

FC5 Trade Mark Law
FINAL Mark Scheme 2021

- 0.5 marks available for answers that are insufficiently complete to attract a full mark.
- TMA section and subsection numbers are not required.

SECTION A

Question 1 – Paris Convention

Describe the protection afforded to 'Well Known Marks' by the Paris Convention.

5 marks

Answer

Article 6*bis* of the Paris Convention provides that Member States (ex officio or on request) may:

- refuse or to cancel the registration **[1 mark]**, and
- to prohibit the use, of a trademark **[1 mark]**

used for identical or similar goods which constitutes a reproduction, an imitation, or a translation, and liable to create confusion, **[1 mark]**

of a mark considered by the competent authority of the country of registration or use to be well known in that country **[1 mark]**

as being already the mark of a person entitled to the benefits of the Convention **[1 mark]**.

[Candidates need not reproduce the Convention provisions precisely, as long as they are adequately described]

5 marks

Question 2 – Madrid Protocol

Define the following terms used in the Madrid Protocol:

- a) Contracting Party
- b) Office of Origin
- c) Replacement

1 mark each

Total: 3 marks

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Answer

- a) Defined in Art1 MP as a member state (or international organisation) of the Madrid Protocol **[1 mark]**.
- b) Defined in Art2(2) MP as the office of the Contracting Party at which the basic application/registration was made **[0.5 marks]** and through which an international application is made **[0.5 marks]**.
- c) Provided for in Art4*bis*(1) MP, namely where the extension of an international registration is deemed to replace the national/regional registration (as long as the former extends to all the goods and services listed in the national or regional registration) without prejudice to any rights acquired by virtue of the former **[1 mark]**.

Total: 3 marks

Question 3 – Comparative Law

A Madrid Protocol trade mark application designates the United States and France. Explain the differences between:

- a)
- (i) the substantive examination, and
- (ii) the publication period
- of the application by the USPTO and INPI (US and French IPOs).

2 marks

- b) actions necessary to keep the trade mark designations in force (assuming the marks are being used).

2 marks

Total: 4 marks

Answer:

- a) The INPI examines on absolute grounds only, the USPTO on absolute and relative grounds **[1 mark]**.

Publication in France is for 2 months, in the US 30 days **[1 mark]**.(extendable to 180 days).

2 marks

- b) Renewal fees must be paid at the IB by every 10th anniversary of the international registration date **[1 mark]**.

In the US, an affidavit of use and accompanying evidence is required at the 5/6 year point, and before each 10-yearly renewal. **[1 mark]**.

2 marks

Total: 4 marks

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Question 4– EU Law / Priority

The EUIPO determines that an EUTM application consists of an English word that is descriptive of the goods' key characteristic, and so must be refused.

Assuming that the objection is valid, briefly outline the options available to protect the mark within EU states whilst retaining the filing date.

4 marks

Answer

The applicant can look to conversion **[1 mark]** except for:

- States where English is an official language **[0.5 marks]** (Ireland, Malta) **[0.5 marks for both]**
- States where the examiner believes the English word is understood, among average consumers for the goods/services concerned **[1 mark]**.

Alternatively, if the mark is still in the priority period, direct applications can be made to the member states **[0.5 mark]** allowing fresh examination by the local office **[0.5 mark]** (although the same objections are likely to arise).

4 marks

Question 5 – Passing off (goodwill)

Explain why goodwill cannot ordinarily be assigned, except alongside other business assets relating to the manufacture of the product (or supply of the service) concerned.

2 marks

Answer

Any good explanation such as:

Goodwill is the reputation of a product/service - not the sign -and in particular the products' ability to pull in repeat custom from customers wishing to purchase more. **[1 mark]** A new owner will not be able to benefit from the repeat trade unless it is continuing to supply the same product/service. **[1 mark]**

2 marks

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Question 6 - Absolute Grounds

Melton Mowbray is a town in Leicestershire. Incontrovertible evidence demonstrates that it is well-known in the United Kingdom as a geographic centre for the production of pork pies: however the name is not recognised at all by consumers outside the UK.

