

World IP Day

26 April 2023

To mark World Intellectual Property Day, our IP team takes a look at some pivotal copyright and trade mark infringements.

Many of these disputes have played out in the media but some of the detail may surprise you and offer a different perspective.

Introduction

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We are delighted to celebrate World Intellectual Property Day 2023 with you. This year's theme is "*Empowering Women Innovators: Generating Solutions for Global Challenges*".

Over the years, women have made ground-breaking innovations that have transformed our world. For instance:

Hedy Lamarr, dubbed "*The Mother of Wi-Fi*" developed the frequency-hopping technology leading to modern Wi-Fi, Bluetooth, and GPS.

Stephanie Kwolek invented Kevlar, a material with many uses, from ropes to bulletproof vests.

Evelyn Berezin who, through her company Redactron Corporation, manufactured and sold the first computerised typewriters, paving the way for the modern computers.

These examples, together with many more, demonstrate the pivotal role women play in developing and generating solutions and the protection that intellectual property such as patents affords. We are proud to celebrate the accomplishments of women innovators on this World Intellectual Property Day.

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Banksy's Latest Battle

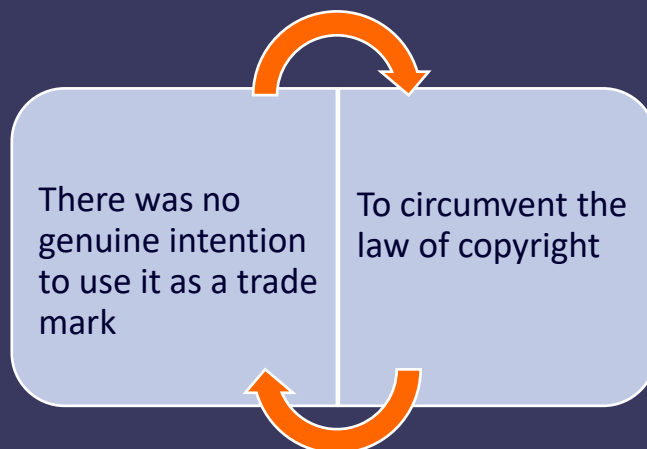
Banksy's 'Laugh Now' trade mark registration has been the subject of attack on the grounds that it was registered in bad faith. This decision raises similar points as our recent article on Banksy's "Flower Thrower" trade mark.

The decision by the EUIPO Fifth Board of Appeal provides useful guidance on how EUIPO cancellation applications based on bad faith should be handled.

Banksy's legal representatives applied to register the 'Laugh Now' figurative trade mark in 2018 for a broad range of classes including clothing, games, entertainment services and art exhibition services. The opponent, Full Colour Black, later applied to invalidate the trade mark on the grounds that it was filed in bad faith.

Full Colour Black claimed that Banksy could not gain rights from the trade mark because it had been filed in bad faith, as Banksy would lose his anonymity if he sought to protect the sign under copyright law. Full Colour Black argued that at the time of filing the EUTM application, Banksy did not intend to use the mark as actual use of the trade mark was only made approximately one month prior to the filing of the cancellation action proceedings.

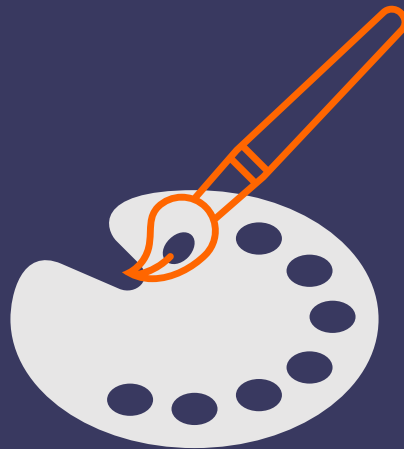
The EUIPO Cancellation Division initially accepted Full Colour Black's arguments and found that the mark had been filed in bad faith where:



Banksy appealed the decision to the EUIPO Fifth Board of Appeal which overturned the Cancellation Division's decision and found in favour of Banksy.

Conclusion

The Board of Appeal concluded that there was **insufficient evidence** to prove that Banksy lacked any intention to use the trade mark at the filing date, and that the fact that Banksy had opted for trade mark protection as a more efficient means of protecting his artwork rather than copyright did not show that he was not willing to use the mark when it was filed.



The Board of Appeal found that the intention of a trade mark applicant is a subjective factor that must be determined objectively and must be the subject of an overall assessment taking into account all the factual circumstances relevant to the case. It was also held that the owner of a trade mark does not need to know at the date of filing when she/he will start to use the trade mark, and that a 5-year grace period is granted as a matter of law for that purpose.

