

THE JOINT EXAMINATION BOARD

PAPER T3 – ADVANCED UNITED KINGDOM TRADE MARK LAW AND PRACTICE

Wednesday 11th November 2009

10.00 a.m. – 2.00 p.m.

Please read the following instructions carefully. **Time Allowed – FOUR HOURS**

1. You should attempt **FOUR** questions.
2. The marks awarded to each question are shown at the foot of the question.
3. Please note the following:
 - a. Start each question (but not necessarily each part of each question) on a fresh sheet of paper;
 - b. Enter the Paper Number (T3), the question number and your Examination number in the appropriate boxes at the top of each sheet of paper;
 - c. The scripts are photocopied for marking purposes. Please write with a **dark inked pen** on one side of the paper only and within the printed margins, and do not use highlighters in your answer;
 - d. Do not state your name anywhere in the answers;
 - e. Write clearly, examiners cannot award marks to scripts that cannot be read;
 - f. Reasoning should always be given where appropriate.
4. Under the Examination Regulations **you may be disqualified from the examination and have other disciplinary measures taken against you if:**
 - a. you are found with unauthorised printed matter or other unauthorised material in the examination room;
 - b. your mobile phone is found to be switched on;
 - c. you copy the work of another candidate, use an electronic aid, or communicate with another candidate or with anyone outside the examination;
 - d. you continue to write after being told to stop writing by the invigilator(s). **NO WRITING OF ANY KIND IS PERMITTED AFTER THE TIME ALLOTTED TO THIS PAPER HAS EXPIRED.**
5. **At the end of the examination assemble your answer sheets in question number order and put them in the WHITE envelope provided.** Do not staple or join your answer sheets together in any way. Any answer script taken out of the examination room will not be marked.

This paper consists of **13** pages, including this one.

QUESTION 1

You are consulted by the Legal Director of Spa Lonzi Ltda., domiciled in Seville, Spain, who tells you that most visitors to Seville (whether from Spain or from countries like England) will have heard of, if not been pampered at, the Spa Lonzi. His company also runs the Spa Villa Lonzi which offers Lonzi treatments to both locals and holiday visitors to Madeira, Portugal.

The businesses were founded by the same individual, Lorenzo Lonzi. Lorenzo Lonzi achieved fame as the proprietor of the Hotel Lorenzo, which he opened in Seville, Spain, in 1947. Today, the Hotel Lorenzo is regarded as one of the most luxurious hotels in all Europe. Its guests have included royalty and Hollywood stars.

The 'Spa at the Hotel Lorenzo' proved popular with hotel guests when it opened in 1950 and, as a result Lorenzo Lonzi decided to acquire suitable sites for further spas, one in Seville, where he opened 'Spa Lonzi' and, later, one in Madeira, which he called 'Spa Villa Lonzi'.

Lorenzo Lonzi sold all the shares in the 'Lonzi' spa business to Spa Lonzi Ltda., in 1970.

At the time of the sale Lorenzo Lonzi and his son, Eduardo, each undertook not to compete with the established business by agreeing not to open any new spa businesses with the LONZI name for five years following the date of the sale in 1970. After the "non-compete" clause expired, Lorenzo and Eduardo formed a company called Loredu SA to open and run new Lonzi spa businesses in New York, USA, Buenos Aires, Argentina, and Hong Kong, all using the LONZI name.

On 1st December 2008, Loredu SA opened a health club called 'LONZI LONDON' in Knightsbridge, London, with a gym, pool and fitness programme. The name of the club is sometimes abbreviated to 'LONZI' on smaller items such as membership cards and on towels for use in the changing rooms.

Until Loredu opened the Lonzi London Spa there had been no business outlets under the name LONZI in the United Kingdom. However, Spa Lonzi Ltda had taken bookings over the phone (since January 2007) and via the English language pages of its website lonzispas.es (operational since March 2008) for its Seville and Madeiran services. They also distributed promotional literature relating to Spa Villa Lonzi (Madeira) in copies of the June 2008 edition of a popular and widely read magazine sold throughout the UK.

