

THE JOINT EXAMINATION BOARD

PAPER T3

ADVANCED UNITED KINGDOM TRADE MARK LAW

15th NOVEMBER 1993

10.00 a.m. - 2.00 p.m.

Please read the following instructions carefully. This is a FOUR HOUR Paper.

1. You should attempt no more than four questions from Part A and no more than four questions from Part B.
2. The number of marks allotted to each question is placed in brackets at the end of the question.
3. Where a question permits of reasons being given for the conclusions reached, such reasons should be given.
4. Start each question (but not necessarily each part of each question) on a fresh sheet of paper. In the appropriate boxes at the top of each sheet please enter the designation of the paper, the question number, and your Examination number. Write on one side of the paper only using BLACK ink. You must NOT staple pages together. You must NOT state your name anywhere in the answers.
5. Unless specifically requested answers are NOT required in letter form.
6. NO printed matter or other written material may be taken into the examination room.
7. Answers MUST be legible. If the examiners cannot read a candidate's answer no marks will be awarded.

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PART A

Candidates are required to answer FOUR questions from this part of the paper.

1. MAC THE KITE LTD. ("MAC") makes stunt kites consisting essentially of toughened fabric stretched over spars and attached to strong nylon cord. The customers for these products are in the main a dedicated and knowledgeable band of kite flyers.

MAC makes two ranges of kite, the premium British range, and a budget range made from cheaper foreign components. The premium range uses a better quality fabric and always incorporates spars made by HIZAKITE LTD. The HIZAKITE spars have a much higher strength for weight ratio than the spars generally used in the budget range, although some of the kites at the top end of the budget range incorporate a single HIZAKITE spar at the point of maximum stress.

HIZAKITE LTD. supplies spars to MAC in boxes of one hundred. Each box also contains 25 labels bearing the words "GENUINE HIZAKITE SPAR". HIZAKITE is registered for 'parts and fittings for toys, playthings and gymnastic articles'. Under the terms of an agreement between HIZAKITE and MAC, MAC is permitted to apply the name HIZAKITE labels to premium kites, being kites in which all the spars are of HIZAKITE's manufacture.

It is not MAC's practice to apply the HIZAKITE label to its budget range of kites, even where the kite contains a HIZAKITE spar.

Mr. Milvus, the Managing Director of MAC THE KITE LTD. sends you a fax in the following terms:

"This morning we received a fax from Borsetshire CC's Trading Standards Office warning us of a possible prosecution under the Trade Descriptions Act 1968 for applying, contrary to Section 1(1), a false trade description and supplying a kite bearing a false trade description, namely a label bearing the words "GENUINE HIZAKITE SPAR". The Trading Standards Officer has stated that this trade description comes within the terms of Section 3(1) in that it is false to a material degree.

The kite was one of a batch of 150 of our premium range and in each case the label was stuck onto the fabric immediately behind a real HIZAKITE spar. Owing to a mix up in the workshop, one of our YTS trainees used a non-HIZAKITE spar at the base of all kites in this batch (not at the stress point, thank goodness). The position is, therefore, that there are 3 genuine HIZAKITE spars and one spar of another make in every kite in this batch. This afternoon I received a phone call from the Chairman of HIZAKITE, threatening to sue for trade mark infringement. Please advise".

Having examined the most recent editions of the kite flying journals you establish the following additional facts: (1) MAC's premium range is very well regarded, because of its quality (2) most advertisements for kites of whatever manufacture emphasise the use of HIZAKITE spars if they feature those spars.

Advise Mr. Milvus by letter on his legal position and possible action to be taken now.

(15 Marks)

2. HAULER GmbH is a major German pharmaceutical manufacturer. It produces a very popular cough medicine available without prescription. The cough medicine is sold throughout Europe and most of the rest of the world under the trade mark AVEL which is registered in most countries of the world (including the United Kingdom and Greece) in the relevant local subsidiary company's name to avoid the need for trade mark licences. In the U.K. the local company is called HAULER U.K. LIMITED.

