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CASESOFTRADEMARKI NFRINGEMENT

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Recent cases of Trademark Infringement

In the following I report on a number of selected cases that have been decided in the last two years

1. Common Syllables

As a general rule, common syllables are considered to be an element that is likely to lead to confusion of the consuming public.

In that context two recent decisions of the Swiss board of appeal for trademarks, arriving at different results, are interesting:

1.1 Arc AllRisk Consulting v. Arcstar

both marks with figurative element s; relating to banking, financing and assurance services etc.

In a decision dated 24.5.2002, the board considered that the identity in the main element “ arc” which is distinctive for the respective services, is likely to confuse the public and affirmed infringement.

1.2 Ever-Plast v. Evercare

For goods made from synthetic material (cl. 16, 18, 20, 21)

Since the identical element “ ever” of the two signs is clearly descriptive, the Board, in a decision dated 12.7.2002, denied infringement.

1.3 Bebe Stores Inc v. May Department Stores

This is an interesting case, where the in the United States well -known May Department Stores introduced a new line of clothing under the term “ Be” using a typeface of the “Be” label identical to the typeface used by the plaintiff, a Californian Store chain, for its “Bebe” brand.

Probably the use of the term “be” as such would not have amounted to trademark infringement. However the use of an identical label -typeface amounted to confusion of consumers that was proven to the court by the plaintiff. On December 18, 2002, the Eight Circuit US Court of Appeals turned down an appeal of May against a preliminary injunction issued in connection with a trademark infringement action filed by Bebe Stores Inc, thus confirming trademark infringement (reported in Trademark World, Issue 154, February 2003).

2. Numerals

S55v.555 (forcarspareparts)

In a decision dated January 21, 2002, the Swiss Appeal Board, held that “S55” is not confusing similar to “555” and denied infringement.

The Board reasoned that such combinations of numerals or letters with numerals are in common use for vehicles and therefore not very distinctive, and that potential clients of vehicles are more attentive than consumers of articles of daily mass consumption. The latter consideration expresses the general principle, that consumers of sophisticated and costly machine, car or aircraft are more attentive than consumers in self-service store, and that explains why the brands of different Japanese car makers LEGEND, LEGACY and LEXUS are not confused and therefore may peacefully coexist.

3. Meaning of the sign

According to general rules of trademark law confusion may arise from similarity in writing, the pronunciation and the meaning of the marks, and similarity in one of those areas is sufficient for infringement if the public is misled.

However, an apparent meaning of one of the two marks, that comes immediately to the consumer's mind, without need for further reflection, may also exclude similarity.

In that context, an interesting case was dealt with by the courts in Germany and Switzerland several times over the years and with contrary results, and another was recently dealt with in Iran.

3.1 BALLYv.BALL

In 1991 the German federal Supreme Court held that use of the mark BALL for shoes would not create confusion with BALLY, despite the fame of that mark for shoes, in view of the apparent meaning of the word BALL (that is identical in German with the meaning in English).

However, the Swiss board of appeal in a decision dated 20.8. 2002 held (confirming a decision of the Swiss Federal Court from 1984) that BALL, for watches is confusingly similar to BALLY, famous for shoes, however also protected for clothing and jewelry, because only one letter at the end was eliminated and that was not considered to exclude similarity despite the apparent meaning of BALL.

3.2 ARMANIV.ARMAN

The holder of the trademark ARMANI opposed the trademark application ARMAN for shoes in the Iran. Despite the fact that at the word "Arman" has the meaning "desire" in Persian language, the Court held that the mark would cause confusions since the marks are written and pronounced similarly (reported in the INTA Bulletin No 2, 2003, page 7).

This reasoning is comparable to the reasoning of the Swiss courts in the Bally/Ball cases.

4. Confusing similarity for pharmaceuticals

There exist different theories on the test to be applied to pharmaceuticals when judging confusing similarity. One theory, for some time followed by the Office for Harmonisation in the Internal Market of the European Union (OHIM), considers that with respect to prescription drugs (as opposed to over-the-counter drugs) the consumer is more attentive and assisted by pharmacists, therefore confusion is less likely to arise. Others believe that the test should even be stricter than in average, in view of the possible health risks involved if consumers are confused.

In a decision of February 14, 2002, the 1st Board of Appeal of the European Union held that TEMPOVATE of Medrel GmbH is confusingly similar to EMOVATE of Glaxo Group Ltd, and reasoned in that decision that the criteria for assessing likelihood of confusion in relation to pharmaceutical products are not different from those applied to other products. (reported in the INTA Bulletin May 1, 2002). The Court mentioned in that context that professionals were often overworked and more likely to write prescriptions with illegible handwriting.

This new line of the Board is a good compromise between the extreme positions explained before.

4. CONFUSION BETWEEN TWO WELL-KNOWN MARKS

In Germany BIT is a well-known mark for beer. When Anheuser Bush in the 70ies tried to introduce its BUDWEISER beer under the trademark BUD, German courts held BUD to be confusingly similar to BIT and therefore to infringe the well-known mark BIT.

In 2001, Anheuser Bush tried to register labels with the word combinations AMERICAN BUD and ANHEUSER BUSH BUD.

The German Federal High Court held that AMERICAN BUD is confusingly similar to BIT, considering that AMERICAN is purely descriptive of geographical origin and that the dominating component of the figurative mark is BUD.

However, the court decided that there was no confusing similarity between BIT and ANHEUSER BUSH BUD. At first glance this is surprising, because normally the addition of a company name to a product designation of a combined mark is not considered to exclude confusion, since consumers pay more attention to the product designation as the main distinctive element of a product that bears a product name and a corporate brand. However,

the court held that consumers in Germany did not know the company Anheuser Bush and therefore would not neglect that part of the mark.

