

INTELLECTUAL PROPERTY NEWS

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FOREWORD

In this edition of *Intellectual Property News*, we report on the English Court of Appeal decision regarding copyright ownership of a logo which combined the "DocMartens" mark and the "AirWair" mark ("combined mark") for the well-known "Doc Martens" footwear.

The question of whether common surnames can be registered as trade marks was considered by the European Court of Justice ("ECJ") in ***Nichols plc v Registrar of Trade Marks Case C-404/02***. The ECJ's findings were significant as they established an approach to the assessment of surnames as trade marks which was markedly different from the long-established English approach, currently followed in Singapore.

Next, we bring you a report on a case concerning an action in the English High Court dealing with passing off and trade mark infringement against the domain name "phone4u.co.uk".

Finally, the question of whether registration of the word mark "JESUS" would be contrary to public policy or accepted principles of morality was considered in an appeal to the Appointed Person. This case would be of interest in Singapore, in light of our multi-racial and multi-religious society.

We hope you find these cases interesting and informative.

APPEAL GETS THE BOOT

Introduction

The English Court of Appeal recently upheld the decision of the English High Court in ***R Griggs Group Limited and Others v Ross Evans and Others [2003] EWHC 2914 (Ch)*** and dismissed the appeal of (*inter alia*) a freelance designer who had asserted legal and beneficial ownership to the copyright in a logo created by him for a client. The

English High Court decision was reported in the May/June 2004 issue of *Intellectual Property News*.

Facts

The Appellants were (a) Mr Ross Evans ("Evans"), the freelance designer who at the material time was working for the advertising agency commissioned by the Respondents to produce a combined mark; (b) Raben Footwear Pty Ltd ("Raben"), an Australian company to whom Mr Evans had assigned his copyright, and the two directors of the company.

The Respondents, Griggs, were members of a group of companies who had commissioned the advertising agency to produce a combined logo comprising the very famous "Doc Martens" mark and the "AirWair" mark.

The dispute arose when Evans assigned the copyright of the combined mark to Raben.

The appeal was brought in respect of the High Court decision, where the Deputy Judge held that Griggs were the owners in equity of all aspects of the copyright in the combined mark. The Court of Appeal thus had to consider the correctness of the Deputy Judge's decision in determining the ownership of the copyright in the combined mark.

Decision

The appeal was dismissed. The Court of Appeal affirmed the Respondents' rights as beneficial owners to the copyright of the combined mark. In respect of Raben, the Court of Appeal found that they could not acquire any beneficial rights to the combined mark as they had actual notice of the Respondents' claims and were therefore not a darling of equity.

Reasons for the decision

The Court of Appeal found that the crux of the case laid in the contract between Mr Evans and the

CONTACT

Main Office

20 Raffles Place
#17-00 Ocean Towers
Singapore 048620
ROC No. 200102509E
T: + 65 6535 0733
F: + 65 6535 4906/0765
E: mail@drewnapier.com
W: www.drewnapier.com

Intellectual Property Department

Morris John
Managing Director

Dedar Singh Gill
Director

Cecelia Girvin
Director

T: + 65 6531 2503
E: mj@drewnapier.com

T: + 65 6531 2507
E: dedar.singh@drewnapier.com

T: +65 6531 2571
E: cecelia.girvin@drewnapier.com

advertising agency. The Court of Appeal considered the general principles as laid down in *Robin Ray v Classic FM [1998] FSR 622* governing the respective rights of the contractor and client in the copyright in a work commissioned by a client, and found as follows:

- (i) Evans was the legal owner of the combined mark as there was no express or implied term to the contrary effect;
- (ii) However, to give business efficacy to the contract, there needed to be an implied term that Evans could not retain rights in the combined mark which he could thereafter use against the client. The Court of Appeal held that at the time of the contract, Evans had no conceivable further interest in the work being created;
- (iii) The findings of fact by the High Court were conclusive. The invoice for the relevant work referred to “UK point of sale material designs”, and it was contended that Evans would have charged more if he had known that he was being instructed to produce a logo for all kinds of use internationally. The High Court had held that the reference to the “UK point of sale” material did not describe or limit the rights in the work. Further, it found that Evans was paid the proper rate for the job. This effectively disposed of any argument that Evans needed to retain the copyright so that he could call for payment for such further use.

Comment

With this decision, it is clear that in cases where an advertising agency or freelance designer is commissioned to design a logo or trade mark for a client, the courts will be prepared to imply a term in an agreement (in the absence of any specific terms) that the equitable title of such a work will vest with the client. With an equitable title, the commissioner will be entitled to compel the designer/agency to transfer the legal title to it.