The AVEL product is always sold in 100 ml bottles except in Greece. Greek consumers do not believe that ordinary cough medicine works. The AVEL product sold in Greece is approximately twice as strong as products sold in the United Kingdom. The Greek product is always sold in 75 ml bottles.

Your client EQUIDISTANCE IMPORTERS LIMITED ('EID') wants to buy the AVEL product in Greece and import it to the United Kingdom for sale in the U.K. The Greek product is considerably cheaper than the U.K. product and EID hopes to make a substantial profit. Before importing the first batch of AVEL cough medicine from Greece EID contacts you, outlining various problems:

1. The wording on the bottles is all in Greek (except for the trade mark which appears in both English and Greek characters). EID thinks that the appearance of 'foreign' lettering on the product may upset some potential purchasers who will not be sure that the product is the same as the familiar U.K. AVEL. EID is considering applying an English label over the Greek label so as to obscure completely the Greek writing but so as to leave the English version of the trade mark visible.
2. In the alternative, because of the different sized bottles in the two markets, it is the intention to re-bottle the Greek product. Because the Greek product is approximately twice as strong as the U.K. product EID will dilute it and sell the appropriately diluted product in 100 ml bottles.

3. If EID does not dilute the product there is a danger of increased drowsiness. The AVEL bottles sold in the U.K. market have prominent warnings about operating machinery within three hours of taking the recommended dose. Research has shown that customers take very little notice of such warnings. EID wonders whether there might not be a 'health risk' in selling the undiluted 75 ml Greek product in the U.K. market.

Write notes on the points you would raise with EID and refer to any relevant reported cases.

Candidates should not deal with any aspect of obtaining a Product Licence for the imported product, nor the scope or terms of such Licence.

(15 Marks)

3. GLADESOUND LIMITED is a manufacturer of hi-fi equipment sold as components so that customers can tailor their purchase to their exact requirements.

One of the units GLADESOUND LIMITED makes is the SERIES 400 MEGABASS amplifier. The marketing manager of GLADESOUND LIMITED sends you a proposed advertisement to be issued to CURZONS - one of the largest High Street electrical stores, for inclusion in their staff magazine, which reads as follows:

"There's more than a tenor in it!

How does GLADESOUND's SERIES 400 MEGABASS stack up against the PROBASS ABC amplifier?

First off, it's cheaper at £210 to £240 for the PROBASS amp, but price is hardly a factor when you consider the other points in favour of the SERIES 400:- 80 watts power per channel compared with 60 for the PROBASS amp, comes with a full two year warranty and for a promotional period only, free MEGABASS headphones".

Underneath the advertisement in red lettering appear the words:

"Retailers!

Advertisements for the PROBASS ABC amplifiers will appear on national TV in the weeks before Christmas - stock the GLADESOUND MEGABASS SERIES 400 now and sell on the PROBASS adverts!

For serious bass power it's got to be GLADESOUND".

Underneath this, in a small panel, appear the following words:

PROBASS ABC is a registered trade mark of AMERICAN BUSINESS COMPUTERS, INC. Price current at time of press. Prices exclude VAT".

The marketing director also sends you a brochure showing the range of PROBASS amps, from which you learn that the PROBASS ABC model is intended for mini hi-fi systems, hence its higher price and smaller output. There is a PROBASS D with 80 watts per channel output selling for £160. The PROBASS products all have a three year warranty.

Write a letter to GLADESOUND LIMITED advising the company as to their legal position and whether the company should go ahead with the proposed promotion. Include any recommended changes they should make.

(15 Marks)

4. You act for THE CANADIAN HUMOR CO. LIMITED, an English company, which prints T-shirts (which it buys in) with the words "THE CANADIAN HUMOR CO" in red letters. The mark CANADIAN HUMOR (with a disclaimer of CANADIAN") is registered in the U.K. for articles of clothing in Part B of the Register. The mark was entered on the Register six years ago.

The T-shirts have become cult fashion items in the U.K. and sales are very substantial. However, because the CANADIAN HUMOR CO. LIMITED made huge losses on its attempt to publish THE CANADIAN HUMOR JOKE BOOK, the company was obliged to borrow money from its bank against the security of its only major asset, the plant and machinery installed in its factory.

