

THE JOINT EXAMINATION BOARD

PAPER T3

ADVANCED UNITED KINGDOM TRADE MARK LAW

4th November, 1991

10.00 a.m. - 1.00 p.m.

Please read the following instructions carefully. This is a THREE 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 and number it clearly in the margin. Write on one side of the paper only using BLACK ink. You must write your examination number and the designation of the Paper in the top right hand corner of each sheet. 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.

THE JOINT EXAMINATION BOARD

PAPER T3

UNITED KINGDOM TRADE MARK LAW (ADVANCED)

4th November, 1991

10.00 a.m. - 1.00 p.m.

PART A

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

1. Torgian Inc. are an American company who manufacture and supply electric door openers and electrically controlled gate openers. Their market is well established in the United States of America and Canada. Five years ago they established a subsidiary company, Torgian GmbH in Germany, to manufacture and sell their products directly to the European market. So far, European sales have not been substantial but over the past three years there have nevertheless been sufficient sales in Germany, Austria and Italy to maintain the German factory and a small workforce. Torgian Inc. and Torgian GmbH have enjoyed the most success with a garage door opener aimed at the domestic housing market and sold under the trade mark "TORGIAN SUPERSERVE". Torgian Inc. owns several U.S. registrations incorporating the mark "TORGIAN". There are no United Kingdom or European registered trade marks. The entire range of products, including TORGIAN SUPERSERVE garage door openers are advertised in a specialist trade magazine which has a worldwide circulation. It is circulated on a subscriber only basis. There are 15 subscribers within the United Kingdom and 44 throughout the remainder of Europe. Additionally, Torgian Inc. and Torgian GmbH attend the major trade shows which serve their industry, one of which is held annually in a major U.S. city, the other taking place in a different European venue each year.

A year ago Torgian Inc. developed a demonstration model of the TORGIAN SUPERSERVE garage door opener adapted for U.K. domestic voltage. Samples were sent to the Mechanical Engineering Department at Edinburgh University for testing and to a large U.K. house builder ("Bildbest"), again for testing with a view to incorporation in their newly built homes and garages. The testing results were favourable and Torgian Inc. began preparations for a major launch in the United Kingdom.

This involved meetings between representatives of Torgian Inc. and Torgian GmbH in order to establish a UK sales base and the placing by them of an advertisement in the appointment section of several U.K. daily newspapers advertising the job of U.K. Sales Director. Two days after the interviews had finished, a Director of Bildbest faxed to Torgian Inc. a full page advertisement from the latest issue of "Builders Weekly" featuring an electric garage door opener under the trade mark "TORJAN SUPER". The advertisement offered demonstrations and "special offer deals" on such products. Readers were asked to contact a Mr. Len Rose (Sales Director). The advertisement had

StudentBounty.com

apparently been placed by Torgian (U.K.) Limited, which name appeared in the advertisement together with a registered office address in Hertfordshire. A search of the Companies Register revealed that the date of incorporation of Torgian Ltd, was two weeks after the advertisement for the post of Sales Director placed by Torgian Inc. and Torgian GmbH.

Advise Torgian GmbH and Torgian Inc. in note form of their position.

(15 marks)

2. Your clients, Safebury Limited, run a large chain of supermarkets. They have adopted the practice of producing "own brand" versions of the brand leaders in any particular product sector. Despite your advice they have tended to use "get-up" very similar to the leading brand in each case, although they never use the brand leader's trade mark and always identify the product clearly as coming from Safebury. They now send you a copy of a letter which they have received from Messrs. Tulkinghorne's a firm of leading solicitors. The letter reads as follows:

"We act for Bruff Ltd, the well-known shoe polish manufacturers. Our client manufactures and sells a range of coloured shoe polishes under the trade mark SHUFF. Last year their sales of SHUFF products exceeded 2 million units. Since their launch in 1974, SHUFF shoe polishes have always been sold in a distinctive plastic container resembling a shoe, the colour of which indicates the colour of the polish in the container. Our clients have very recently discovered that you are selling shoe polishes in containers which greatly resemble SHUFF polish containers. Furthermore, your shoe polish container bears a prominent label saying "Read Me". The text of that label states that "Unlike any other shoe polishes, no animal products are used in the manufacture of Safebury's shoe polishes".

Contrary to the implication of this label, the materials used in our client's products are not derived from animals."

The letter then sets out the alleged causes of action against your client and asks for undertakings.

Set out what causes of action might appear in the letter and draft a response to Tulkinghorne's letter.