Three European Union trade marks/applications have been filed by different applicants:

Number	Mark	Goods	Filing Date	Registration Date
'111	MELTON MOWBRAY	Pork pies	1 August 2020	30 November 2020
'222	MELTON MOWBRAY	Pork pies	1 December 2020	3 June 2021
'333	MELTON MOWBRAY	Pork pies	1 February 2021	-

Noting that the 'Brexit' transition period ended on 31 December 2020, explain to your client, a pie maker, whether it can successfully bring invalidity proceedings against these marks on absolute grounds (namely that the mark is characteristic of geographical origin).

3 marks

Answer

'111 – Yes. Grounds existed on the date of filing, at least in part of the EU (the UK) **[1 mark]**.

'222 - Yes. As above, grounds existed on the date of filing, at least in part of the EU (the UK) **[1 mark]**.

'333 - No. Grounds did not exist at the date of filing. **[0.5 marks]**. Windsurfing Chiemsee teaches that perceptions of EU consumers alone are considered when considering the distinctiveness of geographical names. **[0.5 marks]**.

3 marks

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Question 7 – Relative Grounds

Give an example of a 'proper reason' by which, under section 6A TMA, an applicant for opposition might avoid having to demonstrate the use of an earlier right.

1 mark

Answer

Any appropriate answer, such as:

- a legal ban on the sale of the goods at issue.
- a catastrophic interruption to supplies.
- prolonged serious illness (possibly).
- any similar reason - other than market conditions.

1 mark

Question 8 – Application Process

List the changes that can be made to a trade mark application prior to its registration.

4 marks

Answer

Up to three marks:

Section 39 provides for:

- The restriction of the goods or services covered by the application. **[0.5 mark]**
- Corrections to the
 - (a) the name or address of the applicant **[0.5 marks]**,
 - (b) errors of wording or of copying **[0.5 marks]**or
 - (c) obvious mistakes **[0.5 marks]**,

and then only where the correction does not substantially affect the identity of the trade mark **[0.5 mark]** or extend the goods or services covered by the application. **[0.5 mark]**

- Certain permitted amendments which affects the representation of the trade mark, or the goods or services covered by the application, set out in secondary legislation **[1 mark]** [albeit there are none legislated for to date].

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Alternative marks are available for answers beyond the syllabus:

- Adding or amending disclaimers **[0.5 marks]** or limitations **[0.5 marks]**.
- Amendment of professional representative's details. **[0.5 marks]**,

3 marks

Question 9 – Infringement

From what date are damages for trade mark infringement calculated?

1 mark

Answer

(Subject to any limitation period) the commencement of the infringing act or – per section 9(3) - the registration (i.e. filing) date of the trade mark, if later.

1 mark

Question 10 - Transactions

a) In section 25(2)(d) TMA (*'Registration of transactions affecting registered trade marks'*), explain what is meant by the *'making by personal representatives of an assent in relation to a registered trade mark.'*

1 mark

b) Explain the deadline (if any) for recording such an assent at the IPO, and the effect of late recordal.

3 marks

Total: 4 marks

Answer

a) The transfer of property from the administrators of an estate to the successors under their will (or intestacy).

1 mark

b) There is no deadline as such **[0.5 marks]**, but, per section 25 TMA:

Until an application has been made for registration, the transaction is ineffective as against a person acquiring a conflicting interest in or under the registered trade mark in ignorance of it **[0.5 marks]** and

Where the mark is infringed before the prescribed particulars of the transaction are registered, in proceedings for such an infringement **[0.5 marks]**, the court shall not award him costs **[0.5 marks]** unless

(i) an application for registration of the prescribed particulars of the transaction is made before the end of the period of six months beginning with its date **[0.5 marks]** or

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(ii) the court is satisfied that it was not practicable for such an application to be made before the end of that period and that an application was made as soon as practicable thereafter **[0.5 marks]**.

3 marks

Total: 4 marks

Question 11 – Infringement (defences)

X owns an EUTM for ‘cutlery’, and sells cutlery, bearing that trade mark, in France.

Y owns a UK trade mark that is identical to that owned by X, and which also protects ‘cutlery’.