However, it is important to note that it is not in every case that the commissioner of a work will be entitled to the equitable interest in the same. Unless specifically provided for by contract, whether such a term will be implied into the contract between the commissioner and the agency/designer will depend on the circumstances. To avoid any uncertainties, a client commissioning a work should always ensure at the outset that a written agreement is in place which provides for transfer of the legal title of the copyright in the work to the client.

Case: *R Griggs Group v Evans, Raben, Lewy and Lewy [2005] EWCA Civ 11.1*

SURNAMES AND TRADE MARKS

Introduction

This case involved a reference by the High Court of the United Kingdom (“UK”) to the European Court of Justice (“ECJ”) of various questions relating to the provisions of a European Community (“EC”) Directive in the context of registrability of trade marks consisting entirely of common personal names or surnames.

Facts

The UK Trade Marks Registry had partially refused an application to register the mark “Nichols” on the ground that the surname “Nichols” appeared a number of times in the London telephone directory and therefore constituted a common surname in the UK. The Registry disallowed registration of the mark in respect of “food and drink products”, holding that in view of the nature of the business involved and the potential size of the market for those goods, the surname “Nichols” could be used by other traders. A mark in that form was thus devoid of distinctive character. However, registration of the mark in respect of “vending machines” was allowed since the market for such goods was more specialised and there would be fewer people trading in it.

The Applicant appealed against the Registry’s decision to the High Court in the UK, which then referred to the ECJ to clarify the conditions which applied to the assessment of the distinctiveness or otherwise of a trade mark constituted by a surname, especially where the surname was common, pursuant to Article 3(1)(b) of Directive 89/104 EC (“Directive”), and whether the fact that the effects of registration of the trade mark were limited pursuant to Article 6(1)(a) of the Directive had an impact on that assessment.

Relevant Legislation

The relevant provisions of Directive 89/104 EC are as follows:

Article 2:

“A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.”

Article 3, entitled “Grounds of refusal or invalidity”:

“1. The following shall not be registered or if registered shall be liable to be declared invalid:

- (a) signs which cannot constitute a trade mark;
- (b) trade marks which are devoid of any distinctive character;

...”

Article 6, entitled "Limitation of the effects of a trade mark":

"1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade,

(a) his own name or address;

...

provided he uses them in accordance with honest practices in industrial or commercial matters."

Article 2 is similar to Section 2 of the Singapore Trade Marks Act ("TMA") which defines the terms "trade mark" and "sign", Article 3 is similar to section 7(1)(a) and (b) of the TMA, and Article 6 is similar to section 28(1) of the TMA.

Findings of the ECJ

In answer to the questions raised by the High Court, the ECJ held that under Article 3(1)(b) of the Directive, the distinctive character of a mark had to be assessed in relation to the goods and services in respect of which registration was applied for and in relation to the perception of the relevant consumers.

The criteria for assessment of the distinctive character of a trade mark consisting of a person's name were therefore the same as those applicable to the other categories of trade marks covered by Article 2 of the Directive. The following criteria should not be applied:

(i) A predetermined number of persons with the same name, above which that name may be regarded as devoid of distinctive character;

(ii) The number of undertakings providing products or services covered by the application for registration; or

(iii) The prevalence or otherwise of the use of surnames in the relevant trade.

The ECJ noted that the distinctive character of a trade mark must be the subject of a specific assessment. Although Article 6(1)(a) of the Directive limited the right granted by a mark in that it enabled third parties to use the name in the course of trade, this should not affect the assessment of distinctiveness, which was carried out under Article 3(1)(b) of the Directive.

Comment

This decision by the ECJ has changed the examination criterion applied by the UK Trade Marks Registry as regards marks which consist of common personal names and surnames. Previously, the UK Trade Mark Registry had adopted a *de minimis* rule as a criterion for the examination of the registrability of such surnominal marks, i.e. by looking at the number of times the

relevant surname appears in the telephone directory as a guide in determining if the surname is common. This approach is now not to be adopted.

Following the ECJ decision, it would appear that registration of common names or surnames would not be refused *prima facie* if such marks may distinguish the products or services according to their origin. Therefore, commonality should not be a bar to registration, although registration may be refused on other grounds, for example, if it has trade significance in relation to the goods claimed (for example, the *Jeryl Lynn [1999] FSR 491*).

It is likely that the Intellectual Property Office of Singapore ("IPOS") will follow the UK position.

[Case: Nichols plc v Registrar of Trade Marks Case C-404/02](#)

"PHONES 4U" CLAIM PASSED OVER

Introduction

In this case, the English High Court considered the Claimants' claims against the Defendants' registration and use of the domain names which incorporated the use of "phone4u" under passing off and trade mark infringement.

