MACFARLANES

LOGOS AND NO-GOS

BEST OF 2013

In this briefing, we provide our usual round-up of the key IP developments last year, focusing on trade marks, passing off, copyright and defamation.

TRADE MARKS

***Interflora Inc v Marks and Spencer Plc* [2013] EWHC 1291 (Ch)**
M&S's long-running trade mark infringement dispute with Interflora came to an end in May 2013 when the High Court ruled that the retailer had infringed Interflora's trade mark by its use of Google AdWords (as we reported here). The Court had to consider infringement under Article 5(1)(a) (identical marks/ identical services) and Article 5(2) (unfair advantage/dilution of marks with a reputation) of the Trade Marks Directive, in light of responses received from the CJEU to questions referred by the High Court. The key question under Article 5(1)(a) to be answered was whether M&S's use of AdWords affected, or was liable to affect, the essential function (of guaranteeing origin) of Interflora's trade marks. In other words, would a significant section of the relevant class of persons (excluding ill-informed or unobservant internet users) wrongly believe that M&S's advertised goods or services were connected to Interflora?

Mr Justice Arnold found on the evidence that a significant portion of consumers who searched for "Interflora" and who clicked the M&S AdWord link did so because they were led to believe that M&S was part of the Interflora network (despite M&S's advert not mentioning Interflora). Critical to this conclusion were the Judge's findings that:

1. average well-informed internet users did not know how Google AdWords operate;

2. the average internet user is not generally aware that M&S's flower service is not part of the Interflora network and this was not made clear in the advert; and

3. the particular nature of the Interflora network (being made up of independent members who often traded under their own names and which sometimes included arrangements with major retailers) meant that it was plausible that there could be a connection between Interflora and M&S.

***Interflora Inc v Marks and Spencer Plc* [2013] EWHC 273; *Interflora Inc v Marks and Spencer Plc* [2013] EWCA Civ 510 (March 2013)**
Before Arnold J ruled that M&S had infringed Interflora's trade mark, he was asked on two occasions by Interflora to adduce survey evidence, most recently in February 2013. This second application was granted by Arnold J on the basis that the evidence was *"likely to be of some value to the court"* and that its cost was justified in the context of the overall costs. M&S appealed Arnold J's decision. On appeal, Lewison LJ reinforced his previous judgment in the Court of Appeal regarding Interflora's first application to adduce survey evidence (in 2012) and allowed the appeal as:

1. survey evidence must be of *"real value"* and not just of some value; and

2. Arnold J had been wrong with his costs assessment, as the utility of survey evidence must justify its costs. Lewison LJ stated that the judiciary should be *"robust gatekeepers"* in applications to adduce survey evidence and the decision cements the generally dismissive approach of the courts to survey evidence.

Specsavers International Healthcare Limited & Ors v Asda Stores Ltd Case C-252/12
The CJEU delivered its ruling in July on a number of questions referred by the Court of Appeal (as we reported here). The Court of Appeal had asked whether the use by Specsavers of its wordless logo constituting two overlapping ovals with the SPECSAVERS word mark superimposed over the ovals could constitute use of the two wordless overlapping ovals only. It also asked whether Specsavers' enhanced reputation of green wordless overlapping ovals can be taken into account in the context of Articles 9(1)(b) and 9(1)(c) of the Trade Mark Regulations.

The CJEU has clarified that the condition of genuine use of a device mark (the wordless overlapping ovals) is fulfilled where that device mark is used in conjunction with a word mark, provided the differences between the form in which that device mark is used and that in which it was registered does not change the distinctive character of the device mark as registered.

Accordingly, where a wordless logo, even when used in conjunction with a word mark, is recognised by consumers as a trade mark in its own right, the addition of the word mark is not deemed to be a significant alteration of its distinctive character – and the trade mark registration for the logo alone can therefore be maintained. Finally, where a trade mark is not registered in colour, but the proprietor has used it extensively in a particular colour, the colour which a third party uses in order to represent a sign alleged to infringe that trade mark is relevant in the global assessment of the likelihood of confusion or unfair advantage.

***Mattel, Inc & Ors v Zynga Inc* [2013] EWHC 3348 (Ch)**
The High Court held in November that Zynga had not infringed Mattel's SCRABBLE word mark, Scrabble logo or "SCRAMBLE" CTM, nor was there passing off (as we reported here). Zynga launched an online smartphone game in 2012 called "Scramble with Friends" and/or "Scramble". The game was, by January 2012, in its fifth iteration of the original version created in 2007. Mattel's consumer surveys and expert evidence were of no evidential value to the High Court. Further, Mattel had, for many years, been aware of Zynga's use of the word "Scramble" and were, until early 2012, even negotiating with Zynga for a licence to make physical versions of the Zynga Scramble Game. In the High Court's judgment, therefore, even Mattel did not think that Zynga's activities constituted trade mark infringement.