In June 2020, Z buys X’s cutlery in France, and in June 2021, imports it into the UK for further resale.

Applying the law of exhaustion in the UK, in relation to goods already put into circulation within the EU by a rights owner, explain whether Y can bring an infringement action against Z.

2 marks

Answer

Yes. The importation and sale of product is an infringement of Y’s trade mark **[0.5 marks]**. As it was not Y’s cutlery that had been put on the EU market **[1 mark]**, Y’s rights have not been exhausted. **[0.5 marks]**.

[0.5 alternative mark available for an answer that explains the doctrine of exhaustion, even if it is applied incorrectly.]

2 marks

Question 12 –Cancellation

a) With regard to UK trade mark procedure, explain the difference between an opposition action and an invalidity action.

1 mark

b) Give two advantages in bringing an opposition action, rather than an invalidity action.

2 marks

c) Give one advantage of bringing an invalidity action, rather than an opposition action.

1 mark

Total: 4 Marks

Answer

a) An opposition action is brought before registration, invalidity afterwards. **1 mark**

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b) **1 mark** for any appropriate answer up to a total of **2 marks**:

- An opposition action prevents or delays the mark from being registered and thus being enforceable, putting pressure on the applicant.
- If absolute grounds are being invoked, acquired distinctiveness pleas can be avoided.
- If relative grounds are being invoked, it might be possible to avoid having to prove use of the senior mark.
- Action cannot be elevated to the High Court, with its ensuant costs.

2 marks

c) **1 mark** for any appropriate answer:

- Less time pressure to prepare a case, and so permit negotiations.
- Action can be brought before the High Court, allowing specialist judges to consider the case / considered as part of a wider legal claim.

1 mark

Total: 4 Marks

Question 13 –Case Law

You represent Middlesex Constabulary, a police force. You recently registered Middlesex Constabulary's logo as a trade mark for:

Class 12 - Vehicles, namely cars and vans

Class 28 - Toys and models.

Class 45 - Security services

MiniRace Ltd manufactures and sells radio-controlled model cars. It has recently advertised a model of a Middlesex Constabulary police car, complete with external markings including Middlesex Constabulary's logo.

Explain whether Middlesex Constabulary can invoke its trade mark rights against MiniRace.

3 marks

Answer

No. The scenario is on all fours with Adam Opel v Autec. **[1 mark]**. A trade mark is not infringed unless the essential function of the trade mark is prejudiced, namely its ability to indicate origin. **[1 mark]**. Here the markings would be perceived as having been reproduced in order to create a faithful replica of a police car **[1 mark]** rather than to indicate origin.

3 marks

Total for Section A: 40 Marks

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Section B

Question 14 – Absolute Grounds

Last year, Michelstone Tyres launched a new tyre, the BLING-RING. The tread of the tyre comprises an array of dollar-sign-shaped grooves. A representation of the front view of the tyre is shown below:



The sales director writes:

‘The BLING-RING has been a huge success, driven by our product placement strategy of paying rappers to fit BLING-RINGS to the luxury cars used in their music videos. Virtually everyone under 30 recognises BLING-RINGS by sight, and it is by far the best-selling tyre in that market segment.’

However, the director of engineering wrote a resignation letter, leaked to the newspapers, which stated:

‘I am disgusted that we are continuing to market BLING-RINGS. Whilst the dollar array pattern provides the minimum of grip to meet UK legislative standards, it is massively inferior to any other tread pattern on the market. Given the target market of young inexperienced drivers, marketing a tyre purely for aesthetics when an almost infinite number of alternative safer patterns could have been chosen will undoubtedly result in many unnecessary deaths.’

Nevertheless the sales director has instructed you to file a trade mark to protect the tread pattern of BLING-RING tyres.

A search of technical literature shows that an array of S-shaped studs is commonly used on tyres used by construction and military vehicles. But otherwise, no other tread pattern on the market looks remotely similar.

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Advise whether Michelstone Tyres can register the BLING-RING tread pattern as a UK trade mark. In doing so, address any issues raised by the former Director of Engineering. Do not discuss 'relative' grounds.