All your previous dealings with the company were with Mr. Ivor Steel, the Finance Director. You are now telephoned by Mr. Ray Marcable who tells you that Mr. Steel was fired a month ago following unfortunate events at an office party. A private detective employed by THE CANADIAN HUMOR CO. LIMITED reveals that, far from retiring to his house in France, as he had told the company he would do, Mr. Steel has a company which has leased a factory and has been buying substantial numbers of plain white T-shirts in various sizes. According to the detective, the warehousing facilities at the factory are almost full and the plant has been working night and day.

Mr. Marcable is concerned that Mr. Steel intends to launch counterfeit copies of THE CANADIAN HUMOR CO T-shirts. This is confirmed by an enquiry which he has received from a shop in Swindon which claims to have been offered two gross of T-shirts marked with the words THE CANADIAN HUMOR CO., mixed sizes, at a substantial discount below the price at which THE CANADIAN HUMOR CO. LIMITED generally sell their T-shirts.

Write notes on the advice to be given to THE CANADIAN HUMOR CO. LIMITED as to its legal position and as to the remedies which may be available to it.

(15 Marks)

5. STRONGMAN PLC manufactures and sells cigarettes.

At the beginning of 1991, STRONGMAN PLC was planning to launch a new brand of cigarettes called JOHNNIES. A search of the Trade Marks Register disclosed only one relevant mark, a registration of JOHNNIES No.303404 dated 1st September 1925 in the name of THE STRAWBERRY WEED COMPANY LD. covering cigarettes made from tobacco and tobacco substitutes. The brand manager at STRONGMAN PLC responsible for the JOHNNIES project made enquiries concerning THE STRAWBERRY WEED COMPANY and found that the company only ever sold herbal cigarettes. Its sales had declined gradually since the Second World War. A Receiver was appointed on 31st December 1990 who continued to run the business for a time on a small scale. The brand manager at STRONGMAN PLC asked for an assignment of the trade mark registration JOHNNIES and a financial consideration of £100 was agreed. The Receiver for THE STRAWBERRY WEED COMPANY LIMITED, executed the document attached (Attachment "A") and sent it to STRONGMAN PLC.

However, immediately following execution of the attached assignment the brand manager was made redundant and plans for JOHNNIES were shelved.

In the mistaken belief that STRONGMAN PLC was a creditor, a liquidator for THE STRAWBERRY WEED COMPANY LIMITED sent STRONGMAN PLC a notice on 3rd March 1993 saying that the company was being wound up.

In September 1993 STRONGMAN PLC learns that its chief competitor MIGHTYMAN PLC is planning to launch a cigarette called JOHNNIES. The Marketing Director for STRONGMAN PLC remembered acquisition of the JOHNNIES registration and thought it might be used to interfere with launch of JOHNNIES cigarettes. He immediately arranges for five hundred thousand cigarettes branded JOHNNIES to be produced in an attempt to beat MIGHTYMAN PLC to the market. The cigarettes were distributed to off-licences owned by another company in the STRONGMAN group but they did not sell well and substantially all of them had to be returned.

The marketing director now sends you the attached assignment telling you of his plans and asking you to record the assignment. At the end of the letter he says "It's not impossible that at some time in the future we would want to use JOHNNIES for a regular line with different more attractive packaging".

He suggests that you prepare a letter for him to send to MIGHTYMAN PLC telling them not to launch JOHNNIES cigarettes.

Outline the points which the marketing director should take into account before authorising any letter to be sent to his competitor.

(15 Marks)

#### PART B

Candidates are required to answer FOUR questions from this part of the paper.

6. Your client is a record company which writes to you as follows:

"We are proposing to release a recording of popular dance music and we need your advice on the cover of the disc/audio cassette. We plan to use a photograph (in which we own the copyright) taken at the Hard Luck Club earlier this year looking across the heads of all the dancers towards a disc jockey in the background. The people who buy our music will recognise him immediately as the famous disc jockey MITCH even though his name will not appear. If you haven't heard his radio show you will certainly have seen him on T-shirts, posters, and all the other merchandising paraphernalia that teenagers buy these days.