5. Use as a trademark

Under European harmonized law the use of a sign may infringe a mark only, if the sign is used *as a mark* (i.e. to indicate the origin of the good or service from a certain source).

In that context the European Court of Justice (ECJ) issued recently three decisions. Two are reported in the following:

5.1 Arsenal Football Club v. Matthew Reed

(decision dated November 12, 2002; INTA Bulletin Dec. 15, 2002)

Arsenal had in 1989 registered two trademarks, a cannon device and a shield device, registered for sports clothing and footwear and sold through its store in the stadium and through its network of approved resellers as “official products”

Mr. Reed sold football souvenirs and memorabilia reproducing Arsenal’s trademarks from several stalls located outside the stadium. He sold some official merchandise; the rest was sold under a disclaimer explaining that only products with official labels were official Arsenal merchandise.

The UK -Courts denied both passing off and trademark infringement because they considered that there was no actual confusion, since the unofficial products were not regarded as coming from or authorized by Arsenal; there was no indication of origin; the signs affixed by Mr. Reed were perceived by the public as badges of support, loyalty or affiliation, and not indications of source.

The ECJ held that it is immaterial whether marks would be perceived as a badge of support for the Club, and that Mr. Reed jeopardized the “guarantee of origin” principle, which constitutes the essential function of a trademark . Therefore Arsenal was entitled to sue for infringement.

5.2 Case Festspielhaus

the English translation of „Festspielhaus„ is “Festival theater”

The holder of trademark “Festspielhaus München Kobold e.V.” sued a company that organized entertainment events and facilities that were referred to in advertising as “Festspielhaus”

The German Supreme Court held that in view of the meaning of “Festspielhaus” and the particular circumstances of the use (next to a street address) the public would understand that use of “Festspielhaus” not as a trademark but as an indication of the specific location of the facilities (reported in the INTA Bulletin, No 1, 2002, page 4)

6. Use of signs on the Internet

6.1 Commercial effect

According to Art. 2 of the Joint Recommendation Concerning the Protection of Marks and Other Industrial Property Rights in Signs on the Internet (see my representation on Trademark Management under III.4.1), use of a sign on the Internet constitutes use in a Member State only, if the use has a commercial effect in that Member State.

As a consequence, use on a website of a sign that is identical or confusingly similar to a complainant's trademark infringes this trademark where the use of the sign has a commercial effect in the country where the complainant has a right in that mark.

6.2 Meta-tags

In view of the peculiarities of the Internet, the question arises, whether infringement may also take place by an invisible use. With other words, can the use of meta-tags on the website's source page infringe trademark rights? Meta-tags are keywords, written in computer code, which are invisible to the end user and which describe the contents of websites. They are recognized by search engines that, when the end user types a given keyword, locate websites with the corresponding meta-tags. Consequently, use of another's trademark as meta-tag divert traffic to an unrelated website.

Courts in several countries have held that such use of another's trademark as a meta-tag amounts to trademark infringement. In the United Kingdom, already in 1996 in the case *Road Tech v. Mandata*, the use of the claimant's trademark ROAD RUNNER as meta-tag by the defendant was considered to be trademark infringement (see *Trademark World* No 137, May 2001, page 35). This was confirmed in a decision of May 20, 2002 (*Reed Executive Plc. v. Reed Business Information*), reported in *Trademark World*, No 150, September 2002, page 21.

On October 29, 2002, also the Paris Court of First Instance ruled that a company's reproduction, without authorization of its competitor's trademark "odin" on its website's source page constituted trademark infringement. The court reasoned that this use was likely to harm the trademark holder, since Internet users conducting searches by search engines with the keyword "odin" would be directed to the site of the infringer (*INTA Bulletin* No 2, January 15, 2003, page 6).

7. Conflicts between domain names and trademarks

7.1 UDRP

As a general rule, domain names are registered based on the principle “first to come first to serve”.

In order to fight cyber squatting, ICANN has developed the Uniform Dispute Resolution Policy (UDRP), allowing trademark owners to recuperate domain names that have been registered in bad faith. This Policy is explained in my recent presentation on Trademark Management under III.4.2

Apart from these special cases, of course also domain name conflicts may arise, where the registrant of the domain name did not act in bad faith and uses his domain name for his own business or private purposes. In that context a good number of cases have been dealt with in different countries, sometimes affirming trademark or trade name infringement, sometimes denying such infringement. In the following I will report on a special case, decided by the German Supreme Court on November 22, 2001:

7.2 Shell.de

Deutsche Shell GmbH (German branch of the oil company Shell) v. Dr. Andreas Shell (reported in the INTA Bulletin Aug. 15, 2002, page 5)

An individual, Dr. Andreas Shell, intended to use his domain name in the German ccTLD “.de” for private purposes, i.e. not in order to compete with the Shell company or to interfere with its business in any other manner). Nevertheless the court ordered cancellation of the domain name on the following grounds: The fame of the company name “Shell” justified a deviation from the generally applicable priority principle concerning the registration of domain names, since Internet users would expect a website .shell.de to be run by the Shell company.

The Court recognized the concern of Dr. Shell that persons trying to contact him would not end up at his homepage. However, the circle of users of his homepage was relatively small and might easily be informed of a change of his domain name. In applying the principle of balance of rights, the court therefore held that it was more appropriate for Dr. Shell to distinguish himself from the Shell Company than vice versa. That decision was very debated, since it clearly deviates from the general principle of “first to come, first to serve” and Dr. Shell even did not use the term “Shell” as a mark and therefore committed no trademark or trade name infringement.

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