Spa Lonzi Ltda., owns a number of national trade mark registrations, including, in the United Kingdom, registrations for LONZI and SPA LONZI:

Registration No.:	2099308
Status:	Registered
Filing date:	15 May 2002
Registration date:	27 October 2004
Mark:	LONZI
Class 3:	Cosmetics and toiletries
Class 42:	Beauty salons, health spa services, health clubs; provision of information and consultancy services relating to health, beauty and body care.
Owner:	Spa Lonzi Ltda.

Registration No.: 3055396
Status: Registered
Filing date: 27 March 2006
Registration date: 27 October 2007
Mark: SPA LONZI
Class 3: Toiletries; massage oils, bathing oils, massage oils for therapeutic purposes.

Class 42: Beauty salons, beauty spas, health spa services, provision of information and consultancy services relating to health, beauty and body care.

Owner: Spa Lonzi Ltda.

You are asked to advise Spa Lonzi Ltda., as to:

1. Any causes of action they may have in the UK against Loredu SA and Lorenzo and Eduardo Lonzi and the likelihood of success of such causes of action (if any);
(17 marks)
2. The defences and counterclaims which might be open to Loredu, Lorenzo and Eduardo (if any), and the likelihood of any such defences or counterclaims succeeding.
(8 marks)

QUESTION 2

You have recently acquired a new client, Housebox Limited. In 1999 they launched an innovative new product under the mark IRONGLIDER. The product is a sheet placed over a standard ironing board which enables the iron to glide more easily. The product is sold in department stores throughout the United Kingdom. The IRONGLIDER sheet was an immediate success and the product generates substantial sales for your client. Although rival companies have since introduced their own versions of the product, your client retains a 75% market share. Your client advertises the product with the slogan "Make ironing easier with a Housebox Ironglider". In their catalogues, several department stores list both your client's product and rivals' similar products under the heading "irongliders". Your client is delighted by extensive press coverage of the product, including a recent article in a well-known homes magazine entitled "How on earth did we manage to do the ironing before irongliders?" (although your client's company is not mentioned in the article).

On 1 March 2000 your client applied to register the mark IRONGLIDER as a United Kingdom Trade Mark, covering "ironing board covers" in Class 21. The mark was registered on 15 August 2000. Your client does not own any other trade mark registrations.

You receive the following e-mail from your client:

"Dear TM Attorney,

Can we oppose this United Kingdom Trade Mark Application?

According to their website, Demon have run a dry-cleaning shop in Brighton since 1995 under the mark DEMON IRON-GLIDERS. Now they seem to be trying to muscle in on our market. Please call me to discuss."

UK Application No:	2513466
Applicant:	Demon Limited
Filing date:	1 June 2009
Publication date:	11 September 2009
Mark:	DEMON IRON-GLIDERS
Class 3:	Laundry starch, ironing preparations, scented preparations for use in ironing; ironing aids.
Class 21:	Ironing boards; shaped covers for ironing boards.
Class 37:	Dry cleaning, dry cleaning of clothing, services for the dry cleaning of clothing.

Your checks of the Register show that Demon does not own any other trade mark applications/registrations.

Makes notes ahead of your telephone call on the following points:

1. The potential grounds for opposing Demon's application, including any immediate action that needs to be taken. What counter-arguments to the opposition may be available to Demon? **(11 marks)**
2. Any possible grounds for attacking your client's registration that may be available to Demon. What effect, if any, would there be if your client's registration were successfully attacked? **(9 marks)**
3. Any further steps you would recommend your client to take. **(5 marks)**

Ignore any issues relating to patents or designs.

QUESTION 3

Your client, Peter Smith, operates a small shop in North London, stocking mainly clothing, footwear and fashion accessories. The shop stocks goods from various manufacturers, and the range tends to change frequently depending on what Mr Smith thinks will sell, and what is available from his suppliers.