(15 marks)

3. Your client, Jolly Wines Limited, has just commenced manufacturing and marketing a ready mixed cocktail product, which is sold in small bottles and promoted as "ready to drink". The cocktail is champagne based, with a blend of other ingredients including fruit juices and mixer (primarily tonic water). The product is being sold under the trade mark "FIZZY CAN-CAN" which appears prominently on the bottle label and in your client's advertising material, together with a picture of a photograph showing a female dancer doing the high kicking "can-can". The female is naked except for feathers in her hair. Underneath the picture in small italic script is the title "Miss Moulin Rouge 1991".

Your client has received a threatening letter from a well-known French champagne manufacturer and supplier. The letter states that it is the owner of a U.K. registered trade mark for "MOULIN ROUGE", registered in Part A in 1968 for "champagnes sparkling wines" in Class 33. It alleges infringement of its mark by your client and is seeking immediate undertakings.

Jolly Wines Limited requires advice as to the chances of the champagne manufacturer succeeding in its threatened action for infringement. Write a letter to your client.

(15 marks)

4. You act for the Harpy Tea Company Limited ("Harpy Tea"), an old established client for whom your firm obtained registration in the 1920's of the mark HARPY which is registered in Part A in respect of "tea, cocoa and sugar". Harpy Tea's Managing Director has written to you in the following terms:

"As you know, we have built up our tea business to the point where HARPY is the number one brand in the UK. We have always followed your advice about the careful use of our brand name, and we have stuck with the green/red colour combination of the packs. You will recall that you told us there was not much we could do about the other 2 rivals using green/red packaging, and of course we accept that it is common to the trade.

Last Saturday, I found the enclosed pack of 40 bags of herbal tea in my local supermarket. As you will see, it has HARPY in green on a red ground, just like our packs. Apparently the stuff is packed in France by Marzan Richelieu SARL. We certainly do not have anything to do with the product; it's awful stuff.

I have checked these people out in our records. We sold them our French trade mark registration of HARPY in 1931, when we were rationalising the foreign business. Our agreement was that they could buy the registration, but they would only use the mark on herbal tea infusions (not very popular here) and would sell the product only in France. I thought the agreement was still in effect - up to now they have not sold anything over here. Apparently they are the brand leaders in France for herbal tea infusions.

Is there anything we can do? Surely we have the exclusive right to use HARPY over here? How can they break the agreement like this? My Sales Director has reminded me that they used the agreement against us in 1980 when we wanted to expand into France. Our sales are falling already. I should have thought the very least they could do is to alter their packs to a different colouring."

Advise your client.

(15 marks)

5. You act for Nipponfax KK who are the registered proprietor in the UK of the trade mark NIPPONFAX in respect of, inter alia, "facsimile machines". You have just had a meeting with Nipponfax's UK marketing manager who has given you the following information:

- StudentBounty.com
- a. Three months ago, a UK customer returned a facsimile machine allegedly under the terms of Nipponfax's guarantee. The machine had been manufactured by Nipponfax for the South Korean market and the guarantee applied in that territory only. However, Nipponfax had honoured the guarantee, although they were not very happy at the quality of the wiring which had been put in by the supplier to adapt the facsimile machine for the U.K. market. The customer said he had only bought the facsimile machine because it came with a guarantee from a reputable manufacturer. Nipponfax had not complained to the supplier because they thought no action was available to them in view of the facsimile machine being "genuine".
  - b. The supplier in question was Shady Electronics of Tottenham Court Road. The proprietors of Shady Electronics are Messrs. Baldrick and Blackadder who formerly ran Fly-by-Night Airfares, the bucket shop which recently disappeared owing a lot of people money. Shady Electronics has recently been conducting an advertising campaign advertising the NIPPONFAX products as "genuine parallel imports - why pay U.K. prices?"
  - c. Nipponfax has instructed a private detective to look into Shady Electronics. He has reported that there are large stocks of NIPPONFAX machines, imported from South Korea, in boxes in the storeroom. He made a test purchase of one of the machines, and was told that it had been adapted for U.K. use by Shady Electronics. An examination of this machine shows that it is in fact a counterfeit.
  - d. Nipponfax wants sales of these products to be stopped immediately.

Write notes on the remedies available, if any, against Shady Electronics in respect of (a) the first facsimile machine and (b) the counterfeit. Outline the procedures to be followed to obtain such remedies.

(15 marks)

#### PART B:

- 6. Your clients are the proprietors of a U.K. registration for the mark DELMATO for sauces and spices, registered in 1980. A recent and very successful advertising campaign on television and in glossy magazines promoting DELMATO tomato sauce mixed with DELMATO herb mixture for use with meat dishes has resulted in growing sales to doner kebab houses. As a result of this campaign, customers commonly ask for a 'delmato doner'. Harry, the proprietor of your favourite doner kebab house tells you that any tomato sauce and any mixed herbs will do to make this DELMATO sauce. You spot a danger to your clients.

