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Fashion & Law


Recent developments in the fashion
industry

2014

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Introduction



Welcome to our second Fashion & Law Newsletter for 2014. This is an update about recent legal developments and landmark decisions affecting the fashion industry.

Our lawyers from around the world provide useful case summaries and practical advice in relation to trademark protection and scope of protection as well as design and copyright protection.

If you have any questions regarding issues raised in this newsletter, please feel free to contact us or one of the members of our global team listed as authors of the articles.

We hope that you find this newsletter useful and relevant to your organisation – or that you simply find the articles interesting! Enjoy reading!



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Europe - EU

Clarification in respect of validity and enforceability of trademarks protecting single brand elements (Levi Strauss' Tab device)

What is seen as a trademark is used as one!

Levi Strauss & Co. faced a number of proceedings involving a German company, Colloseum Holding, both before the German courts and the Court of Justice of the European Union (CJEU), and before the Office for Harmonisation in the Internal Market ("OHIM"). Levi Strauss had sued Colloseum over infringement of its famous Tab device (small tab sewed into the seam of Levi Strauss' clothing, footwear and accessories since 1936). Colloseum retaliated with counterclaims and separate revocation actions based on alleged lack of use of the marks protecting the Tab, and also brought cases against the Arcuate device (the stitching device used on Levi Strauss & Co.'s goods since 1873). Levi Strauss owns national and Community trademark registrations for Tab and Arcuate each on their own and in combination with each other, for example:



The marks are commonly (although not exclusively) used in combination with each other. Moreover, the Tab is mostly used with the word LEVI'S written onto it.

In April 2013, the CJEU rendered its decision in the referred cases referring to genuine use of the Tab device.¹ Much to the relief of trademark owners, and in line with its earlier *Rintisch*² decision, it held that a trademark may be considered to be used even though it is only used as part of a composite mark, provided it is in itself perceived as a distinctive indicator of origin. Where this condition is fulfilled, it does not matter if it is registered both by itself and in conjunction with the other trademark elements with which it is commonly used.

In October 2013, OHIM's Cancellation Division handed down three rulings³, this time concerning the Arcuate. Finding that this device was "*the mother of all stitching devices*", it held that the Arcuate had been genuinely used even though it had

usually been used in close proximity with other branding elements. The key question was whether the Arcuate device had maintained its distinctive character. This was affirmed.

The decisions of the Cancellation Division are in accordance with the recent case law of the CJEU and expressly quote the decisions *Rintisch* and *Specsavers*⁴. Curiously, the *Colloseum* decision that involved the same parties and the same issues was not expressly referred to, even though the Cancellation Division's reasoning followed that rather than the argumentation of *Specsavers*. In *Colloseum*, it was held that a trademark remains a mark if perceived as a distinctive sign, even if it is used in combination with other elements. In *Specsavers*, in turn, even though the question and the outcome were pretty much the same, the CJEU qualified the use of the mark in combination with other trademark elements as use of an alteration of the mark as registered, only to then find that such alteration did not have an impact on the distinctive character of the mark as registered, and therefore maintained the registration.

Conclusion

To conclude, a sign which is mainly (or even always) used as part of a composite mark or in conjunction with another mark is nevertheless used as such provided it can be shown that consumers perceive the mark on its own as an indication of origin. From a brand owners' perspective, 2013 therefore brought a very welcome clarification as to the validity and enforceability of trademark registrations protecting single brand elements. ■



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¹ Court of Justice's decision of 18 April 2013 in case C-12/12 ("*Colloseum*")

² Court of Justice's decision of 25 October 2012 in case C-553/ ("*Rintisch*").

³ OHIM, Cancellation Division's decisions of 28 October 2013 in cases 5995C, 5997C and 5992C.

⁴ Court of Justice's decision of 18 July 2013 in case C-252/11 ("*Specsavers*").

Europe - EU

Likelihood of confusion between figurative marks "SEVEN" and word mark "SEVEN FOR ALL MANKIND"

The Court of Justice of the European Union (CJEU) had to decide on the likelihood of confusion between the following three earlier figurative marks



of Italian backpack manufacturer Seven and the word mark

SEVEN FOR ALL MANKIND

for which US Jeans brand Seven For All Mankind (SAM) sought registration for goods in class 14 (covering inter alia jewellery) and class 18 (covering inter alia travel bags).

Seven opposed the trademark application on the basis that it was confusingly similar to its own figurative marks depicted above that are registered, amongst others, for goods in classes 16, 18 and 25.

OHIM upheld Seven's opposition with respect to backpacks due to an acquired distinctiveness on the Italian market in relation to those goods but rejected it for all other goods. OHIM found that there was only a low degree of similarity between the marks and concluded that a likelihood of confusion could not be established. OHIM's Board of Appeal dismissed Seven's appeal against this decision. It equally held that there was no likelihood of confusion between the marks and stated that the number "seven" written in letters possessed a very weak distinctive character.

This decision was, however, overturned by the General Court (GC). The GC applied the usual test and compared the visual, phonetic and conceptual similarities of the marks.

In assessing these similarities, the GC held that the fact that the word "seven" was present in both the earlier

marks and the application was an important point of similarity. The word element "seven" played a significant part in the earlier marks because the figurative elements of these marks were limited to unoriginal typefaces. At the same time, the word "seven" was not linked with the goods in question and not commonly used in the sector. The GC thus attributed an average degree of inherent distinctive character to the word "seven".

With respect to the application "SEVEN FOR ALL MANKIND", the GC found that the fact that the figurative elements were not reproduced in the mark did not dispel the similarity. Furthermore, the GC held that the additional words "for all mankind" would be understood as a reference to who the goods are intended for rather than as a "philosophical concept". The Court argued that the addition "for all mankind" was not very distinctive for the goods concerned and that the conceptual scope of the application would mainly be determined by the word "seven". The additional words could thus not obscure the similarity between the signs. This was particularly true as the word "seven" was positioned at the beginning of the sign because consumers generally paid greater attention to the beginning of a word sign than to the end.

In its decision of 21 February 2013 (case C-655/11 P) the CJEU upheld the GC's judgment. The CJEU reasons that some of the GC's findings present findings of a factual nature in which the GC has exclusive jurisdiction and which thus cannot be reviewed by the CJEU. With respect to the other grounds of appeal brought forward by SAM and OHIM, the CJEU does not see an error in law.

Conclusion

The decision grants Seven's figurative marks a broad scope of protection: the Courts essentially treat the figurative marks as if they were word marks and attribute the word "seven" an average degree of distinctive character. At the same time, SAM's

application for a composite word mark of considerable length is interpreted narrowly.