The music on our recording is the sort of thing which MITCH would play on his radio show or in clubs but we are quite sure that he has not released any records or appeared on other record covers. Can you just confirm that he could not complain about our using his picture."

A search of the Trade Marks Register does not reveal any registrations or pending applications for registration of MITCH or his likeness.

Discuss whether there are any grounds for objection to use of the photograph with particular reference to reported cases.

(10 Marks)

7. Your client ANNABEL COOK opened a shop in 1982 in Norwich called PARTYTIME hiring and selling fancy dress. Later she formed a company PARTYTIME LIMITED of which she is the managing director and major shareholder. Throughout the 1980's the company gradually opened a chain of shops all called PARTYTIME throughout East Anglia. The company is negotiating to expand to additional premises in major towns in South East England.

Last night ANNABEL COOK was watching the News on TV. A trailer for the second half of the news announced 'and after the break it's how the Police want to put a stop to Party Time by the British National Party'.

The news item showed a shop in a backstreet of London with BN PARTY TIME on the fascia. The windows were all boarded up but the reporter stated that inside, the shop was selling all sorts of nazi/fascist clothing and regalia. The shop was apparently also selling membership to the British National Party and fascist films/publications. Outside were a group of skinheads looking menacing towards a crowd of demonstrators who were being held back by the Police. Interviewed by a reporter one skinhead said that BNP had opened the London shop first and would soon be opening shops in Leicester, Bradford, Liverpool and Glasgow.

Your client asks what she and her company might do to protect their reputation. She tells you that some months ago her company filed applications in its own name to register PARTYTIME in respect of sale and hire of fancy dress in Classes 25 and 42 but that the applications have not yet been examined. A search of the Register does not disclose any other registrations or pending applications for PARTYTIME or similar marks.

Write notes on your client's legal position and any action she can take to improve it.

(10 Marks)

8. Your client CLEVER COMPUTERS LIMITED has developed a fourth generation computer language which it calls EASY. The company sells various versions such as "EASY for FRIEND" and "EASY for NEAT" (FRIEND and NEAT being well known computer software produced by other companies). CLEVER COMPUTERS LIMITED states on its products that EASY is a trade mark of CLEVER COMPUTERS LIMITED and that any other trade marks are owned by their respective proprietors.

Recently CLEVER COMPUTERS LIMITED detected that sales of "EASY for NEAT" were increasing apparently in response to an article in a leading computer publication criticising NEAT for not producing upgrades to their database software and suggesting that existing users of NEAT buy "EASY for NEAT" and write their own enhancements.

CLEVER COMPUTERS LIMITED decides to beef up its marketing to take advantage of this favourable publicity but its efforts provoke the following letter:

"We act for BEAUTIFUL COMPUTERS, INC. proprietors of the trade mark NEAT registered in the United Kingdom under No.B1234567. It has come to our client's attention that your client is marketing a product for use with our NEAT database software under the name "EASY NEAT". We have advised our client that this is a blatant infringement of registered trade mark No.B1234567 and that our client is entitled to apply for an injunction preventing further use of NEAT as a trade mark and other relief including delivery up of the infringing goods, damages and costs.

Our client has also become aware that your client is distributing to retailers a leaflet to be displayed on shop counters for customers. Part of that document reads as follows:

NEAT is up a cul-de-sac. It has poor support and no obvious path forward to the next generation of applications. NEAT users are likely to be concerned about commitment to the existing product line and to future strategy. EASY NEAT solves this problem completely.

It is outrageous for your client to refer to NEAT in these terms given the existence our client's new NEAT/PC and NEAT FUTURA products. These statements are not only false and misleading but also constitute an actionable trade libel".

Write a letter to your client explaining what the company has done wrong and how it might make amends. Ignore any aspect of copyright.