Mr Smith has recently begun stocking a range of mobile phone covers and mobile phone batteries manufactured by a small local company. The phone covers and batteries are compatible with various models of SKYRAIN mobile phone. SKYRAIN is one of the leading brands of mobile phone, produced by Skyrain Inc. The mobile phone covers and batteries do not feature the mark SKYRAIN or any other trade marks on the goods themselves or their packaging. However, Mr Smith has applied stickers to the packaging of each phone cover, indicating the model of SKYRAIN phone with which each cover is compatible. These read "Compatible with SKYRAIN model no.". He has also applied stickers to the packaging of each battery which read 'SKYRAIN batteries'.

Mr Smith has recently taken delivery of several boxes of wallets bearing the following mark:



The boxes of wallets are in the storeroom at the rear of your Mr Smith's shop, and have not yet been displayed for sale. Mr Smith is aware of the ELLIPSIS brand of wallets, but isn't sufficiently familiar with ELLIPSIS products to be able to tell whether the goods are genuine. The price Mr Smith's supplier asked for the wallets was substantially lower than such goods normally sell for, and Mr Smith checked with his supplier that the wallets were not counterfeit. The supplier assured him that they were not counterfeits, but were last year's range and had been available at a substantial discount.

Earlier today, Mr Smith's shop was visited by the Trading Standards authorities, who seized samples of the mobile phone covers, batteries and wallets. Mr Smith was informed that Trading Standards suspect the goods to be counterfeit and will be contacting him shortly once the goods have been examined.

After Trading Standards' visit, Mr Smith immediately did some further research on ELLIPSIS products and discovered to his horror that his wallets lack the product care label present on all genuine ELLIPSIS goods, meaning that his wallets are counterfeit, although they are very close in appearance to genuine items.

Mr Smith has never had any problems with Trading Standards or the police in the past and is extremely worried. He tells you that he is an honest trader and he can't understand what the problem could be with the mobile phone covers or wallets – the

phone covers and batteries weren't fakes and even if the wallets were, he had even put them on display yet.

You consult the Trade Marks Register and locate the following registrations:

Registration No.: 3099308
 Status: Registered
 Filing date: 21 August 2004
 Registration date: 3 February 2005
 Mark: SKYRAIN
 Class 9: Telephones; mobile telephones; covers for mobile telephones.
 Owner: Skyrain Inc.

Registration No.: 3294632
 Status: Registered
 Filing date: 12 October 2005
 Registration date: 19 July 2007



Mark:
 Class 18: Bags; handbags; wallets; purses.
 Owner: Ellipsis Limited

- 1 Advise Mr Smith whether his use of the mark SKYRAIN in relation to the mobile phone covers and mobile phone batteries amounts to:
 - 1.1 Trade mark infringement under the civil provisions of the UK Trade Marks Act, 1994 (as amended); **(5 marks)**
 - 1.2 A criminal offence under the criminal provisions of UK the Trade Marks Act, 1994 (as amended). **(7 marks)**

In each case, include consideration of any defences which may apply.
2. Advise Mr Smith whether his possession of the wallets amounts to:
 - 2.1 Trade mark infringement under the civil provisions of the UK Trade Marks Act, 1994 (as amended); **(2 marks)**
 - 2.2 A criminal offence under the criminal provisions of the UK Trade Marks Act, 1994 (as amended). **(7 marks)**

In each case, include consideration of any defences which may apply.
3. Briefly explain the enforcement powers available to Trading Standards Officers and the circumstances in which they can be used, insofar as they relate to counterfeit goods. **(2 marks)**
4. What criminal penalties are provided for under the under the UK Trade Marks Act, 1994 (as amended)? **(2 marks)**

(Ignore any aspect of copyright or design right).

QUESTION 4

You act for a luxury sporting goods maker (Blueberry) which manufactures a variety of sporting goods at the luxury end of the market. These include running shoes with specially designed soles that exercise the whole of the body when worn for walking or running. The shape of the sole causes the wearer to stand and walk like a Sakia warrior who in ancient times lived high up in the Andes and could walk or run tirelessly for many hours. The shoes are called Blueberry Warrior.