In contrast, the German Federal Patent Court ruled in a similar case in 2005 that Seven's figurative mark **Seven** had a very narrow scope of protection and its distinctive character depended solely on its typographic style and not on the meaning of the word "seven" as the inherent distinctive character of numerals was generally very low.

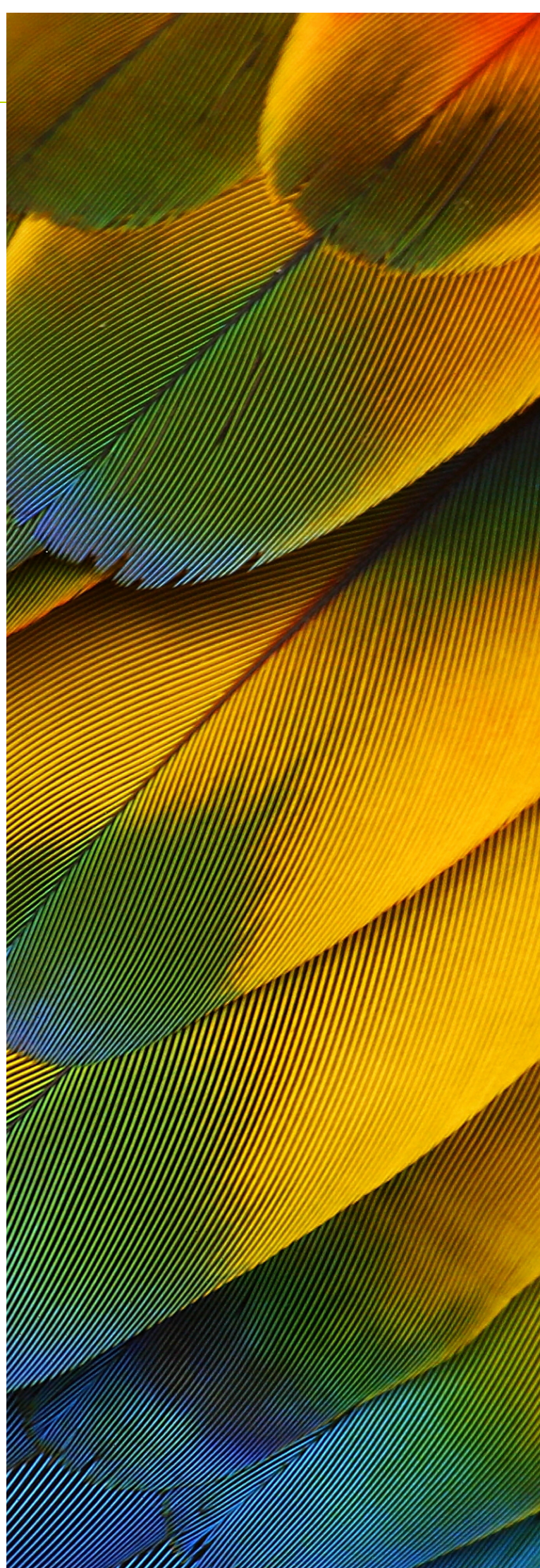
The decision at hand may not be generalizable per se. In particular, it is not to be expected that figurative marks only consisting of a stylized word generally have to be interpreted like word marks. However, the decision shows that European courts tend to offer a rather broad protection to such marks and that the CJEU is willing to grant its lower instance court some discretion in assessing such cases. ■



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Europe – EU

Are beauty and fashion really so incompatible? Case-law denies similarity between personal care goods and fashion goods despite market reality

From high fashion to high street, it is commonplace for fashion brands to also market personal care goods such as perfume, skin care and cosmetics. Consumers are accustomed to seeing clothing and accessories trade marks on personal care goods, and such goods are often distributed using the very same channels and available for purchase in the same outlets.

One might be surprised then to learn that EU trade mark case-law consistently refuses to find any measure of similarity between class 3 goods on the one hand and "fashion goods" in classes 14, 18 and 25 on the other in the context of likelihood of confusion under Article 8(1)(b) CTMR⁵.

The General Court of the EU has been faced with the issue of whether there is similarity between class 3 goods and fashion goods on four occasions thus far⁶, mostly recently in the *EMILIO PUCCI / EMIDIO TUCCI* case. On each occasion it has dismissed the possibility that such goods possessed a relevant similarity leading to likelihood of confusion under Article 8(1)(b) CTMR. The Court's reasoning was based on its finding that personal care goods and fashion goods are different as regards their nature, intended purpose, method of use and the fact that they are neither complementary nor in competition. The Court has, in addition, ruled out any aesthetic complementarity between these goods, holding that personal care goods are not indispensable or important to the use of fashion goods nor would consumers consider it ordinary and natural to use these products together. While that much may indeed be correct where the majority of such goods are concerned, is it not also true that consumers will consider that fashion goods and personal care goods bearing the same trade mark originate from one and the same source? This is notwithstanding situations where licensing agreements come into play, however, for the average consumer of the goods at issue that is a step more than they should be expected to consider on an "average level of attention" basis.

For famous fashion brands, all is not lost.

In the event that they do not already have broad coverage for their trade marks, well-known fashion labels will be in a position to rely on the reputation of their trade marks for fashion goods, which should be sufficient to prevent use or registration of identical or similar trade marks for class 3 goods in accordance with Article 8(5) CTMR, on the basis that such use or registration would take unfair advantage of or be detrimental to the reputation or distinctive character of the earlier well-known trade mark. Nevertheless, proving that an earlier trade mark enjoys a reputation of course involves putting forward large amounts of evidence, and in turn increases the costs of enforcing one's brand. And what about those new-to-the-market clothing companies or up-and-coming designers, who do not yet have a reputation in the EU?

One has to wonder – when the market reality is that fashion designers and clothing retailers regularly also market personal care goods under the same brand – why has case-law not adapted to reflect this?

The Court of Justice of the EU's *Canon*⁷ guidelines on comparison of goods and services are, after all, just that – guidelines – and yet the General Court and OHIM treat them as if they were required and exhaustive. Shouldn't the comparison of goods and services be more fluid than this, and more pliable to changing market realities and practices?

While the case-law remains as seemingly short-sighted as it currently is, from a practical perspective, it goes without saying that trade mark owners must ensure that they have broad protection for their brands across all areas in which they envision expansion. ■



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⁵ With the possible exception of where such goods have a clear relationship to cosmetics, e.g. vanity cases in class 18 which are used to carry cosmetics and toiletries. For example, OHIM's First Board of Appeal found such goods to be similar to class 3 products in its 9 February 2012 decision in Case R-558/2011-1.