Total: 20 marks

Answer

1 mark for any appropriate contribution towards the analysis of this scenario (such as those indicated below), up to the total indicated:

Section 1(1) - Registrable subject matter

- Section 1(1) TMA explicitly lists (3D) shapes as being registrable as a trade mark.

Section 1(1) - Representation

- The design, as long as it is properly declared to be a 3D mark, meets the requirements of Section 1(2) of the Trade Marks Act / Sieckman.
- A description, and more drawings are required to unequivocally show the overall 3D shape of the tyre, and to exclude features other than the tread.

2 marks

Section 3(1)(b) - Trade marks which are devoid of any distinctive character

- It is very unlikely that a shape mark will enjoy inherent distinctive character.
- The average consumer would be used to recognising products on the market by more traditional trade marks such as name or logos.
- A three dimensional product feature that serves a function (e.g. to provide grip) would be even less likely to be regarded as trade mark significance.
- A three dimensional product feature that is decorative would be unlikely to be regarded as trade mark significance.
- It is not a wholesale departure from other grip designs. Consumers in general might be aware that S shapes are a feasible design.
- Specialist consumers (e.g. the military or other users of specialist tyres) if acquainted with S shaped studs might be less inclined to appreciate the trade mark value of S shaped grooves. Unless the trade mark application can be limited to the consumer market, all potential consumers must be considered.

Section 3(1)(c) - indications of characteristics.

- The application for a 3D mark does not necessarily offend any section 3(1)(c) grounds as there is no indication as such.

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Section 3(1)(d) - customary signs

- The application for a 3D mark does not appear to offend any section 3(1)(d) grounds, as there are no grounds for believing the design is customary.

5 marks

Acquired Distinctiveness

The evidence demonstrates that:

- The mark was being used before an application is filed
- It has enjoyed very significant market recognition and sales.
- More evidence is ideally required to address all the Windsurfing criteria (relative size of promotional expenditure etc).
- And consequently acquired distinctiveness is a possibility to overcome section 3(1)(b) objections.
- Nevertheless evidence is weak that consumers are using the tread pattern to identify Michelstone origin tyres, and if presented with a similar patterns from an alternative tyre manufacturer, might happily choose these without being misled as to origin.
- Evidence is only available in respect of a particular demographic (under 30s), and not the more general consumer
 - Nor specialist (e.g. military) market.

5 marks

Section 3(2)(a) - Shapes which results from the nature of the goods themselves

- The application would appear not to offend this section, as the pattern is not dictated by the fact that the product is a tyre.

Section 3(2)(b) - Shape necessary to obtain a technical result.

- The purpose of a tread is, primarily, to provide grip.
- Philips teaches that the presence of alternative designs will not itself overcome the objection.
- Nevertheless, the potentially 'infinite' alternatives mean that any 3(2)(b) objection is likely to be overcome, as it is the presence of grooves, not their shape, that provides the grip. The 'shape' of the trade mark is therefore not 'necessary'.

Section 3(2) - shapes which gives substantial value to the goods.

- This provision would appear to be offended. The design is essentially arbitrary decoration.
- Whilst section 3(2) does not prohibit the registration of all decoration, the decoration is intended to provide the substantial value to otherwise lesser value tyre.
- Acquired distinctiveness is not available to overcome Section 3(2) objection.

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Section (3)(3) - Dangerous designs

- A design shall not be registered if contrary to public policy or to accepted principles of morality.
- However it is not the business of the IPO to be a general consumer watchdog. The design meets minimum requirements and so is undoubtedly registrable.

7 marks

Conclusion


- Any clear, actionable conclusion. E.g. the pattern is not registrable as it is not inherently distinctive, there is insufficient evidence of acquired distinctiveness, and because it provides substantial value to the goods.

1 mark

Total: 20 marks

Question 15 – Relative grounds


Your client is the owner of the following United Kingdom trade mark. The trade mark has been used since registration, but only in France, Italy and Spain.