PASSING OFF

***Fenty and others v Arcadia Group and another* [2013] EWHC 2310 (Ch)**
In 2012, Topshop sold T-shirts displaying an image of Rihanna. Rihanna had not consented to Topshop's use of her image and brought a claim in passing off (as we reported here). To be successful, Rihanna needed to prove that:

1. she had goodwill amongst relevant members of the public;

2. there was an actionable misrepresentation (i.e. members of the relevant public were deceived into purchasing the T-shirt under the mistaken belief that Rihanna had endorsed the product); and

3. there had been damage to her goodwill.

The case largely turned on the second element; whether Topshop had made a false claim or suggestion of endorsement which was liable to deceive customers. An analysis of the perceptions of the relevant customers and the nature of the market was central.

The Judge held that a group of customers who purchased the T-shirt did so specifically because they believed it was official merchandise that had been endorsed by the singer. This likelihood of deception was made all the more probable as:

1. fans would recognise that the image used came from a Rihanna music video;

2. they may therefore believe that the T-shirt was part of a marketing campaign for that project; and

3. Topshop had stature as a major reputable high street retailer with a history of celebrity collaborations.

Overall, Topshop's actions amounted to a misrepresentation about trade origin and did therefore constitute passing off.

COPYRIGHT

***Public Relations Consultants Association Limited v The Newspaper Licensing Agency Limited and others* [2013] UKSC 19 (a.k.a NLA v Meltwater)**
NLA (a public relations association that monitors news coverage for clients) brought copyright infringement proceedings against the Meltwater Group (a provider of a commercial online media monitoring service that creates tailored news reports based on keywords chosen by the client). The key issue involved the question of protected works that were temporarily retained on Meltwater's screen or in the internet cache as an incidental consequence of the client's use of a computer to view the reports. Both the High Court and the Court of Appeal decided in favour of NLA, stating that the making of copies, however temporary, in the end-user's computer in the course of browsing was not exempted by Article 5.1 of the 2001 Copyright Directive (where the copy made is transient or incidental, and an integral and essential part of a technological process) because the copy was generated on the client's own volition.

The Supreme Court overturned the Court of Appeal's decision, holding that end-users of a news monitoring service did not need a licence from the copyright owners to view copyrighted content on a web page as the use was exempted by Article 5.1. However, given the impact that the Supreme Court's decision would have on publishers and news-monitoring services alike, the Supreme Court referred to the CJEU, for a preliminary ruling, the question as to whether the requirements of Article 5.1 of the Copyright Directive are satisfied having regard in particular to the fact that copies may remain in the cache after the browsing session that generated them has ended or until overlaid by other material, and that a screen copy will remain on screen until the browsing session is terminated by the end-user.

***SAS Institute Inc v World Programming Limited* [2013] EWCA Civ 1482**

SAS was a developer of analytical software, the core component of which enabled users to write and run application programs written in a language known as the "SAS Language" to manipulate data. The original case brought by SAS against World Programming (WPL) was that, in creating a product called World Programming System which sought to emulate the functionality of SAS' software, WPL had committed a series of infringements of the copyright belonging to SAS. WPL did not have access to SAS' source code.

The Court of Appeal upheld Mr Justice Arnold's judgment in the High Court (which was made following the referral of a number of questions to the CJEU) that the functionality of computer programs or programming languages (such as the SAS Language) are not protected by copyright and therefore, in having replicated the functionality of SAS' software, WPL had not infringed its copyright. It further upheld the judgment that WPL had not breached the terms of its licence to use SAS' software by authorising multiple employees to use the software for the purposes of observation, testing and study in order to reproduce its functionality.

DEFAMATION

The Defamation Act 2013

The Defamation Act 2013 received Royal Assent in April 2013 and came into force on 1 January 2014 (as we reported here). It brings a statutory reform of the law of defamation and, most notably, the introduction of a requirement that *"serious harm"* is caused (or be likely to be caused) to a complainant's reputation by the statement in question. The Act introduces a special defence for the operators of websites where a third party has posted a defamatory statement on their website but also provides a mechanism for that defence to be defeated if the complainant can show that it was not possible to identify the person who posted the statement; that they gave the operator a notice of complaint in relation to the statement; and that the operator failed to respond to that notice. The Act also sees the common law defences of Reynolds privilege, justification and fair comment replaced by the statutory (but broadly similar) defences of publication on a matter of public interest, truth and honest opinion.

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