⁶ Case T-150/04, *Mülhens GmbH & Co. KG v. OHIM (TOSCA / TOSCA BLU)*; Case T-162/08, *Frag Comercio Internacional SL v. OHIM (GREEN by missako [fig.] / MI SA KO [fig.])*; Case T-586/10, *Aktieselskabet af 21. November 2001 v. OHIM (ONLY / ONLY GIVENCHY [fig.])*; and Case T-357/09, *Emilio Pucci International BV v. OHIM (EMILIO PUCCI / EMIDIO TUCCI [fig.])*.

⁷ See 29 September 1998 judgment in Case C-39/97, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc.*

Europe – France

Isabel Marant protects its brand online

Paris Court of First Instance, 20th June 2013, Isabel Marant, IM Production and Isabel M Diffusion v. iOffer Inc.

The US company iOffer Inc. has created a website, accessible in France, allowing users to purchase, sell and negotiate items with other users without offering itself any products for sale. M group, had a cease-and-desist letter sent to iOffer Inc. asking for the removal of all materials making reference to its ISABEL MARANT trade marks. In response, iOffer Inc. asked M group for the URLs of the allegedly infringing ads posted on its website. The plaintiffs instituted proceedings against iOffer Inc. due to the diffusion and the commercialization of infringing goods.

The subsequent proceedings before the Paris Court of First Instance were postponed until the parties came to an agreement.

In its order of 20th June 2013, the Paris Court of First Instance recorded such creative settlement agreement.

In such an agreement, iOffer Inc. granted access to the plaintiffs to its interface and provided authorized them to remove, themselves and under their sole responsibility, any ad that they considered as infringing their IP rights.

The defendant also undertook to implement an alert system notifying the plaintiffs of any use in any ad of several key words related to the products at stake, namely "Isabel Marant" and "Marant". ■



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Europe – France

Use of designations on t-shirts: Purely decorative or use as a trademark?

Caen Court of Appeal 4th April 2013, Magasinage Administration et Gros SAS v. Distribution Casino France SA

Magasinage Administration et Gros SAS is the owner of the rights in the trade mark MEME PAS PEUR ("*not even afraid*" in English) for clothing. In view of the reproduction of this childish expression on clothing commercialized by Distribution Casino SA, Magasinage Administration et Gros SAS had a cease-and-desist letter sent to the former to have such use put to an end and obtained an Order from the Cherbourg judge enjoining Distribution Casino SA to provide it with all the invoices related to the purchase of the infringing products.

In reply, Distribution Casino SA instituted proceedings against Magasinage Administration et Gros SAS for revocation of its rights in the trade mark MEME PAS PEUR due to non-use.

The Caen Court of Appeal upheld the judgement rendered in first instance by the Cherbourg Court of First Instance who granted the demand for revocation of the trade mark MEME PAS PEUR due to non-use.

The court ruled that since the sign "MEME PAS PEUR" was used in front of the t-shirt, which took part in a specific collection where every t-shirt bore different childish expressions, and since the t-shirts had a fabric label on the back bearing the trade mark CHARLIE ET PRUNE, the sign "MEME PAS PEUR" was used only as a decorative element and not as an identification of the origin.

In view of the lack of proof of use of the sign "MEME PAS PEUR" to indicate the origin of the t-shirts, the Court of Appeal upheld the judgement rendered in first instance which revoked the trade mark due to non-use and therefore dismissed the claim for trade mark infringement, to the contrary to the following decision. ■

Paris Court of Appeal, 30th November 2012, Cofra Holding AG and C&A France c. Actis SELARL

Cofra Holding AG, who is the owner of the rights in the trade mark RODEO for clothes, commercializes clothing in France through its licensee C&A France. Cofra Holding AG and C&A France had a cease-and-desist letter sent to the French company Apará who was commercializing t-shirts bearing the sign "RODEO" and obtained the details of the manufacturer of such products the company Ganjana. After having put the latter on notice to cease from commercializing the allegedly infringing t-shirts, Cofra Holding AG and C&A France instituted proceedings before the Paris Court of First Instance against Ganjana, whose assets having been wound-up, was represented by its liquidator.

The Paris Court of Appeal dismissed Ganjana's liquidator's defence pursuant to which the sign "RODEO" was not used as a trade mark and thus that there could not be any act of infringement.

Indeed, the court ruled that the massive reproduction of the term "RODEO" on the front of the t-shirt, without any other element, can be understood by the consumer as an indication of the product's origin, and not only as a decoration, notably because the claimant showed a widespread use of trade marks reproduced on the front of clothes to indicate the commercial origin of the clothes. Hence, the reproduction of the sign "RODEO" on the front of the t-shirts constituted an act of trade mark infringement. ■



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Europe – Germany

Mere decorative use rather than use as a trademark if symbol of average distinctiveness is used in an untypical manner on clothing

The Higher Regional of Cologne had to decide about the use of a trademark on a pullover (decision of 18 October 2013 - 6 U 75/13). It held that the use would be classified as decorative use in case the sign has average distinctiveness and is used in an untypical manner on the product.

The case

Both parties in this preliminary injunction proceeding distribute clothing. The applicant distributes skiing clothing using the following designation



The designation is protected as national and international trademarks in class 25 and the applicant was entitled by the trademark owner to enforce the trademarks.

The defendant used the sign for clothes, especially for gent's sweaters as depicted below



The decision

The applicant obtained an injunction which was upheld after the defendant filed an opposition. The defendant's appeal was successful. The Higher Regional Court denied a use as a trademark.

The Court held that the use as a trademark has to be differentiated from a mere decorative use of a sign by assessing the view of the addressed public.

The public would not regard the symbol printed on the sweater as indication of origin. First of all, the way of disclosing the symbol on the sweater would be completely untypical for position for a trademark. Rather than depicting the sign in the middle of the sweater or at chest level which would be the typical position for a trademark, the sweater was covered all over with the sign. Secondly, each symbol was depicted in a very small manner.

Moreover, the fact that the sign was a simple geometric form would speak against a use as a trademark. Even though the Court acknowledged that the symbol was not a mere triangle but rather the so-called Sierpinski triangle, the Court held that such sign would rather be considered as decoration by the public.