Make notes of the points you might make in a phone call to the Marketing Director as to (a) the legal basis of the danger and (b) steps he might take to prevent further problems.

(10 marks)



7. You act for Digger Publications Plc., the publishers of City Daily, a newspaper published Monday to Friday and concerned mainly with financial matters and the money markets. The newspaper is in the traditional 'quality' format but is rather unusual in that it is the only daily financial paper which is printed on green paper. In appearance the newspaper does not differ greatly from how it first appeared in 1954. It sells at 45p.

There is a tabloid weekly named SELLOUT which sells for 25p printed on paper of a similar but not identical shade of green. This publication consists entirely of classified advertising for cars, boats, houses and unwanted household goods. It is not connected with Digger Publications Plc.

City Daily is required reading for anyone involved in financial matters. In the past three years, in order to take advantage of the newspaper's reputation for reliability and informed analysis, Digger Publications Plc. began to publish a range of guides on subjects such as Insider Dealing, Banking Regulation and Investing in South Africa. These guides are in paperback form and have green covers. The text is printed on ordinary white paper. The guides are sold by mail order and in major book chains such as W.H. Smith. CITY DAILY is registered in Class 16 for newspapers and printed publications.

Digger Publications have just become aware of a plan by their rivals Checkmate Newspapers Plc. to publish a weekly newspaper to be named CITYFILE. The Newspaper will be in tabloid form and will consist of a mixture of light-hearted 'city gossip' and more serious investigative journalism in financial matters. The newspaper will be printed on green paper. A dummy has been obtained by the Client through a spy in the Checkmate office. The green paper is the exact shade of green used for CITY DAILY. The spy believes the paper will be launched in the next three weeks, and will cost 40p.

Digger Publications Plc. are concerned at this development and have asked your initial advice on their position, namely the steps open to them to prevent the launch of the CITYFILE newspaper and their prospects of success.

Write a letter to your client in reply.

(10 marks)

8. You have been approached by a new client, Domenico Scarlatti. The mark SCARLATTI is well known to you from your visits to Italy as the name of a range of very exclusive crocodile skin handbags and briefcases. You conduct a search which reveals that SCARLATTI is registered in the United Kingdom in Part B for "handbags and briefcases, all of leather or imitation leather, all included in Class 18". The registration is owned by Alessandro Scarlatti S.p.A. and dates from 1979. Domenico tells you that this is the name of the company owned by his father.

After a family argument, Domenico has come to England to start his own business. He is proud of his family name and wants to use it, but says all of his handbags will be made from artificial materials as he feels that use of any animal skins is immoral. In any event, his father's company have abandoned the U.K. market following a campaign by an animal rights group

against Alessandro Scarlatti S.p.A.'s use of crocodile and alligator fastenings on their handbags. Individual purchasers who bought SCARLATTI bags overseas are still bringing them into the U.K., much to Domenico's disgust.

Alessandro Scarlatti S.p.A. are still selling calf leather slippers through a famous Bond Street shop. The slippers bear an entwined S device which is not registered by the company. Domenico tells you that he will be using his own full name "DOMENICO SCARLATTI" on his handbags and will not use Alessandro Scarlatti S.p.A.'s entwined S device.

Write notes on the advice you would give to Domenico.

(10 marks)

9. Your U.K. client is the proprietor in the UK and EC countries of registrations of the trade mark FIXO for adhesives. He has entered into a license with another company which will allow them to manufacture in France and supply distributors there, in Morocco and in Dresden, in the former East German territory, adhesives bearing the trade mark FIXO. The client is supplying the UK market with the FIXO adhesive products which are a well established range. The price of the licensed FIXO adhesive products is likely to be lower than that of the corresponding UK product.

In note form, advise your client as to the possible consequences of this arrangement.

(10 marks)

10. Your client is the famous whisky distiller, R. Burns & Co., who are the registered proprietors of a composite mark "BONNIE BANKS Loch Lomond Whisky".

Dr. Dee is a whisky broker in the City of London. He has sent a consignment of unmaturing undiluted whisky, made by R. Burns & Co., to Ecuador where there is a flourishing whisky trade. Dr. Dee's Ecuadorian associate generally mixes the whisky with local grain spirit before selling it. Dr. Dee sends his associate by separate consignment 4,000 labels bearing the BONNIE BANKS Loch Lomond Scotch Whisky device.

R. Burns & Co. have not registered their trade mark in Ecuador. Advise them as to the remedies available to them in the United Kingdom.

(10 marks)