UK Mark 9000123456	Description	Goods	Relevant Dates
	<p>Three dimensional mark. The mark is a bottle comprising a spherical body with an off-centre cylindrical spout. The word 'Lemonade' is printed on the exterior surface. All elements are in blue (Pantone 297C).</p>	<p>Class 32 - Sodas [soft drinks]</p>	<p>Application: 1 February 2010</p> <p>Seniority: 1 February 2001</p> <p>Publication: 1 March 2010</p> <p>Registration: 1 July 2010</p>

The following United Kingdom trade mark has recently been advertised for opposition purposes.

UK Mark 654321	Description	Goods	Relevant Dates:
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	<p>Three dimensional mark. The mark is a bottle comprising a spherical body with a cylindrical necked aperture at the top. The words 'LE MONDE' are moulded into the exterior surface. No claim is made to colour.</p>	<p>Class 33 - Alcoholic spirits, namely cognacs.</p>	<p>Application: 1 February 2021</p> <p>Publication: 1 September 2021</p>
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You are told that 'le monde' means 'the world' in French, but has no English meaning.

Advise whether your client can successfully oppose the advertised mark.

[Do not discuss absolute grounds, passing off, or marks with a reputation].

20 marks

Answer:

1 mark for any appropriate contribution towards the analysis of this scenario (such as those indicated below), up to the total indicated:

Enforceability of the earlier mark

The mark has been registered for more than 5 years. This is clearly a 'cloned' EU mark, and use in the EU is good enough for the earlier mark to be invoked.

1 mark

Similarity of Marks

Aural

The word printed on the side of the junior mark has conceptual meaning relevant to the market, and so it has to be queried whether the product would be called by that name.

The word element comprises three syllables and two syllables respectively.

The first two syllables are identical. Last 'd' sound is identical.

Visual

Both marks are very similar 3D bottles, differing only in details (the spout and typographical differences).

The senior mark's protection extends to blue bottles, enhancing the similarities.

The round bottle and small spouts are visually striking and likely to dominate the overall visual effect.

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The senior mark is a significant departure from earlier designs.

The words differ only by one letter, hidden within the 7 letter word.

Conceptual

Both marks are bottles.

The word printed on the side of the senior mark has conceptual meaning relevant to the market, and so plays a more limited role in the overall design.

Some consumers might link the blue spherical design of the junior mark with the concept of a globe, but there is no particular reason to believe that this would be a common response.

Overall

Both marks are bottles. The visual and conceptual effect of being a bottle is likely to dominate perception of the mark. The printed word still has a contribution, particularly visually. The marks are highly similar.

6 marks

Similarity of Goods

Users? – Similar. The average (adult) person, whether in the supermarket, off-licence or bar.

Nature? (composition, functioning principle, appearance, value et al.) - Some similarity as liquids. The Cognac is distilled wine, will contain alcohol, be 'flat' (non-gassy), and be at a higher price bracket.

Purpose? (intended use) / same or similar **uses ? / method** of use ?) - Some similarity. All drinks. Cognac might be particularly taken for its particular flavour and/or alcohol hit.

Complementary? Yes. An alcoholic drink might be served with a soft mixer.

Competitive? Yes. In bars an alcoholic drink might be ordered in place of a non-alcoholic one.

Distribution channels? Very similar – Bars, off-licences, supermarkets (likely in the same aisles). Wholesaler bar suppliers.

Manufacturing origin? Like to be dissimilar – distillery v ordinary factory.

Overall – the goods enjoy above-average similarity.

7 marks

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Average Consumer

For both marks the average consumer is the average person as beverages are everyday products.

Buyers in the general grocery trade and hospitality industry must also be considered.

2 marks

Likelihood of confusion

No evidence of enhanced distinctiveness is provided.

A cognac might be chosen with some care.

However, with alcohol, potentially in a dark bar, perceptions might be adversely affected.

Orders at a bar might need to be made quickly and at a distance from the displayed stock.

The few differences between the goods would be offset by the high degree of similarity of the signs.

3 marks

Conclusion

Any clear, actionable conclusion. E.g. the application can be successfully opposed.

1 mark

Total: 20 marks

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Question 16 – Passing off

Your client, Delilah, is a well-known television cook. For five decades she has hosted cookery programmes on national television, each series being accompanied by a recipe book - inevitably a best-seller. She also 'endorses' pans and knives made by kitchenware manufacturers.