In addition, the Court held that the applicant was unable to prove an increased level of distinctiveness of the mark which would lead to a perception as indication of origin. The successes of professional athletes in the respective clothing, the market presence of the applicant and the turnover as such only referred to the use of goods which also covered a word mark in addition to the figurative mark at issue. However, the figurative mark would hardly be used by itself so that it could not enjoy any increased popularity or distinctiveness.

Finally, according to the Court, a use as a trademark had to be denied since there was a clear indication of origin in the inside of the sweater.

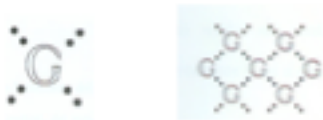


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Europe – Italy

The Gucci vs Guess battle – invalidity of Gucci's "G" trademarks

The Court of Milan had to deal with a strong battle when Gucci attacked Guess from various sides. In particular, Gucci sued Guess maintaining that it was, on one hand, carrying out various unfair competition acts, by slavishly imitating of a high number of products such as bags, shoes, jewelleries and belts. On the other hand, Gucci claimed the infringement of, among others, the below trademarks:



Guess not only resisted but claimed the invalidity of such signs.

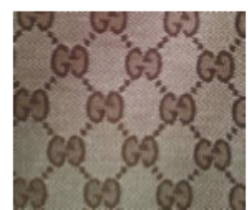
With a widely criticized decision, the court of Milan maintained that the 'G' trademark registered by Gucci (depicted above on the left) was not characterized by a particular graphic style nor by any decorative element and that the dots did not add to the letter "G" any significant characterization. Also, the Court denied any secondary meaning acquired by such sign, assessing that a secondary meaning may exist only when the use of a trademark has been so intense and frequent that the public is able to univocally link the sign to a specific company. Furthermore, the Court considered relevant the circumstance that various 'G' signs are used by other famous fashion companies such as Gherardini, Guerlain and Givenchy. Therefore, the 'G' *per se* has to be regarded as common sign in the fashion field.

With regard to the device trademark composed by the repeated 'G' element connected by dots and composing a geometric image (depicted above on the right), the Court stated that the simple repetition of an element which is not distinctive in itself may not confer validity to a sign. Also in this case, it considered relevant the massive use of such type of decoration by other fashion companies such as Celine, Versace, Valentino, Louis Vuitton and so on.

After having denied the distinctive character of Gucci's device trademarks, the Court compared the signs used by the two companies, shown in the column on the right.



GUESS



GUCCI

According to the Court, the general impression given by Gucci's trademark is of a simple and 'empty' device whereas Guess trademark is more complex, being characterized by the presence of various interwoven 'G' in the intersection of the lines. In particular, such decoration gives to the device an impression of fullness. Moreover, the 'G' weaving was declared to be the core element of Guess trademark, as such being able to sufficiently distinguishing it from Gucci's one. Therefore, infringement was denied.

In light of the above, the Court of Milan, not only rejected Gucci's arguments, but also declared both Gucci's device trademarks invalid. Furthermore, the abovementioned differences between the 'G' of Gucci and Guess were considered also relevant in excluding any imitation of some of Gucci's products. Not surprisingly, Gucci has immediately appealed the decision. ■



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Europe – Netherlands

(Not so) Glamorous Chanel shirts

The district court of Amsterdam rendered an interesting decision in favor of well-known fashion house Chanel. It was confirmed once more that owners of well-known trademarks do not have to allow use of similar signs in a provocative context or in swearwords. The infringement was emphasized by the fact that the signs were used in combination with pictures of personalities associated with the trademark owner.

Glamorous Fashion is a Dutch company that designs clothing for its own brand Glamorous and acts as a distributor for other fashion brands. Three of its designs were found to be infringing the trademark rights of couturier Chanel by the Amsterdam Court (June 12th, 2013, district court Amsterdam, HA ZA 12-1106).

The dispute concerned three t-shirts, each containing a reference to Chanel's well-known trademark:



The first t-shirt was a loose fit shirt depicting two fluorescent big crossed circles, highly resembling the two crossed C's of Chanel. The second shirt contained a picture of a young woman, similar to a young Coco Chanel, with the caption 'Who the fock is Chanel', having the o and c in 'fock' crossed like the Chanel logo. Lastly the third shirt portrayed Karl Lagerfeld, surrounded by several crossed circles, again like the Chanel logo.

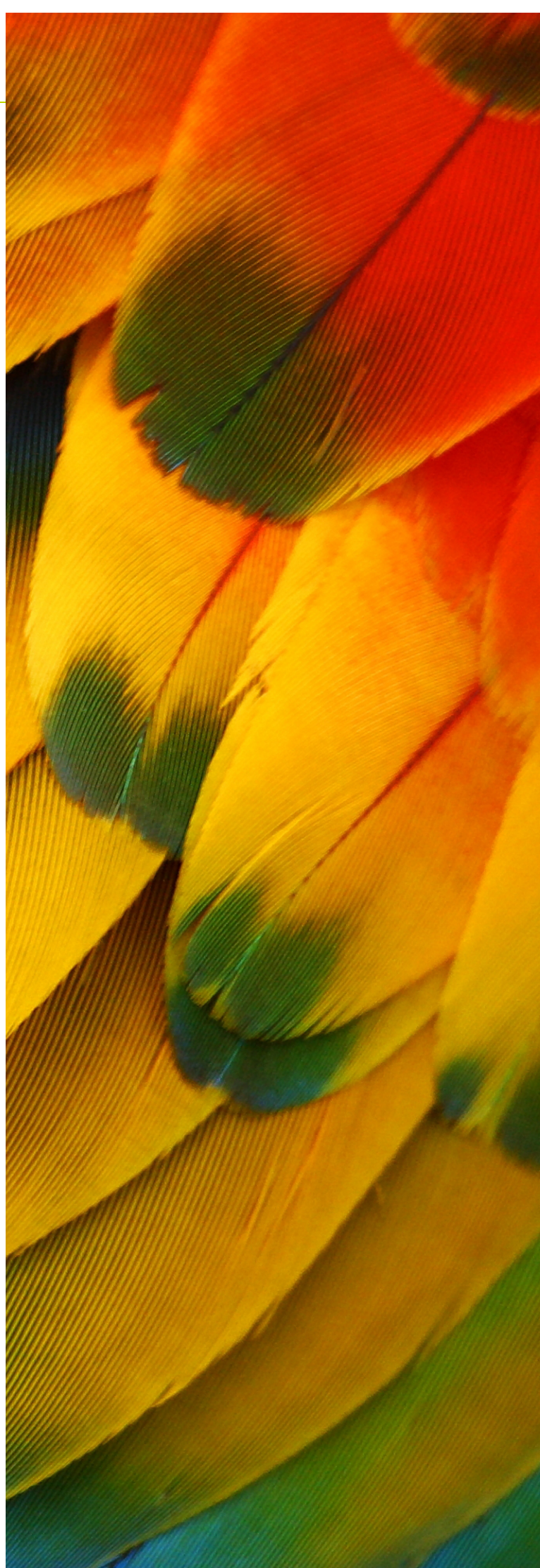
Regarding the first shirt, the Court followed Chanel's reasoning that although the sign consisted of two fully closed crossed circles (instead of C's), upon wearing the shirt the sides of the circles would fall under the arms and would not be visible. Consequently, the overall impression was found to be similar from a visual perspective resulting in a likelihood of confusion. The market research on which Glamorous based its argument that confusion of the public was not likely to occur, highly lacked quality and therefore was set aside by the Court. The research appeared to be carried out by Glamorous' own employees and did not meet basic market research standards. Furthermore, on the website the shirt was advertised as '*nicely detailed with a fluorescent Chanel logo*'. Glamorous brought forward that the intention of the designer had been to refer to the Olympic thought or the theme '*love, peace and happiness*'. All these arguments were, unsurprisingly, found to be either non-convincing or irrelevant.

