



TABS™ Update Technology And Brands

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The Vodka Battle – Round Two!

TAB Readers will recall our previous report on a case instituted by Diageo North America Inc. (“Diageo”), the manufacturer of SMIRNOFF, in the English High Court against Intercontinental Brands Limited (“Inter Brands”). Diageo claimed that Inter Brands were passing off their product VODKAT (a mixture of vodka and fermented alcohol, with 22% of alcohol per volume). The case is one of “extended passing-off” where protection is sought in respect of the goodwill generated by a particular product rather than by relying on the mark of the particular trader who produces it. This form of protection has been granted in the past in respect of champagne, sherry, whisky and Swiss chocolate. The issue in the case was whether vodka as a product qualified for similar protection. The High Court found that VODKAT was marketed and packaged in a way that misrepresented to the public that VODKAT was vodka, instead of a drink containing vodka. Consequently, it granted a (qualified) injunction preventing Inter Brands from using the name, VODKAT without making it clear that the product was not vodka. Inter Brands appealed the matter to the Court of Appeal.

Inter Brands did not challenge the High Court’s finding of reputation, misrepresentation or damage. Instead, it based the appeal on a discrete point about the nature of the products to which the protection available in the extended form of passing-off can apply. Inter Brands claimed that extended passing-off was limited to products which have a cachet, that is, products perceived by the relevant public as being of superior quality or as a premium product. The Court of Appeal dismissed the appeal. It stated that there was no support for the submission that in cases of extended passing-off, some cachet must be found. It endorsed *“the view of the judge that the argument that the product must be a premium or luxury one is in fact contrary to the principle which underlies [the legal authorities]. So-called premium brands are likely (perhaps more likely) in many cases to acquire the distinctiveness required. But goodwill may attach to a product simply because consumers come to like and value it for its inherent qualities rather than its status.”* The Court stated that the qualities of vodka as *“a clear, tasteless, distilled, high strength spirit”* has given it *“a following which has created significant goodwill in the name. That is sufficient...to entitle Diageo to protection for their product against VODKAT which, on the judge’s findings, passes itself off as the same product”*. The Court rejected Inter Brands attempt to restrict cases of passing-off to products with a distinctive or superior reputation and *“so exclude what could be a multitude of claims in respect of generally available goods”*. In any event, the Court noted that the *“requirement to prove reputation in a distinctive product and the necessary level of goodwill is likely to limit cases of extended passing-off to a relatively narrow class”*.

A cross-appeal was filed by Diageo on the form of the order, as only a qualified injunction was granted by the High Court. Diageo argued that this meant that in certain circumstances Inter Brands could still use the VODKAT name. The Court of Appeal refused to interfere with the High Court’s assessment of the situation and instead, respected its decision which, it stated, was not wrong in principle. Therefore, the cross-appeal failed.

The lesson for other companies is that they should not use a description or term which misrepresents to the public that their products fall within a clearly defined class of goods, when in fact, they do not. Otherwise, there will be legal (not to mention, financial) consequences. Legal advice should be sought if in doubt as to whether you infringe the intellectual property rights of a third party or indeed, if you believe that your rights are being infringed.



The National Consumer Agency strikes!

It is important that companies adhere to consumer protection legislation, otherwise they will incur the wrath of the National Consumer Agency ("NCA"). As evident from the Consumer Protection List ("the List") recently published by the NCA, it is not afraid to use its powers.

The List details 57 enforcement actions taken by the NCA against companies between January and July 2010 for failing to comply with consumer legislation. The List alerts consumers about prohibited practices that the NCA has encountered during a certain reporting period. In the latest List, breaches were identified in numerous sectors ranging from retail to the motor industry. The enforcement actions taken by the NCA included issuing compliance notices to 20 companies who charged more for consumer goods than the price displayed; obtaining undertakings from two companies engaged in misleading commercial practices; issuing 34 fixed payment notices to companies who were in breach of price display legislation; and obtaining a prohibition order against a company in respect of the sale of cars with altered or reduced odometer readings.

According to its 2009 Annual Report published in July 2010, the NCA adopts a risk-based approach to enforcement, targeting its resources in areas where there is a consumer issue of particular concern. In addition to enforcement work, the NCA also conducts a programme of annual Compliance Blitzes, targeting companies who have come to its attention through consumer complaints and random 'on the spot' compliance checks. In 2009, the enforcement actions taken by the NCA included issuing fixed payment notices to 52 companies; issuing 32 compliance notices; obtaining 1 prohibition order; obtaining undertakings from 3 companies; and successfully prosecuting 6 companies.

