the EC in 2000 ([IP/00/714](#)). At present, disputes relating to national patents, including those derived from a European patent granted via the [European Patent Office](#) (EPO) come before the various national courts which have jurisdiction in dealing with issues of validity and infringement actions. This dispute resolution frame work entails high transaction costs, multiplicity of proceedings and legal uncertainty for applicants, because of different patent laws and procedures applicable in each Member State.

Under this backdrop, the present proposals aim to ensure greater harmonisation of patent law and to provide jurisdictional arrangements for dispute resolution concerning the proposed Community Patent. It will also remove the aforesaid disadvantages suffered by the present applicants seeking patent protection. The first proposal aims at conferring jurisdiction on the European Court of Justice (ECJ) to adjudicate Community Patent disputes concerning validity and infringement. However, issues concerning the licensing and ownership of patents will still be wrested in the national courts of each Member State.

The second proposal will establish the Community Patent Court under the aegis of the ECJ, whose seven judges will be appointed by the Council of Ministers. A specialised chamber within the Court of First Instance (CFI) will act as an appellate body to hear appeals against the decision of the Community Patent Court. However, in exceptional cases a review against the decisions of the CFI will lie to the ECJ.

However, as Internal Market Commissioner Frits Bolkestein has opined, unless the Community Patent Regulation itself is accepted, the finalisation of jurisdictional arrangements will not yield any tangible and immediate benefits. Though in March 2003 the EU’s Competitive Council reached a broad political consensus on Community Patent

Regulation, it failed to adopt it in November 2003 due to disagreement over the time period within which translations of claims can be filed.

The creation of a single Community Patent and a unified adjudication system will provide a quicker, cost-effective and inventor-friendly procedure to protect new inventions across all EU Member States; once established, it will increase the attractiveness of the EU as a competitive knowledge-based market.

TRADE MARKS

7. NELLIE THE ELEPHANT PART 2

On 15 December 2003, the UK Trade Mark Registry revoked Animated Music Ltd's NELLIE THE ELEPHANT trade mark, Decision [O-392-03](#).

Dash is the proprietor of the copyright in the lyrics of the children's song 'Nellie the Elephant'. Animated produced a cartoon featuring a pink elephant called 'Nellie the Elephant' and registered NELLIE THE ELEPHANT as a trade mark in Class 41. As well as its unsuccessful claim to have Animated's mark declared invalid based on its copyright (reported above), Dash also argued that the mark was liable to be revoked under s.46(1) of the [Trade Marks Act 1994](#) as there had been five years of continuous non-use of the mark by Animated.

The Registry accepted Dash's argument and revoked Animated's mark. To avoid revocation, Animated's use of the NELLIE THE ELEPHANT sign had to be trade mark use i.e. use in accordance with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services on which it is used. A previous OHIM case had held that the use of characters in the title of books did not count as trade mark use. Similarly, in *R v Johnstone* [\[2003\] UKHL 28](#), the House of Lords held that the use of the name of a band on a CD was not necessarily trade mark use. In both cases there was no trade mark use because the names were not seen by the public as indicators of origin.

In the present case the evidence (an invoice and a flyer referring to NELLIE THE ELEPHANT as the name of a cartoon character, a brochure for the production company showing NELLIE THE ELEPHANT as the name of a cartoon) showed only use of NELLIE THE ELEPHANT as a cartoon character to indicate the subject matter of the films. This merely indicated content and did not indicate the trade source of the Class 41 services for which the mark was registered. Instead, the name of the production company was used to indicate the source of the content and anyone wishing to avail themselves of Animated's services would have done so by reference to the name of the production character rather than by reference to the name NELLIE THE ELEPHANT.

What counts as 'trade mark use' is currently a 'hot topic' following *Arsenal v Reed* [\[2003\] EWCA Civ 696](#), *R v Johnstone* and the ECJ's decision in *Ansul v Ajax*, Case [40/01](#). This decision provides further guidance when the mark is used either as the name of a work or as the name of a character.