Glamorous did not have any more luck with respect to the other two shirts. The arguments that the sentence on shirt 2 did not refer to the word 'fuck' and that Karl Lagerfeld is a public figure who is not only linked with Chanel were not strong enough to convince the Court to reject Chanel's claims. The Court found that the t-shirts raised associations with Chanel. Especially the word 'channel' and the sentence 'who the fuck is Chanel', combined with the picture of the Coco Chanel-like young woman, was considered an evident reference to Chanel. The Court found that Glamorous was freeriding on and consequently took unfair advantage of the good reputation of Chanel. The Court also qualified the use of the Chanel trademark in a provoking context and as a swearword was detrimental to the reputation Chanel's trademarks. The alleged different intentions of the designer were not considered relevant for the trademark infringement.

Glamorous was ordered to immediately cease the infringement of Chanel's trademark rights, to deliver the entire collection to Chanel for destruction and to pay damages as well as Chanel's costs of legal representation. ■



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Europe – Russia

The Russian secret of "Lady in blue": the Hermitage vs. designer Iya Yots before the newly established Russian Intellectual Property Court

Nobody expected that the world-famous and astonishingly beautiful "Lady in Blue" by Thomas Gainsborough located in the Russian State Hermitage would become a subject of one of the most heated discussions before the Russian courts in 2013.



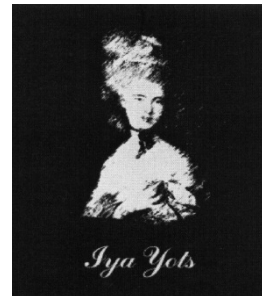
The story started when a successful Saint-Petersburg-based fashion designer Iya Yots was accused in unauthorised use of "Lady in Blue" for the commercial purposes, in particular, for by decorating the door and interior of her own shop, as well as on her website www.iyayots.ru. The claim was brought by the Hermitage in order to prohibit any commercial use of the work being similar to the famous "Lady in Blue".



In her defence Iya Yots stated that back in 2005 she had ordered from the contemporary artist a derivative work based on the picture "Lady in blue". Under the contract with the artist Iya Yots acquired exclusive rights to such derivative work of art where her face was accurately integrated.

In 2008 Iya Yots tried to get the derivative work protected as a trademark in Russia and filed with the Russian Trademark Office an application for trademark

registration⁸ in relation to clothing and trade activity. However, the Russian Trademark Office rejected an application referring to the designation's confusing similarity to the picture by Thomas Gainsborough and absence of appropriate permission from responsible state institution, namely, the Hermitage.



Iya Yots continued using the picture accompanied with the designer's name. The Hermitage did not tolerate such use and filed against Iya Yots a claim. In her defence the Russian designer referred to availability of the objects of cultural heritage for common free use and argued that she used the picture solely for sustaining a pleasant atmosphere in her shop⁹.

The claim of the Hermitage was initially based on Federal law No. 54-FZ "On Museum Fund and Museums". Both the court of first instance and court of appeal in charge of the case agreed with the Hermitage's arguments and satisfied the claim by prohibiting unauthorized usage of the picture in question or any other confusingly similar designation¹⁰.

⁸ Application No. 2008724775 is available under http://www1.fips.ru/fips_servl/fips_servlet;

⁹ Case No. A63-18468/2012, the case materials in Russian are available at <http://kad.arbitr.ru/Card/9c2ce6ee-db60-443d-95e1-e55fdde5a661>

¹⁰ See the Decision of Arbitrazh (state commercial) court of Stavropolsky krai of 28 February 2013 and the Decision of 16th Arbitrazh (state commercial) court of appeal of 20 May 2013.

The defendant reacted by launching a second appeal before the newly established in July 2013 and Moscow-based Russian Intellectual Property Court. On 26 September 2013 the IP Court followed up with a ruling in favour of Iya Yots and returned the case to the court of first instance for review.

The Russian IP Court considered the confirmation of the museum's rights to the work of art "Lady in blue" as non-sufficient. According to the Russian IP Court, the Hermitage was not entitled to file a claim in order to protect respective exclusive right. This conclusion is based on the fact of non-provision by the Hermitage to the courts of any documents confirming that the picture was owned by the state and properly included into state museums' fund. Besides, the Russian IP Court expressed some doubts on whether exclusive rights to the picture belong to the Hermitage and the Hermitage may protect such rights before the Russian courts. Additionally, while the courts of first and second instances relied entirely on the decision of the Russian Trademark Office when assessing confusing similarity between the picture in question and the designation used by the defendant, the Russian IP Court stated that in this case the questions of similarity were subject to assessment by a duly qualified expert.

Conclusion

In sum, the success of the designer Iya Yots with a second appeal before the Russian IP Court shows that Russia has obtained a new forum for IP disputes resolution demonstrating both attention to details and criticism towards substantial and procedural mistakes and incompliances of the courts of lower instances and understanding of intellectual property matters. The Russian IP Court's ruling also proves that the Russian judges are nowadays not necessarily always protective to the state institutions such as the Hermitage and are willing to address the right balance of parties' interests in the IP disputes. ■



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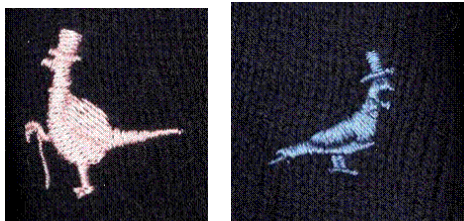
Europe – United Kingdom

Mr. Wills - a pheasant of distinction

The English High Court has decided that department store House of Fraser's use of a pigeon logo on their own-brand clothing has infringed clothing retailer Jack Wills' pheasant logo.