The decision provides a reminder of the difficulties of establishing bad faith on the part of a trade mark applicant at the time of filing an application. It also offers a welcome clarification of the relationship between copyright and trade mark protection and how both protections can be applicable to the same artwork.

Lidl -v- Tesco: The Yellow Dot

On 19 April 2023, the High Court of England and Wales (Mrs Justice Joanna Smith) delivered judgment in proceedings involving well known supermarket chains Lidl and Tesco.

Tesco had infringed on Lidl's trade mark rights, copyright and rights in passing off in respect of its blue and yellow circular logo. **The verdict was not an unequivocal triumph for Lidl.** The Court specifically found that Lidl had filed its "Wordless Mark" application in bad faith.

Lidl claimed that Tesco's yellow and blue Clubcard logo bore resemblance to Lidl's registered marks and that this usage unjustly benefitted Tesco and/or was harmful to the unique character of Lidl's earlier registrations. It is noteworthy that Lidl's claim for registered trade mark infringement was based exclusively on section 10(3) of the UK Trade Marks Act 1994 (the "1994 Act"), alleging it was identical with or similar to an earlier mark for a similar classification, as opposed to reliance on section 10(2), being a likelihood of confusion.

The Decision

The judgment is based on a comparison of Lidl's mark with text and Tesco's Clubcard mark, even though Lidl had initially attempted to rely on its wordless mark until shortly before the trial. Tesco alleged that Lidl had never used the Wordless Mark and that it was applied for in bad faith. However, the Court noted that if Lidl's wordless mark registration was deemed valid, it would also be infringed by Tesco's use.

The Wordless Mark (Lidl)



The Mark with Text



Example of the Mark as used by Lidl



The Sign (Tesco)



Example of the Sign as used by Tesco, with overlaid text



Regarding trade mark infringement, the following points were established in the case:

1

The Tesco Clubcard mark and Lidl's "Mark with Text" were sufficiently similar when viewed from an average consumer's perspective, despite the differing words used on the marks. The yellow circle in the middle of a blue square background conveyed a strong impression of similarity that was not extinguished by the differing texts.

2

The evidence provided by Lidl, including survey and witness evidence, was sufficient to demonstrate that an average consumer would link the marks, satisfying the test for infringement under section 10(3) of the 1994 Act.

3

The use of Tesco's Clubcard mark would harm the distinctive character of Lidl's "Mark with Text." Lidl submitted evidence demonstrating a change in economic behavior, such as corrective advertising in response to Tesco's extensive use of the Clubcard mark.

4

Tesco was found to have taken unfair advantage of the distinctive reputation associated with Lidl's marks for low-priced goods.

5

The Court did not find that Tesco had a subjective intention to take unfair advantage or "free-ride" on Lidl's reputation, as Tesco was simply promoting its own agenda.

6

A section 10(3) of the 1994 Act claim could still succeed even if the subjective intention was not established.

7

Tesco failed to establish the burden of due cause. Tesco argued that it had a right to use the combination of yellow and blue colours for commercial reasons. However, the Court rejected this argument and specified that these characteristics were specific to Lidl's brand.

Passing Off

The Court determined that Tesco's use of the Clubcard mark constituted passing off since it created confusion among consumers who associated the mark with Lidl.

Copyright

Lidl's mark with text was deemed to be an original artistic work under section 4 of the UK Copyright, Designs and Patents Act 1988 and thus eligible for copyright protection. The Court ruled that Tesco had copied a significant portion of Lidl's mark with text, resulting in an infringement of Lidl's copyright.

Counterclaim

The Court delivered a judgment on the consolidated claims, which included a counterclaim issued by Tesco alleging that some of the Lidl trade marks are liable to be declared invalid on the grounds that they were registered in bad faith, and/or that they should be revoked for non-use and/or that they have no distinctive character.

The judgment briefly addressed Tesco's counterclaims, stating that they did not advance Tesco's position. Nonetheless, the Court considered and dismissed Tesco's argument that the 'Wordless Mark' was invalid due to non-use and lack of distinctive character. The Court found that Lidl had provided sufficient evidence of genuine use of the 'Wordless Mark', including a YouGov survey that demonstrated its recognisability and internal warnings from Tesco employees regarding its similarity to Lidl's marks. However, the Court also held that the mark would be revoked to the extent that its use had not been established in relation to specific goods and services.

Although the Court ruled that Tesco's counterclaim did not strengthen its position as it solely concerned Lidl's Wordless Mark, it briefly addressed Tesco's contentions.

Conclusion

This decision is another in the ongoing battle of the supermarket giants on the protection of their brands. It is interesting to see the willingness of some large retailers to put resources behind the protection of their brand identity to ensure there is no attempt by a competitor to unjustly benefit from their goodwill. It is evident from this decision and others, that supermarket chains place huge value on their brands and will go to great lengths to ensure that the public is aware of the unique branding differences. The helpful judgment also underscores the strength of unregistered rights in both passing off and copyright when accompanied by registered right. It also follows recent decisions from other intellectual property offices and courts that an actionable misrepresentation does not necessarily require confusion.