Your client owns the following trade mark:

Registration No:	2099941
Status:	Registered
Filing Date:	16 th April 2004
Registration Date:	24 th May 2005
Mark:	BLUEBERRY WARRIOR
Class 25:	Footwear particularly sporting and running shoes

The shoes are very high quality and are packaged in luxury boxes bearing the Blueberry Warrior trade mark in stylised golden letters. The shoes have been a phenomenal success, particularly within the European Union, and are the choice of celebrities.

The shoes are sold through upmarket health clubs and specialist retailers under the terms of a strict selective distribution agreement which sets out among other things:

1. How the sales staff have to be trained to fit the shoes
2. The ambience within the selling area
3. The style of advertising
4. That the distributor may only sell on to health clubs, specialist retailers or other distributors who have entered into the same selective distribution agreement.

Last season one particular colour of Blueberry Warrior shoes (purple) did not sell very well. Blueberry decided to dispose of its surplus stock of purple shoes outside the EU as they were interested in entering the more prosperous non-EU former Eastern Bloc markets and wished to use this stock (which was substantial) to test those markets.

They sold the stock to a merchant in Germany on the basis of an oral understanding that the shoes were to be sold only in former Eastern Bloc states which are not EU member states. In order to keep track of the stock sold in this way the boxes were marked with a special code.

Shoes from this consignment have recently been discovered for sale through a small multiple retail chain in Central London. The shoes are being advertised in very poor quality hand bill advertisements distributed in Oxford Street. These hand bills bear the trade mark and a photocopied image of Blueberry's English advertisement in a well known upmarket magazine.

Furthermore, your client has recently been told that purple Blueberry Warrior shoes are being offered for sale in a discount shoe shop (trading as 'Ten Quid or Less') in Newcastle. These shoes have been repackaged in plain boxes with the trade mark printed on them in black ink. When asked why the shoes were not in the proper Blueberry boxes, the shopkeeper explained that part of the consignment was stored badly and the original expensive packaging was damaged by rain.

This alternative supply route has become public knowledge in Blueberry's selective distribution network around the world. As a result Blueberry's Malaysian distributor, who has had some trading difficulties, has begun to export part of his supply of Blueberry Warrior shoes, including shoes in this year's styles and colours, to a specialist retailer operating in an upmarket health club in Liverpool.

Advise Blueberry's Company Secretary, a Solicitor, as to what extent Blueberry can:

1. Stop sales of shoes by the German merchant to the multiple retail chain in London (6 marks)
2. Prevent the poor quality advertising via handbills (6 marks)
3. Prevent the sales of repackaged goods in the discount store in Newcastle (6 marks)
4. Prevent the sales of the shoes from the Malaysian market into Liverpool. (7 marks)

Ignore any copyright issues.

QUESTION 5

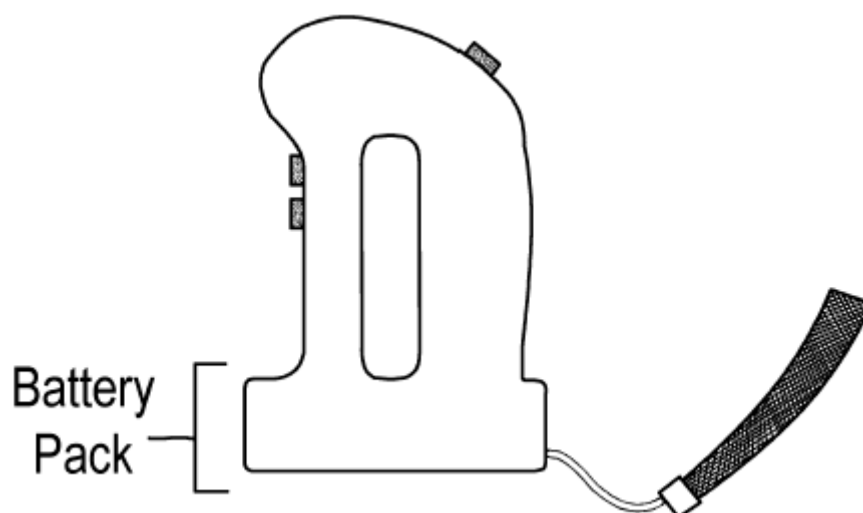
One of the best selling video game consoles of recent years has been the NUCLEAS console, produced by Japanese company Okuru K.K., which has sold well worldwide and currently has a 42% market share in the United Kingdom.