Jack Wills is a UK-based clothing brand that has over 70 stores worldwide. The brand makes extensive use of its "Mr. Wills" logo - a pheasant with a top hat and cane - for which Jack Wills have a UK trade mark and CTM.

House of Fraser is a long-established UK-based department store. Its product lines include branded and own-brand menswear. In November 2011, House of Fraser started selling own-brand garments adorned with a logo depicting a pigeon wearing a top hat and a bow-tie. This logo came to the attention of Jack Wills in October 2012, and trade mark infringement proceedings were commenced in November 2012.



Jack Wills claimed that House of Fraser had infringed its trade mark rights arising under Article 5(1)(b) and 5(2) of the Trade Marks Directive (2008/95/EC).

Arnold J held that there was a likelihood of confusion between the logos (Article 5(1)(b)), and that House of Fraser had taken unfair advantage of Jack Wills' logo (Article 5(2)). Arnold J reasoned that:

- The "average consumer" for the purpose of assessment was a consumer of men's clothing. The Court considered the correct analysis of the average consumer in some detail, and whilst Jack Wills' core market is 16-24 year olds, the Court considered that the average consumer may purchase goods for their own use, or the use of others and therefore it was not appropriate to restrict the average consumer to Jack Wills' youthful demographic.
- Jack Wills' pheasant logo was inherently distinctive; an important factor being the pheasant's

anthropomorphic features. Further, the scale and nature of Jack Wills' use supported an inference of acquired distinctiveness.

- There was a reasonable visual similarity in the appearance of the logos, and the concepts of the logos ("*a silhouette of a bird with accoutrements suggestive of an English gentleman*") had a particularly high degree of similarity.
- House of Fraser had sought to enhance the attraction of their goods by adopting a resemblance to Jack Will's logo, and such use will have caused "*a subtle but insidious transfer of image*" from the Jack Wills trademarks to House of Fraser's logo.
- To establish unfair advantage it was not necessary to prove that House of Fraser had subjectively intended to exploit the reputation in Jack Wills' trademarks. Further, it was sufficient that it could be deduced from an analysis of the probabilities that there would be a change (or serious likelihood of change) in the economic behavior of the consumers.

It is worth noting that Arnold J considered some of the witness evidence put forward by House of Fraser's Executive Director of Menswear and Children's wear "*stretched credulity*" and certainly did not assist regarding a number of the conclusions drawn.

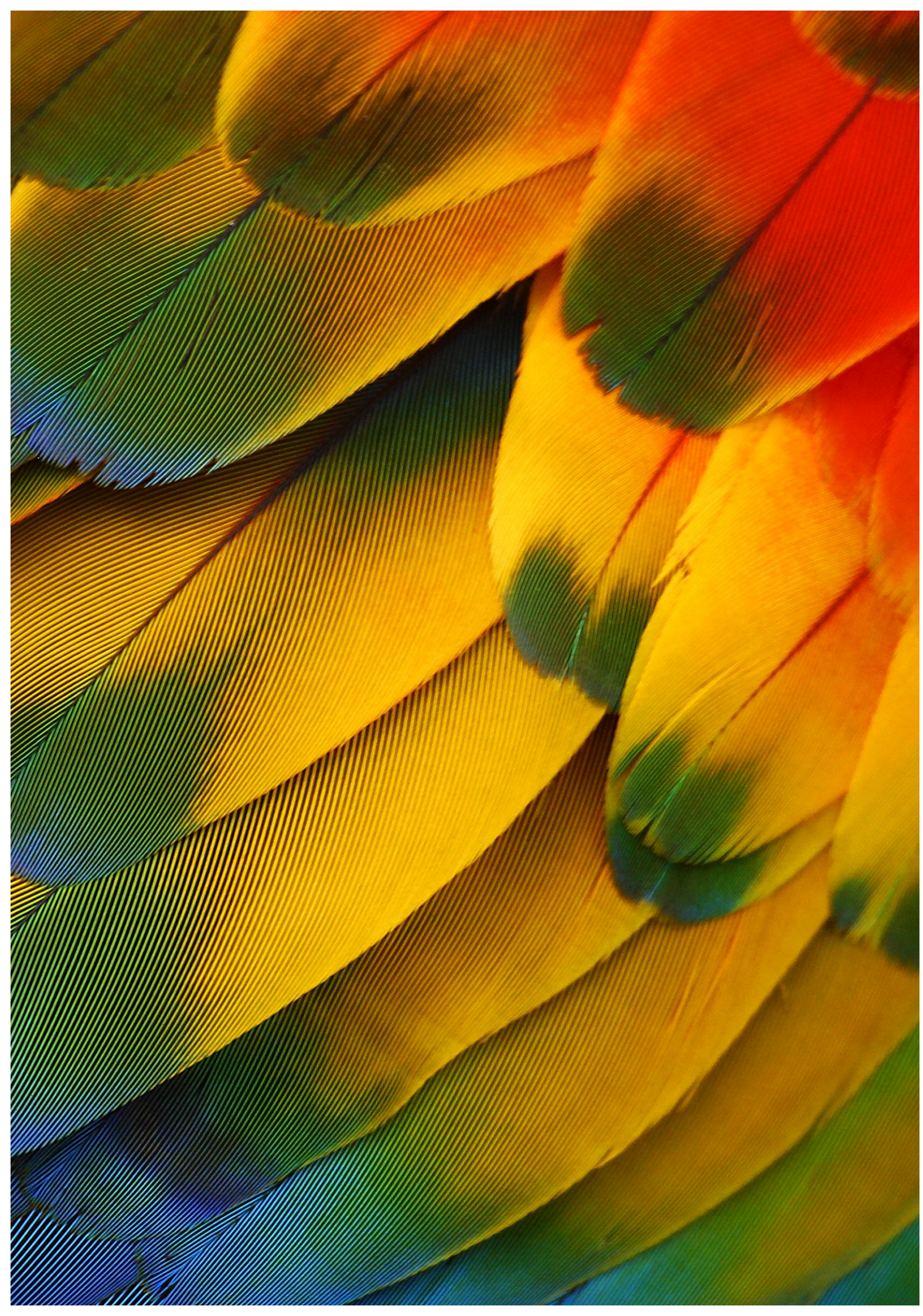
Conclusion

This decision is good news for brand owners, and especially those in the fashion industry.