(10 Marks)

9. You act for WAYSTRANGE BREWERIES LIMITED ("WAYSTRANGE"), an English company, established in 1870. In addition to its own range of beers and ales, WAYSTRANGE has for a number of years been the exclusive importer to the U.K. of PALSCHWARTZER beer, produced by Trappist monks in Hungary. PALSCHWARTZER beer is imported in bulk tankers and bottled at the WAYSTRANGE brewery in Manchester (for which it has a licence to use the name PALSCHWARTZER). The bottles are labelled with the trade mark PALSCHWARTZER in standard heavy gothic type and with a drawing of a woman holding a ewer. A painting of a very similar woman, similarly clothed in a deep collared dress and a modest white cap appears on the printed letter paper of the Trappist monks. Correspondence in the archives of WAYSTRANGE reveals that the painting of the woman on the letterpaper was made in 1979 by one of the monks, Father Boniface. Father Boniface, who remains a British citizen, is chiefly responsible for correspondence between the monastery and WAYSTRANGE. He based his painting on "Woman with a Ewer" by Johannes Vermeer (1632-1675).

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Mr. Thornton, the marketing director of WAYSTRANGE tells you that the label drawing used on the WAYSTRANGE PALSCHWARTZER beer was produced by his secretary, Miss Margaret Hale who is, according to Mr. Thornton, "a dab hand at drawing, and a great admirer of the works of Vermeer". Mr. Thornton instructs you to file a trade mark application in the name of WAYSTRANGE for the logo of the woman and ewer which WAYSTRANGE is proposing now to use on a wide range of beers including the Hungarian beer. He tells you further that there is no point applying for the trade mark PALSCHWARTZER because, although unregistered, the mark belongs to the monks, and is used under licence. The licence was drawn up in 1959, and does not refer to the logo. A search has revealed no prior conflicting registrations or applications. The mark has appeared on the WAYSTRANGE labels since 1985. The labels bear no reference to the monastery, although they do state that the beer is made by Trappist monks in Hungary.

Advise WAYSTRANGE on the possible difficulties of an application and whether a registration resulting from it would be enforceable.

(10 Marks)

10. Your client GENERAL AVIATION MARKET LIMITED publishes magazines specializing in the general aviation (that is to say, non-airline) market. Its biggest selling publication is "GENERAL AVIATION MARKET", a free magazine issued quarterly to flying schools, owners of private aircraft and to anybody who asks to be put on the mailing list. The magazine is a compilation of information about light aircraft and business jets for sale. Your client charges advertisers for advertisements appearing in the magazine. GENERAL AVIATION MARKET LIMITED produces two other magazines - "GENERAL AVIATION UPDATE" and "GENERAL AVIATION SAFETY" - both of which appear monthly and are sold for £1.50 per issue.

Your client subscribes to a company name watch service which notified it of the incorporation two months ago of a company under the name GENERAL AVIATION MART LIMITED. There are twenty other companies having the words GENERAL AVIATION in their names, most with the addition of the names of cities where the company is based or of the proprietors. Having obtained a fiche on GENERAL AVIATION MART LIMITED, you discover that its principal objects are given as publishing and to classified advertising sales, and that one of the directors of the company is an ex-employee of GENERAL AVIATION MARKETING LIMITED, who left under a cloud twelve months ago.

Advise in note form GENERAL AVIATION MARKETING LIMITED as to its legal position and any steps it should take to preserve its position.

(10 Marks)

Attachment A

This assignment is dated the 1st day of March 1991

BETWEEN

REGINALD HOOPER of 22 Acacia Avenue, Windlesham  
(the "Assignor")

and

STRONGMAN PLC of Whitehall London SW1  
(the "Assignee")

WHEREAS

The Assignor is the Receiver for THE STRAWBERRY WEED  
COMPANY LIMITED of Upper Markham, Hertfordshire

THE STRAWBERRY WEED COMPANY LIMITED is the registered  
proprietor of Trade Mark registration No.303404  
JOHNNIES (the "Trade Mark")

NOW THIS ASSIGNMENT WITNESSETH AS FOLLOWS:

The Assignor having received £100 HEREBY ASSIGNS the  
Trade Mark to the Assignee.

Signed

THE STRAWBERRY WEED COMPANY LIMITED  
Acting by its Receiver

(Reginald Hooper)

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