Facts

The Claimants were a group of companies involved in the business of selling mobile phones and related products and services under the trading style of "Phones 4u" since 1995. The Claimants had registered the following "logo" trade mark limited to the colours red, white and blue:



In August 1999, the second Defendant, Mr H, sought to register the domain name "phone4u.co.uk" in his name for his business, which was also the sale of mobile phones and related services. The first Defendant, Phone4U.co.uk Internet Limited, was a company incorporated in 2000 at the instigation of Mr H, but it did not trade. Initially, Mr H's sales were conducted mainly at a shop premises in London and the website was used for advertising and for providing contact details, prices and relevant information. Online trading on the website was only available from about July 2001.

There was evidence to show that Mr H was unaware of the Claimants business and the Claimants' "Phones 4u" trading style when he registered the domain name in August 1999.

It appeared from the evidence at the trial that on about March 2000, the Claimants had contacted Mr H regarding a dealership agreement and became aware of Mr H's website "www.phone4u.co.uk". At about the same time, Mr H also came to realise the potential value his website may be to the Claimants. Discussions between the parties took place for an amicable transfer of the domain to the Claimants, but these were unsuccessful. The Claimants proceeded to file a suit against the Defendants in 2004 for passing off arising out of the "phone4u" website operated by Mr H and trade mark infringement of the "Phones 4u" logo.

In respect of the passing off claim, the main issue for the Judge was to determine in 2004 the extent of the Claimants' goodwill and reputation under their trading style "Phones 4u" as at August 1999. He had to extrapolate this backwards based on the witnesses' testimonies under cross-examination in 2004 and survey evidence, sales and advertising figures all obtained post 1999.

Relevant Legislation

Section 13 of the UK Trade Marks Act 1994 ("UK TMA") provides:

"An applicant for registration of a trade mark, or the proprietor of a registered trade mark, may –

- (a) disclaim any right to the exclusive use of any specified element of the trade mark, or
- (b) agree that the rights conferred by the registration shall be subject to a specified territorial or other limitation

and where the registration of a trade mark is subject to a disclaimer or limitation, the rights conferred by Section 9 (rights conferred by registered trade mark) are restricted accordingly."

This section is *pari materia* with Section 20 of the Singapore Trade Marks Act.

The decision

The Claimants' claims were dismissed.

Reasons for the decision

Passing off

The Judge dismissed the Claimants' claims based on passing off. He held that the phrase "Phones 4U" was not inherently distinctive and the Claimants failed to discharge their onus of showing that the phrase had acquired distinctiveness through use in August 1999. The post-1999 survey evidence, sales and advertising figures were speculative and inconclusive. Furthermore, the Claimants were unable to provide sufficient evidence of actual instances of confusion and

deception that showed that due to the similarity of the respective trading styles, purchasers had bought the phones at Mr H's website under the mistaken belief that they had bought the phones from the Claimants. The Claimants failed to do so even though they had a period of about five years before the commencement of trial to obtain such evidence.

The Claimants' claim that Mr H's domain registration was an "instrument of deception" and should therefore be cancelled, as in the case of **British Telecommunications plc v. One in a Million Ltd [1999] FSR 1**, also failed. The Judge took the view that the Defendants in this case were unlike the Defendants in the **One in a Million** case. Among other things, the Claimants were unable to establish the requisite reputation and goodwill as at the relevant date i.e. August 1999 and the Claimants' mark was not inherently distinctive. Also, Mr H in this case had not made it a practice of registering internet domain names corresponding to the corporate names or trade marks of well-known companies with a view to extracting money. Here, the evidence showed that Mr H was not aware of the Claimants in August 1999 and had a genuine intention to use the domain for internet trading. Mr H also took some positive steps to avoid confusion and deception, for example, by making reasonable changes and inserting prominent disclaimers on his website. The fact that he had subsequently sought to extract value from the Claimants by a transfer of the domain name did not amount to fraud as in the **One in a Million** case.

Trade mark infringement

The Claimants' trade mark infringement claim also failed. The Judge held that Section 13(1) of the UK TMA operated against the Claimants, whose rights in their registered trade mark were restricted since the mark was registered with the relevant colour limitation. Therefore, the Judge held that the Mr H's use of the mark in different colours was sufficient to defeat the infringement claim. In this regard, the Judge held that even if he was wrong with respect to the colour limitation point, the trade mark infringement claim would still fail because the Claimants did not provide sufficient evidence of actual confusion or deception to support the trade mark infringement claim.