In this instance, conceptual similarity between logos was of vital importance, and this decision reminds imitators that subtle design variants based on registered trademarks will not be tolerated by the English Courts. ■



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Europe – Germany

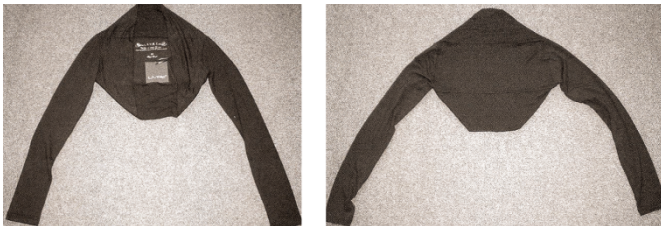
The German Supreme Court on proof of ownership of an unregistered Community design

The German Supreme Court ruled on the significance of proof of ownership of an unregistered Community design (decision of 13 December 2012, I ZR 23/12 - Bolerojäckchen) and held that the presumption of ownership for registered designs could not be applied.

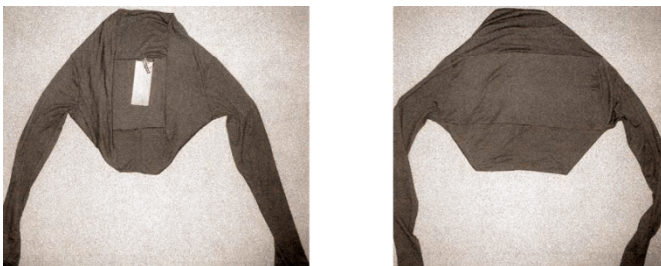
The case

Both parties were fashion retail companies which sold clothing in their stores.

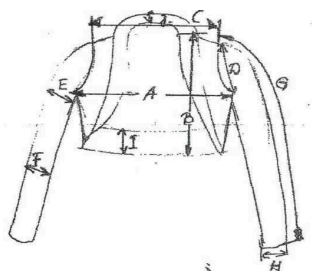
The plaintiff sold the bolero jacket below



and claimed infringement of an unregistered Community design by the defendant's use of the following design



The plaintiff stated that the product was designed by its employees in July 2006, as evidenced by the following drawing



The decision

The lower instance court dismissed the claim.

The Supreme Court held that the plaintiff failed to prove that it was in fact the owner of the unregistered Community design. The plaintiff who relied on the unregistered Community design needs to prove, under the general rules of burden of proof, to be the owner of the design.

Proof of the origin of the drawing was not sufficient since the product itself differed from the drawing. It is, however, essential that the disclosed and claimed design is identical.

The Supreme Court pointed out that the mere fact that the plaintiff first made the design available to the public would not be sufficient either since the disclosure of the design could be performed by any third party and not only by the designer.

The Supreme Court further clarified that the presumption of ownership for registered designs, provided for in Art. 17 Community Design Regulation, could not be applied to unregistered Community designs in view of the clear wording of the provision.

Conclusion

The decision urges to carefully examine the ownership of an unregistered Community design. Ownership must be proved and cannot be presumed which might create obstacles in case the designer and plaintiff are not identical and a transfer of rights needs to be proved. ■



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Europe - France

The French Supreme Court leaves a loophole for the possibility of protection of fragrances, but how big?

French copyright provides for the protection of any work provided that it is original. Fragrances, though, represent a particular case inasmuch as the French Supreme Court has consistently denied them protection under French copyright law, namely in its decisions of 13 June 2006, 1 July 2008 and 22 January 2009. All of these decisions constitute good reason to believe that French case law is settled with respect to the non-protection of fragrances by copyright.

However, the French Supreme Court has recently rendered a new decision on this issue. Seized of penal proceedings, in its decision rendered on 12 March 2007, the Nancy Court of First Instance dismissed the action for detention without legitimate reason, against Mr X, an itinerant merchant selling perfumes bearing infringing trade marks.

Displeased with this result, Lancôme Parfums and Giorgio Armani, who commercialize the perfumes "Trésor" and "Emporio Armani Elle", respectively, instituted civil proceedings against the same Mr X on the grounds of trade mark and copyright infringement and of unfair competition.

On 6 April 2009, the Nancy Court of First Instance, in the trend of several other courts of first instance, granted the copyright owners' action against Mr X, thereby acknowledging the protection of a fragrance by copyright.

On 11 April 2011, the Nancy Court of Appeal overruled the lower court's decision in ruling, in line with the French Supreme Court's landmark decision of 13 June 2006, that a perfume's fragrance cannot be protected by copyright in France. Lancôme Parfums and Giorgio Armani filed an appeal before the French Supreme Court which upheld the Nancy Court of Appeal's decision.

In effect, in its decision of 10 December 2013, the French Supreme Court dismissed the appeal, in line with its case law, ruling thereby that the Nancy Court of Appeal was right in refusing to grant copyright protection to a perfume's fragrance.

However, concomitantly, the Court seems to open the door slightly to the protection of fragrances by copyright in stating that "*copyright only protects works in their tangible form, provided that the latter is identifiable with sufficient precision to enable its communication; (...) the*

fragrance of a perfume, which, apart from its elaboration process, which is not in itself a work of the mind, does not take on a form presenting this characteristic, thus cannot benefit from the protection of copyright".

This ruling represents an evolution in the Supreme Court's case law when compared with the landmark decision of 13 June 2006. In 2006, the Court ruled that "*the fragrance of a perfume, that results in the simple implementation of a skill does not constitute (...) the creation of a form of expression that can benefit of the protected by copyright allocated to works of mind*".

In its 2013 decision, the Court somehow leaves a loophole for the possibility of protection of fragrances.

Indeed, although the Court ruled that the elaboration process of a fragrance is not in itself a work of the mind likely to be protected by copyright, it does not exclude the protection of a fragrance under French copyright law, provided that, in addition to being original, it can be described with sufficient precision so as to be communicable to the public.

The issue, therefore, is how to communicate a fragrance to the public. In this respect, the court leaves an opening for discussion inasmuch as it does not specify that the description of the fragrance should be made in a way that it enables all members of the public to have the same perception of that fragrance. Hence, one can imagine that a nose's description of a fragrance, like a music sheet for musicians, could enable a fragrance to be given protection.