In 2006, Delilah presented a TV cookery show called PORTRAITS OF DELICIOUSNESS. This coincided with the launch of 'High Definition' television broadcasting, and seeing Delilah's food at that resolution was a huge hit with viewers. The accompanying recipe book of the same name, featuring lavish photographs of Delilah's food, was an enormous success.

A national supermarket chain, Samson plc, has recently started selling a range of cakes under the name PORTRAITS OF DELICIOUSNESS. All of these cakes are made to recipes in the Delilah's book of that name, and inevitably look near-identical to the cakes shown on the TV programme and in the book. Delilah is unhappy: she believes she is entitled to a cut of Samson's profits. However, she has been told that there is no copyright or other IP right in a recipe, and the design rights (if there ever were any) in the shape of the cakes have expired.

Advise whether passing off might provide a remedy. Address both the use of the name, and more generally the 'unauthorised' use of Delilah's recipes and cake designs.

20 marks

Answer

1 mark for any appropriate contribution towards the analysis of this scenario (such as those indicated below), up to the subtotals indicated. (Grand total not to exceed 20 marks):

Goodwill

- A television series and a book are both commercial enterprises, provided under the name.
- Programmes is 'huge hit'. Goodwill in the programme appears to have driven sales of the book. The book was a best seller.
- It is therefore reasonable to conclude she enjoyed significant goodwill in both the programme and the book.

2006 was some time ago. Has goodwill been extinguished?

- There is no sign of it being positively abandoned, but if the programme is not being shown, or books no longer in print, there is a real possibility that goodwill from that particular enterprise no longer exists.
- Although this begs the question as to why Samson adopted the name.
- Delilah nevertheless undoubtedly enjoys current goodwill in the general activities of television production and publishing.
- Delilah herself also enjoys goodwill through her business providing endorsements (the fact that this was not under the PORTRAITS OF DELICIOUSNESS name is irrelevant to the question as to whether goodwill exists).

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6 marks

Misrepresentation

Name

- It is a factual question as to whether sales of the cakes are being driven by recognition of the name PORTRAITS OF DELICIOUSNESS and these being linked to either (1) The TV series (2) The book. Or (3) Delilah herself (as a businesswomen in the business as an endorser of products).

Hence:

- Is the TV show/book still remembered (even if who the presenter/author is forgotten)?
- Is the name still recognised as being one of Delilah's brands?
- Although not an entirely arbitrary name, it is rather contrived and not an expression that one would ordinarily use in the course of business selling cakes. It is therefore apt to serve as an unregistered trade mark indicating the goods of one undertaking.
- If it is still remembered/recognised, given no evidence of it being used elsewhere, its adoption by someone else risks causing a misrepresentation.
- If the book/TV series is still remembered, it is very feasible that the sale of branded cakes would be seen as a brand extension of the book/TV series.
- If the name is still recognised as being linked to Delilah, it is very feasible that the sale of branded cakes would be seen as an extension of her ongoing endorsement business.

Recipes

The starting point is to demonstrate that consumers actually:

- Remember Delilah's recipes.
- Understand that Samson has used Delilah's recipes (very unlikely if they, at best, have just the statutory list of ingredients, even if they have an interest in reading it).

It is then necessary to demonstrate that consumers

- believe, and importantly
- care (to the extent it influences their purchasing decisions), that Samson needed permission to use Delilah's recipes.
- Even then, policy might intervene to prevent Delilah claiming damages based on consumer perception that IP rights exist when in fact they don't. (See *Teenage Mutant Ninja Turtles*)

Cake designs

Likewise, the starting point is to demonstrate that consumers actually:

- Remember Delilah's cake designs.