8. NICHOLS PLC V REGISTRAR OF TRADE MARKS

The UK trade marks registry has a long standing practice of accepting rare surnames as trade marks but refusing registration to those which are common surnames. The rationale is that in industries where it is common for trade to be carried on by family-run businesses, common surnames are not capable of identifying that the goods or services have come from a particular source. Moreover, the rationale goes, if you give registration of a common surname to the first person who applies for it, this would be unfair to others in the same industry who would then not be able to do so. This is despite the fact that those others would be protected from an action for trade mark infringement if their use is of their own name, provided that it is in accordance with honest practices (this is the section 11 defence in the UK Act). Other registries in the EU, in particular OHIM, make no distinction between a common surname and a rare one; they usually accept common surnames on a first come first served basis, because of the defence discussed above.

This UK practice was challenged by Nichols plc. The UK Registry had refused their application for NICHOLS for foods and beverages for fear that this would not distinguish their goods from any other grocers who might be operating under this name. The registry did however accept the mark for vending machines, on the basis that the manufacture of such machines was not an industry where many small family run businesses would be likely to exist. Nichols appealed to the High Court who referred the matter to the ECJ.

The opinion of the Advocate General Colomer is that the Court of the ECJ should decide:

- That yes, the frequency of the occurrence of the surname in question is one of the factors which may be taken into consideration for certain goods and services but it is not decisive;
- Yes, even though other persons trading under the surname would have a defence to infringement, this should not influence a Registry's decision on whether a common surname should qualify for registration.

The ECJ is not obliged to follow this opinion. If it does however, it looks as if the UK Registry will still be able to maintain its practice of relying on the frequency of the appearance of a mark as surname in the London telephone directory for determining if a mark should be registered or not, provided that it does not rely solely on this. And it will be therefore still be easier to register in the UK a mark which is a rare surname than a common one. The advice to those who require registration of a mark which is a common surname would still appear to be to seek registration before OHIM rather than the national registry in the UK.

9. THE MINT HAS A HOLE – THE CASE HAS A HOLE

In *Mars UK Ltd v Societe des Produits Nestlé SA* decided by Mr Justice Lodge on 9 December 2003, the question arose as to the scope of permissible amendments to a trade mark application. Nestlé, having

earlier in the year been refused “Have a Break” by the Court of Appeal, although subject to a reference to the ECJ, were chancing their arm by seeking to register a graphical or three dimensional trade mark, the shape of the well known Polo mint but without the word “Polo” on it. In the UK the Polo mint is a well known candy product which is a hard mint in the shape of an annulus, or a disk with a hole in the middle, and particular bevelling on the inside of the hole. The advertising for Polo backs this up, describing it as the mint with the hole in the middle.

The application was published for opposition and opposed by Mars on the basis that it was devoid of distinctive character pursuant to Section 3(1)(b) Trade Marks Act 1994, and that the mark as applied for was not saved by the proviso that it has in fact acquired distinctive character as a result of the use made of it. The hearing officer, possibly conscious of the fact that Nestlé’s “Have a Break” had failed the test for registerability on the same ground, proposed to require Nestlé to amend the trade mark application to limit the mark to being coloured white and to be of the same size as the “Polo” branded mint, and to include the distinctive hole (the hole being bevelled). There is an obvious question as to how a hole can be distinctive. Mars objected to the Registrar’s proposals for amendment on the ground that it was outside the power of the Registry to accept amendments which substantially altered the character of the mark. The Court agreed with Mars and disallowed the amendments, thereby rejecting registration.

The Court held that the only amendments that are permissible to a trade mark application are those specified in Section 13(1) and Section 39(2) of the Trade Marks Act 1994. These are respectively that the applicant may disclaim any right to the exclusive use of any specified element of the trade mark (or limit the mark by territory) and otherwise may only correct the name and address of the applicant, errors of wording or of copying, and obvious mistakes, and then only where the correction does not substantially effect the identity of the trade mark or extent of goods and services covered by the application.

The Court held that the changes proposed by the Registrar caused the sign proposed to be registered to morph into something quite different and therefore was outside the permitted scope of amendment, which is to be construed narrowly. The Judge followed the appointed persons decision in *Swizzels Matlow Limited’s Application* [1999] RPC 879 and 887.

As with “Have a Break”, if a decision is made to defend a trade mark application which lacks inherent distinctiveness, the evidence required to prove distinctiveness of that which is proposed to be registered must be strong. That evidence must relate to the features of the proposed sign, alleged to give rise to registration and not to the product as a whole, including features not within the description of the sign. Whether post application acquired distinctiveness is allowable will in due course be decided by the ECJ in one of the other *Mars v Nestle* battles, “Have a Break”.

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