Fortunately enough, even though a fragrance is not protected by copyright in France, in practice, perfumers, including Lancôme Parfums and Giorgio Armani generally obtain reparation of the damages suffered by way of the civil tort of unfair competition. ■



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Europe – Germany

The German Supreme Court lowers requirements for copyright protection for works of applied arts

In a landmark decision of 13 November 2013 ("Geburtstagszug", I ZR 143/12), the German Supreme Court lowered the requirements for copyright protection for works of applied arts. The same threshold for creativity will now be applied for both works of applied arts and pure arts.

The case

The plaintiff, an independent designer, created wooden toys for the defendant, a big German toy manufacturer. The designer created a birthday train ("Geburtstagszug") which is a wooden train made of an engine and several wagons on which characters and numbers could be fixed. The designer received an agreed remuneration for the draft amounting to 400 EUR. When it turned out that the product became a great sales success, the plaintiff claimed an additional appropriate remuneration under the German Copyright Act. The defendant argued that the "birthday train" would not enjoy copyright protection.

Former approach

According to Sec. 2 (2) German Copyright Act, in order to enjoy copyright protection, a certain level of creativity is required so to exclude everyday objects from extensive and long copyright protection.

In the past, German courts differentiated between works of applied arts and works of pure arts. Copyright protection for works of pure arts was even granted for a low level of creativity whereas a higher degree of creativity was requested for works of applied arts. The reason for this differentiation was the possibility to rely on design patent protection for works of applied arts.

The decision

The lower instance courts denied copyright protection for the wooden "birthday train" and dismissed the claims due to lack of sufficient level of creativity.

The Supreme Court held that the previous case law on the level of creativity for works of applied arts need to be changed due to the reform of the design law in 2004 (incorporating the Directive 98/71/EG into German law).

The matter was referred back to the lower court in order to assess whether the wooden "birthday train" satisfies the new, lower requirements for copyright protection of works of applied arts.

Conclusion

The decision brings about a fundamental change for the protection of works of applied arts as such works will more often enjoy copyright protection. This can also be relevant for imitations of fashion articles as the original products can more easily profit from the wide protection of copyright law. ■



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Europe – United Kingdom

Rihanna v Topshop

The Decision In (1) Robyn Rihanna Fenty & Ors V Arcadia Group Brands Limited (T/A Topshop) & Ors, [2013] Ewhc 2310 (Ch)

In 2012 Topshop marketed and sold, both online and through its retail stores, a t-shirt bearing an image of the famous pop artist known as "Rihanna" (real name Robyn Rihanna Fenty). Topshop had sought a licence from the photographer who took the photograph which was then applied to the t-shirts as a printed image, but had not obtained a licence from Rihanna herself. Rihanna issued proceedings against Topshop on grounds that such unauthorised use of her image amounted to an infringement of her rights.

Under English law there is no such concept as "image rights" which give celebrities a tool with which to challenge use of their likeness by unauthorised third parties. The argument against such use must be slotted into existing intellectual property and privacy laws where applicable. In this case there was no issue of copyright infringement as Topshop had obtained a licence for the image from the photographer. Nor was there any question that Topshop's actions had violated Rihanna's privacy. The only remaining hook on which Rihanna could hang her hat was the common law action of passing off.

Goodwill, misrepresentation and damage

In order to succeed in a passing off action against Topshop, Rihanna needed to prove:

- i) that she had goodwill (reputation) amongst relevant members of the public;
- ii) that Topshop had made a misrepresentation by selling t-shirts bearing Rihanna's image – in this case, that consumers would understand that the goods were "official" merchandise authorised by Rihanna; and
- iii) that Topshop's actions had caused damage to Rihanna's goodwill.

In the words of the Judge, Mr Justice Birss, Rihanna was at the relevant time "world famous" with a "cool, edgy image", and "regarded as a style icon by many people", and therefore easily established the requisite goodwill. As to damage, a misrepresentation would necessarily damage Rihanna's goodwill, manifesting in

sales lost to her merchandising business and depriving her of control over her reputation in the fashion industry. The contentious issue was whether Topshop had misrepresented the t-shirts as being official merchandise endorsed by Rihanna.

Misrepresentation: a balancing exercise

The significant facts that tipped the scales in favour of Ms Fenty on the issue of misrepresentation were:

The Claimant's work in the relevant industry

Rihanna had been "working hard to identify herself as a serious fashion designer", in the words of Rihanna's creative director, having designed a t-shirt for H&M and developed a capsule collection including a t-shirt bearing her image for Armani.

The Defendant's prior association with the Claimant

Topshop had in the recent past collaborated with Rihanna for an online competition to win a personal shopping appointment with her, and had also tweeted about her visit to one of its stores just before the t-shirt went on sale - a significant commercial communication, in the eyes of Mr Justice Birss, to a demographic who valued social media highly. Topshop had therefore repeatedly aligned itself and its products with Rihanna in a high-profile manner.

The Defendant's business model and its customers' perceptions of it

Topshop was not a market stall (which consumers would be more likely to perceive as a purveyor of unauthorised goods), but a "leading high street fashion retailer" which consumers would reasonably expect to publicise and sell products endorsed or authorised by celebrities.

The image

The t-shirt image was a photograph taken during the video shoot for one of Rihanna's music singles, and was highly recognisable because Rihanna's clothing in that video shoot / image was widely reported as being risqué. This meant that, to Rihanna's fans, the image on the t-shirt looked like a publicity shot for the video. Whether her fans bought the t-shirt thinking that

Rihanna had authorised it, or because they thought there was value in such perceived authorisation, their purchasing decision was based on a false representation which had deceived them.

Mr Justice Birss found that Topshop had misrepresented the Rihanna t-shirt despite the fact that none of Rihanna's trade marks were present on the swing tag, label or any design element of the t-shirt, and that Topshop had made no express assertion that the product was authorised by Rihanna.

A new image right?

This was not a landmark case in which the judge introduced de facto image rights into the fabric of English law. Indeed, in his concluding summary Mr Justice Birss was at pains to steer away from such an inference. Producing products bearing a celebrity's image was not, he said, sufficient to amount to passing off "without more", namely contextual factors. A consumer might buy a t-shirt merely because they wanted an image of a particular celebrity, understanding clearly that this was not official merchandise. In these circumstances no misrepresentation would have occurred. There must have been a misrepresentation about trade origin which played a part in the consumer's decision to purchase.

Particular value in Mr Justice Birss' judgment lies in a potentially useful "checklist", in the context of use of unauthorised celebrity images, of the facts leading towards (and tending against) the finding of such a misrepresentation. ■



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