Tesco has sought leave to appeal the decision. On that basis, it appears Tesco plans to continue to use its Clubcard marks for the foreseeable future. It appears there is more to come, so watch this space.

Louboutin's: Red Soled Shoes

The Court of Justice of the EU (CJEU) has ruled that the operator of an online marketplace, such as Amazon, can be held liable for infringing an EU trade mark if a third party offers goods on that marketplace by reference to a trade mark it does not own. This case concerns Louboutin's world-renowned red sole trade mark. Louboutin brought separate proceedings in Luxembourg and Belgium, claiming infringement of its trade mark by Amazon. EU trade mark law gives the holder of an EU trade mark (EUTM) the right to prevent third parties from using a sign identical to an EUTM in connection with identical goods or services.

EU trade mark law provides a non-exhaustive list of prohibited uses of a third party's trade mark including:

- affixing the sign to goods or their packaging
- offering for sale
- putting on the market
- stocking them under the sign
- importing or exporting goods under the sign

Louboutin claimed that Amazon allowed third parties to display counterfeit versions of its red-soled shoe without its consent, which constitutes "use" by Amazon.

Louboutin argued that the infringing advertisements were an integral part of Amazon's commercial communication, as the Amazon mark was also displayed on each advertisement, and they resembled Amazon's normal advertisements.

The CJEU was asked to interpret the relevant EU Regulations and determine whether the alleged infringing advertisements on Amazon's website were incorporated by operators and whether the use of a sign was attributable to the operator.

The CJEU noted that the facts in this case were different from those in the earlier Coty Germany case, where Amazon was unaware that the goods at issue infringed a trade mark right, and Amazon had not offered the goods for sale or put them on the market. In the present case, Amazon was playing a more active role by assisting third-party sellers with marketing, storage, and shipment of goods.

The CJEU emphasised the importance of transparency in presenting advertisements on marketplaces to enable relevant users to distinguish between offers from the operator and offers from third-party sellers. Where operators fail to distinguish their offerings from those of third-party sellers and use uniform taglines, the relevant user is likely to think there is a link and that the goods being promoted are owned by the same operator.

The court also noted that the relevant user would be influenced in thinking there was a link between the operator and third party where the service offered to third-party sellers included services such as shipping and management of returns.

The CJEU's preliminary ruling leaves it up to the national courts to determine whether Amazon has infringed Louboutin's EU trade mark in light of the CJEU's interpretation. This decision recognises the evolving online marketplace and requires online operators like Amazon to take steps to distinguish their offerings to avoid liability.

It also highlights the level of protection that registered trade marks provide to their owners and gives brands such as Louboutin an opportunity to curtail the sale of counterfeit goods through large online sellers.



Lego and their 3D Figures

In December 2022, the Japanese Intellectual Property High Court (the “Court”) dismissed an appeal by Lego, affirming an earlier decision of the Japan Patents Office (“JPO”) which refused to register the 3D trade mark of a Lego toy figure.

While the decision is not binding in Irish or EU law, it is useful in understanding the arguments for and against the registration of non-conventional trade marks such as 3D shapes.

Background

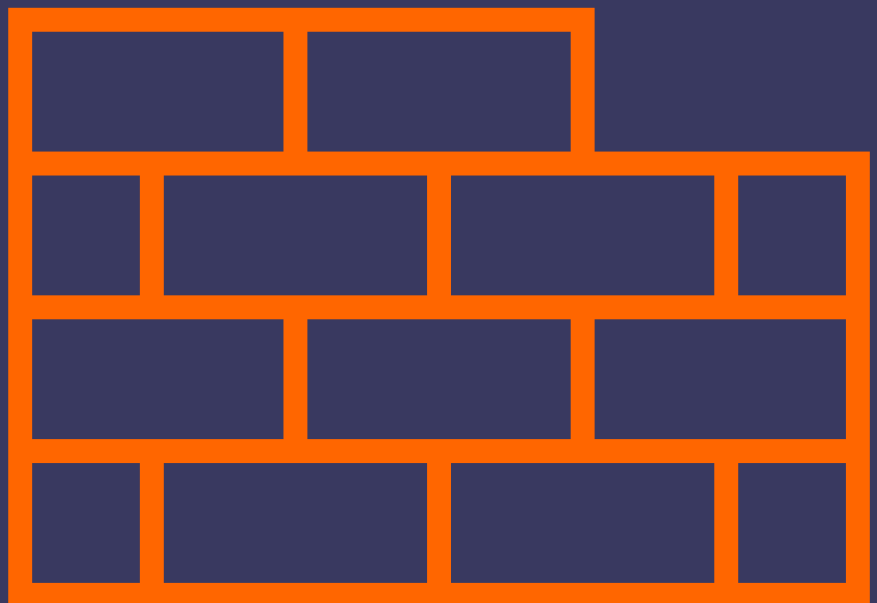
Lego Juris A/S applied to register a Lego toy figure as a 3D trade mark in the JPO in class 28 “games and playthings”. Article 3(1)(iii) of the Japanese Trade Mark Act sets out that a mark is not capable of registration if it consists solely of a shape that is recognised by consumers as a shape of goods or equivalent, namely that it does not go beyond the scope of the descriptive shape of goods.