As the NCA is not afraid to use its powers, companies should review their operations and ensure that they comply with their legal obligations. Otherwise, the NCA may strike and you may find your company appearing on the Consumer Protection List as well as in the NCA's Annual Report for all your customers to see!

E-commerce consultation launched

The European Commission have launched a consultation seeking the comments of interested parties on the future of e-commerce in the European Union and the implementation of the Electronic Commerce Directive.

The Commission recognises that e-commerce plays an important role in promoting "*cross-border trade, improving the accessibility of Europe's population to more varied products, to more qualitative products and exerting greater price competition in the on-line and off-line world*". However, ten years after the adoption of the Electronic Commerce Directive, it appears that on-line transactions in the EU accounts for less than 2% of total retail service sales, rising to 4% in just four Member States. The Commission wishes to identify obstacles to the development of e-commerce in the EU and to evaluate the impact of the Electronic Commerce Directive. The Commission has invited interested parties to submit their comments on subjects such as (a) the level of development, both national and cross-border, of information society services; (b) contractual restrictions on cross-border on-line sales; (c) cross-border on-line commercial communications, in particular, by regulated professions; (d) the development of on-line pharmacy services; (e) the resolution of on-line disputes. Interested parties include ministries responsible for the various aspects of e-commerce; information/internet service providers and professional associations that represent them; regulated professions including pharmacists and lawyers; consumers having an interest in e-commerce as well as consumer associations; and rightholders and organisations that represent them.

On the basis of the responses received together with input from the Member States, the Commission will produce a Communication on e-commerce in early 2011. Responses can be submitted in writing or on-line (http://ec.europa.eu/internal_market/consultations/2010/e-commerce_en.htm) on or before Friday 15th October 2010. Watch this space for further updates.



Google revises trade mark policy

Brand owners should take note that the search engine, Google is to change its trade mark policy on 14th September 2010.

Under its trade mark policy in the United States, advertisers can use the trade marks of brand owners in their ad text even if they do not have approval from the brand owners to use the marks. As of 14th September 2010, this policy is being extended to Ireland, Canada and the UK.

However, if a brand owner is concerned over the use of their trade mark in an ad text, it can complain to Google. On receipt of the complaint, Google will carry out a limited investigation as to whether the use of the trade mark in the ad text is confusing and if this is the case, it will remove the advert. Examples given by Google of adverts which will not result in confusion are adverts (a) where the trade mark is used in a descriptive or generic way and not in reference to the trade mark owner or the goods/services corresponding to the trade mark; (b) which refer to the sale of goods/services corresponding to the trade mark (for example, resellers); (c) which refer to the sale of components, replacement parts or compatible products corresponding to the trade mark; (d) that provide information about the goods/services corresponding to the trade mark and the advertiser may not sell or facilitate the sale of the goods/services of a competitor of the brand owner.

In addition to the above, Google has updated its policy allowing advertisers across Europe to use the trade marks of third parties as keywords (namely, words which generate sponsored links). While brand owners will be unable to prevent advertisers from selecting their trade mark as a keyword, they can complain if the use of the keyword, in combination with a particular ad text, is confusing as to the origin of the advertised goods/services. On receipt of the complaint, Google will carry out a limited investigation and if it finds that the ad text does confuse consumers as to the origin of the advertised goods/services, the advert will be removed.

As advertisers will use the above opportunity to increase traffic to their website, it is important that brand owners monitor the use of their trade marks as keywords across Europe and their use in ad texts in Ireland, the UK and Canada and take action if they believe that consumers will be confused about the origin of advertised goods/services.

And Finally....

On 27th October 2010, Maureen Daly, Partner and Head of our Technology And Brands Unit, will chair the 5th Annual Privacy & Data Protection Conference Ireland entitled "*Data Protection: Global Compliance Management*" at the Law Society of Ireland, Blackhall Place, Dublin 7. The one-day conference brings together leading data protection experts from Ireland, the US and the EU who will discuss issues ranging from multi-jurisdictional compliance to outsourcing, cloud computing, children's privacy and data security breach management. Beauchamps Solicitors is one of the sponsors of the conference.

Madeleine Delaney, Associate in our Litigation and Dispute Resolution Unit, will speak on the topic, "*BCR: Can one size fit all?*".

For more information on the programme and to register for the conference, please click on the following link:
<http://www.trans-events.net/PDPIRE10.html>

Contact:

**Maureen Daly – Partner and Head of Technology And Brands
Beauchamps Solicitors**

Riverside Two, Sir John Rogerson's Quay, Dublin 2
Tel +353 (1) 418 0600 Fax +353 (1) 418 0699
email m.daly@beauchamps.ie web www.beauchamps.ie

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