When the NUCLEAS console was first released, it was supplied with a control pad of conventional design, similar in appearance to those produced by other manufacturers and familiar to most players of video games. In November 2008, Okuru K.K. launched a new controller for their NUCLEAS console, which they call the DAMOCLES controller. Unlike the control pad originally supplied with the NUCLEAS console, the new controller is able to detect the movement of the user's hand and communicate this information to the console, allowing users to play an exciting range of new games, designed to be controlled by hand movement. The DAMOCLES controller also has three buttons, some or all of which are required in each game. The DAMOCLES controller is the only motion-sensitive controller on the market and its design is a considerable departure from that of the old control pads.

In addition to the apparatus required to detect movement and the three buttons, the DAMOCLES controller incorporates a sizeable battery pack to power the unit and a wrist strap, to prevent the controller flying free of the user's hand during use. The DAMOCLES controller sold extremely well, proving to be the 'must-have' gift of Christmas 2008. Since its launch, the DAMOCLES controller has received extensive media coverage and would be immediately recognisable to virtually all computer game enthusiasts in the UK.

You act for Stirling Bros. Ltd, a UK-based consumer electronics firm. In recent years, Stirling Bros. has had some success producing control pads compatible with some of the leading games consoles, including the NUCLEAS. These control pads tend to be fairly similar in appearance to the control pads produced by the console manufacturer and are invariably cheaper. Typically they are bought as additional controllers by consumers unwilling to pay the price of an 'official' control pad.

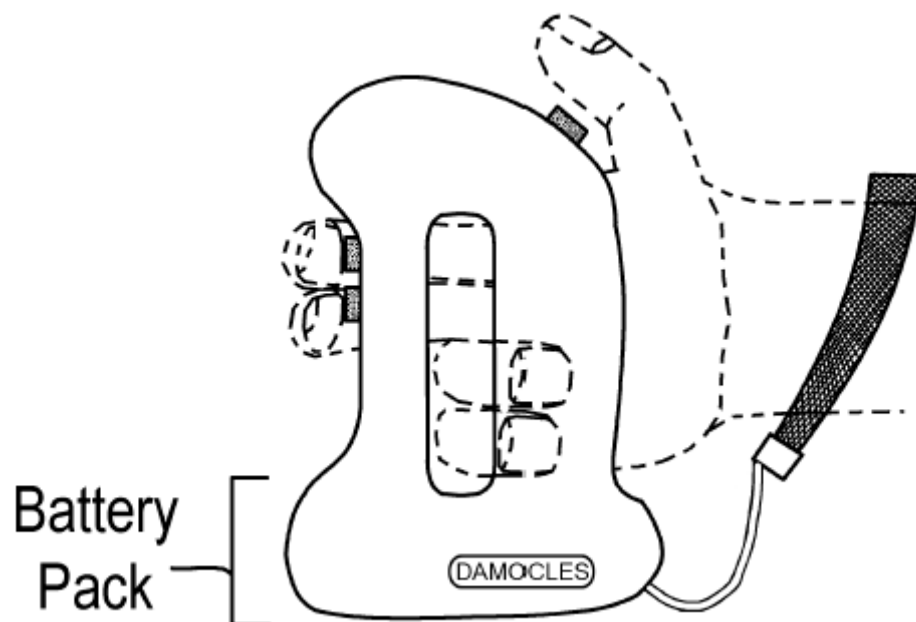
Stirling Bros.' latest controller, which they plan to launch in time for Christmas, is compatible with the NUCLEAS console and is intended as a cheaper alternative to Okuru's new DAMOCLES controller. Like Okuru's controller, your client's controller includes motion-detecting apparatus, a battery pack, wrist strap and three buttons and allows users to play Okuru's new range of games. Below is a picture of your client's controller:



As part of a recent market research exercise, your client showed members of the public at a computer games show a sample of their new controller, without telling them who it was made by, and asked them what they thought of the design. Many interviewees commented that the controller was “DAMOCLES-like”, “similar to the DAMOCLES” or “like Okuru’s one”.