At first instance, the JPO examiner rejected the application because the shape of Lego’s 3d figure remains within the scope of the descriptive shape of “human figure toys”.

Lego appealed the decision to the JPO Appeal Board. The Appeal Board dismissed the appeal for various reasons including the fact that

- multiple human shapes have been promoted for sale by competitors of Lego. The Appeal Board determined that Lego’s mark is capable of alteration enabling it
- (i) to wear several caps and hair wigs
 - (ii) to hold various tools, and
 - (iii) to stand still in the display.

The Appeal Board considered That the actual 3D shape of Lego figures are considerably different from the mark for which Lego applied to register.



Intellectual Property High Court Decision

Lego immediately appealed the decision to the Court on the basis that the 3D Lego figure mark had acquired inherent distinctiveness and secondary meaning as a result of the substantial use of the 3D shape.

To support its position, Lego relied on a report showing 37.32% of people surveyed selected Lego from a list of toy manufacturers when shown the 3D toy figure shape. The Court found this evidence to be unhelpful given that a majority of those surveyed in fact selected other brands.

The Court affirmed the decision of the JPO and found that the 3D mark was unregistrable due to a lack of inherent distinctiveness under the Japanese Trade Mark Act. The Court also decided the mark was unregistrable because it had not acquired secondary meaning as a source indicator of Lego figures.

Conclusion

The decision has significant implications for the protection of 3D objects as trade marks in Japan. It suggests if a 3D shape lacks a clear and consistent visual representation, it may not be eligible for trade mark protection, even if the shape is distinctive and well-known.

Overall, the decision highlights the challenges companies face when seeking to protect non-conventional trade marks, but for anybody considering such a registration in Ireland or the EU, a review of the arguments raised for and against the registration are worth bearing in mind. While the decision is specific to registrations in Japan, it will be interesting to watch if the decision has any impact on the approach other jurisdictions adopt in relation to the registration of non-conventional trade marks.

Trade Marks and the Metaverse

EUIPO Releases Updated Guidelines for NFT and Virtual Goods Trade Mark Applications

The metaverse is a revolutionary concept that blurs the lines between digital environments and the physical world. This presents a unique opportunity for businesses to engage with consumers in a completely new way. However, with this new technology comes the challenge of protecting intellectual property and brand identity.

Trade marks are an important tool for protecting intellectual property rights in the metaverse, especially through the use of non-fungible tokens (NFTs). Many recognisable brands, such as Louis Vuitton, Gucci, Valentino, Nike, Adidas, KFC, and McDonald's, have already filed applications to register their trade marks for use in the virtual world.

NFTs use blockchain technology to record ownership and validate authenticity. They are often linked to collectibles, digital art, or in-game assets. Protecting a brand through trade marks in respect of NFTs and virtual goods is not only relevant to the metaverse but also applicable across new technologies and digital content trends.

The recent example of Hermès suing a digital artist for copyright infringement of its MetaBirkin NFTs highlights the importance of brand protection.

The EUIPO has responded to the increase of trade mark applications related to virtual goods and NFTs by issuing guidance on its approach to classifying these items. The EUIPO defines NFTs as unique digital certificates registered on a blockchain that authenticate digital items. Virtual goods and NFTs are classified under Class 9, which includes:

- Apparatus and instruments for scientific or research purposes,
- Audio-visual and information technology equipment,
- Safety and life-saving equipment.

When applying for trade mark registration, it is important to specify the content to which the virtual goods relate, and the digital item authenticated by the NFT.

The increasing volume of trade mark applications related to NFTs shows their value in brand recognition and protecting intellectual property rights. It is crucial for brands to protect and control their trade marks in the metaverse and online, and the EUIPO's guidance note provides clarification for applicants seeking this type of protection.

The recent report provided by the International trade mark Review Group on IP and the Metaverse is also very helpful.



Contact us

If you have any questions or would like to get in touch, please do by contacting either David Phelan, Jeremy Erwin or Ross Magee on the details below.



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