Comment

It would appear that the Claimants failure to commence the action at an earlier stage, coupled with the Claimants' inability to provide sufficient evidence of confusion and deception at the trial, proved to be fatal to their case. The Judge had commented that he would have allowed the Claimants' case had the Claimants provided better evidence to support their case. The fact that they had not done so in the five years before the trial

commenced was held against them. The Judge appeared to be unconvinced by the post-1999 survey evidence and evidence of extensive sales and advertising, which had been adduced for the purposes of showing the Claimants' goodwill as at August 1999, and was looking for actual instances of confusion and deception, which would have sealed the Claimants' case.

This case highlights that in a passing off claim against a defendant who has commenced trading, it is important for the plaintiff to take immediate action against the defendant. Also, for such a passing off action, as opposed to a *qua timet* action, evidence relating to actual instances of confusion and deception would be of utmost importance and would win the day.

Case: *Phones 4u Ltd and another v Phone4u.co.uk Internet Ltd and others [2005] EWHC 334 (Ch)*

THE THIRD COMMANDMENT

Introduction

In this case, an issue arose as to whether the word mark "JESUS" could be registered in the United Kingdom ("UK"). Given the intrinsic qualities of the mark, the Appointed Person had to consider whether registration of such a mark would be "contrary to public policy or accepted principles of morality".

Facts

The Applicant, Basic Trademark SA, applied to register in the UK an International Registration for the word mark "JESUS" for a wide variety of goods, including clothing, cosmetics, optical apparatus and instruments, jewellery, stationery, leather goods, textiles, games and playthings. The application was refused by the Hearing Officer (on behalf of the Registrar of Trade Marks) on the basis that the mark was contrary to public policy or accepted principles of morality under Section 3(3)(a) of the UK Trade Marks Act 1994 ("UK TMA"). The Applicant appealed against the decision.

Relevant Legislation

Section 3(3)(a) of the UK TMA 1994 provides:-

"A trade mark shall not be registered if it is contrary to public policy or accepted principles of morality."

Section 3(3)(a) corresponds with Section 7(4)(a) of the Singapore Trade Marks Act.

Decision

The Hearing Officer's decision was upheld on appeal to the Appointed Person.

Reasons for the Decision

In assessing whether a mark should be refused registration under Section 3(3)(a) of the UK TMA, Geoffrey Hobbs Q.C. accepted the following:-

- (i) An accepted principle of morality had to be clearly offended. Mere offence to a section of the public, in the sense that that section of the public would consider the mark distasteful was not enough;
- (ii) A dividing line had to be drawn between offence which amounted only to distaste, and offence which would justifiably cause outrage or would be the object of justifiable censure as being likely to significantly undermine current religious, family or social values;
- (iii) The outrage or censure must be amongst an identifiable section of the public. A higher degree of outrage or censure amongst a small section of the community and lesser outrage or censure amongst a more widespread section of the public would both suffice;
- (iv) The position was to be assessed through the eyes of "right-thinking" members of the public;
- (v) Religious significance was not always or necessarily sufficient to render a mark unregistrable under Section 3(3)(a) of the UK TMA.

Geoffrey Hobbs Q.C. considered that branding which employed words or images of religious significance could quite easily have a seriously troubling effect on people whose religious beliefs it impinged upon and others who adhered to the view that religious beliefs should be treated with respect in a civilised society, and that the very idea that the name "JESUS" should be appropriated for general commercial use as a trade mark was anathema to believers and those who believed in the need to respect the religious sensibilities of others. He agreed with the Hearing Officer that the use of the word "JESUS" as a trade mark would cause greater offence than mere distaste and would do so to a significant section of the public.

Comment

The decision is conservative, in contrast with the Community Trade Mark Office, which has accepted

word marks such as “CHRIST” and “JESUS 2000” as Community trade marks. We expect this conservative position to be adopted in Singapore, especially in view of our multi-racial and multi-religious society.

Case: Basic Trademark SA’s Application, O-021-05

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OTHER OFFICES		
Drewmarks Patents & Designs (Malaysia) Sdn Bhd 9 th Floor Bangunan Getah Asli (Menera) 148 Jalan Ampang 50450 Kuala Lumpur, Malaysia T: + 603 2162 2522 / 2162 2529 F: + 603 2162 2804 E: drewmark@tm.net.my		Shanghai Office #2501 Office Tower Bund Center 222 Yan An Road East Shanghai 200002, China T: + 86 21 6335 1628 F: + 86 21 6335 0638 E: china@drewnapier.com
		PT Drewmarks Konsultama Correspondence Address: 20 Raffles Place #17-00 Ocean Towers Singapore 048620 T: + 65 6531 2503 / 6531 2504 F: + 65 6533 0694 E: ip@drewnapier.com

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