Upon checking the UK Register, your client was concerned to discover the following registration:

Registration No.:	2535719
Status:	Registered
Filing date:	13 June 2008
Registration date:	6 October 2009
Owner:	Okuru K.K.
Class 9:	Controllers for video games.
Mark:	



The registration is for a 3 dimensional mark, which is the shape of Okuru’s DAMOCLES controller. The text on the shape reads ‘DAMOCLES’.

Your client is extremely concerned that their new controller may infringe Okuru’s registration.

1. Consider the potential grounds upon which Okuru could take action against your client’s use of their new controller. **(4 marks)**
- 2.a. Make brief notes on the arguments you would use to defend against such claims; **(9 marks)**

- 2.b. Discuss any counterclaims that would be available to your client in the event of infringement proceedings by Okuru, including consideration of how these might be affected by Okuru's use. **(12 marks)**

(Ignore any aspect of patents, copyright or design right).

QUESTION 6

You act for a cosmetics company, Forever Youthful, that makes a range of soaps, shampoos and fragrances.

In June 2001, they discovered a skin cream that actively removes all signs of aging from the face. In clinical trials the results were nothing short of miraculous. They expected this product to transform their business.

They made plans to market the cream under the trade mark JUVENESCENCE and acquired the following United Kingdom trade mark registration:

Registration No:	2099308
Status:	Registered
Filing date:	10 October 2001
Registration date:	10 October 2002
Mark:	JUVENESCENCE
Class 3:	Soaps perfumery, essential oils, cosmetics and toothpaste.
Class 5:	Dietetic foods.

Unfortunately, the cream base used to carry the active ingredient proved unstable at room temperature, so the company's scientists had to spend time reformulating the product.

To generate cash for the launch of JUVENESCENCE, Forever Youthful decided to release a different, high risk, unlicensed product recognizing that failure would certainly delay their ability to launch JUVENESCENCE cream. The new product had to be withdrawn in July 2002. The resulting personal injury claims drained the company's cash so the launch of JUVENESCENCE cream had to be delayed.

In September 2007, aware that nothing had been sold under the JUVENESCENCE mark, they decided to give away 50 samples of the cream (normal forecast sales were 1 million units per year) at a charity event held at a local golf club, partly to revive the trade mark and partly to assess interest in the product.

The interest aroused by the giveaway lead them to carry out a test marketing using 200 units of cream and 500 units of a yoghurt based diet drink under the JUVENESCENCE trade mark in a small independent pharmacy on 20 November 2008.

No other products have been distributed or sold under the JUVENESCENCE trade mark although plans are now in place to launch a the cream together with a soap and a range of diet food products on 15 November this year in time for the pre-Christmas market.

Two weeks ago, a grooming and fitness products company, Body Sculpture, launched a rival serum for facial use having a generally similar effect to your client's cream albeit less effective and under a similar trade mark. They have also launched a range of diet foods and vitamin supplements which they sell through their chain of exclusive health clubs.

A search reveals that Body Sculpture owns the following trade mark registration:

Application No:	2583286
Filing date:	10 June 2009
Publication date:	30 October 2009
Mark:	JUVESENCE
Class 3:	Soaps perfumery, essential oils, cosmetics and toothpaste.
Class 5:	Dietetic foods.
Class 44:	Cosmetic surgery services.

Advise your client as to:

1. The validity and enforceability of his trade marks in the light of the use that has been made of them, **(7 marks)**
2. What action he might take against Body Sculpture's application **(6 marks)**
3. The counter-measures BODY SCULPTURE might take **(6 marks)**
4. How the dispute might be resolved. **(6 marks)**