It is then necessary to demonstrate that consumers both notice this, and:

- believe, and importantly

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- care (to the extent it influences their purchasing decisions), that Samson needed permission to use Delilah's designs.
- Even then, policy might intervene to prevent Delilah claiming damages based on consumer perception that IP rights exist when in fact they don't. (See *Teenage Mutant Ninja Turtles*)

Combined Effects

- The copying of the recipes and cake designs, whilst unlikely to cause misrepresentation on their own, nevertheless reinforce any misrepresentation that arises from the use of the name, making it more likely that the products would be seen as being linked to Delilah's past or current enterprises.
- Policy might intervene to prevent Delilah claiming damages based on consumer perception that IP rights might still be valid when in fact they aren't. (See *Teenage Mutant Ninja Turtles*)

10 marks

Damage

- Assuming residual goodwill in the TV show and book, an inference of damage would appear to be made out by the use of the name, and the combined effect of the name, recipes and designs.

Damages could be calculated based on the value of:

- Diversion of sales.
- Loss of income from endorsement.

3 marks

Remedies

Delilah is seeking a 'cut' of the Samson's profits. If passing off is made out, an equitable account of profits can be ordered.

Alternatively, damages can be paid by Samson to Delilah – equal to some or even more than the profits the former has made.

The threat of an injunction might cause Samson to agree a monetary settlement.

2 marks

Conclusion:

- Any clear, actionable conclusion. E.g. It is likely that passing of for the use of the name is made out.

1 mark

Total: 20 marks

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Question 17 – Madrid Protocol / filing strategy

Your client, Kindred Inc of New Jersey, USA, sells a product (the 'PRIZE EGG') comprising a plastic toy packaged within an orange plastic capsule, in turn packaged within a chocolate egg. It sells the PRIZE EGG in the Nordic states, the British Isles, Germany, Switzerland and Benelux. The eggs are manufactured in Kindred's European factory in Belfast (UK) and distributed from its warehouse in Dublin (Republic of Ireland).

Kindred wishes to register a trade mark for PRIZE EGG in all the above markets. But it has qualms about whether the mark is sufficiently distinctive in English. Worse: a trade mark search has revealed that a competitor already has an EUTM quite similar to 'PRIZE EGG', for an almost-identical product.

Kindred also explains that the eggs are illegal in the United States due to tough rules against choking hazards in foods.

Kindred is considering filing a Madrid Protocol application designating its jurisdictions of interest.

a) List (with reasons) the jurisdictions in which a trade mark application, suitable to serve as a basic application, can be filed, and explain any advantages and disadvantages of using each jurisdiction. [Do not discuss whether you personally think the brand is distinctive]

12 marks

b) Set out three disadvantages of filing for protection directly at the local IPOs of the jurisdictions of interest, rather than using the Madrid Protocol.

3 marks

Kindred Inc decides to use the Madrid Protocol to protect the PRIZE EGG name in its markets of interest. It designates the EUIPO, Norway and Switzerland, with a UK trade mark serving as a basic registration.

Three years later, after the mark and its designations are registered, Kindred Inc's tax lawyer establishes a subsidiary company in the British Virgin Islands, Kindred (BVI) Ltd. The tax lawyer recommends that:

- trade mark protection effective in the UK, Germany and Switzerland remain in the name of Kindred Inc.
- all of Kindred Inc's other IP and physical assets be transferred to Kindred (BVI) Ltd.

You note that the British Virgin Islands is not a member of the Madrid Protocol.

c) Explain how the tax lawyer's scheme can best be achieved, and any disadvantages that arise from doing so.

5 marks

Total: 20 marks

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Answer

0.5 or 1 mark (as indicated) for any appropriate contribution towards the analysis of this scenario such as those below, up to the total indicated:

Part a)

- Kindred Inc is domiciled **[0.5 mark]** by reason of being incorporated **[0.5 mark]** in the US **[0.5 mark]**, and has a real and effective **[0.5 mark]** industrial or commercial establishment **[0.5 mark]**, in the UK, Ireland and (as a result of the latter) the EU. **[3 x 0.5 marks]**

4 marks

US

Advantages -

- Avoids danger of refusal/invalidity on relative grounds **[0.5 mark]**

Disadvantages -

- Intention to use affidavit must be signed in good faith **[0.5 mark]**
- Potentially invalid on absolute grounds. **[0.5 mark]**
- Vulnerable to revocation after three years as the product cannot be sold in the US. **[0.5 mark]**
- If successfully refused/invalidated/revoked, any Madrid Protocol application dependent on it will fail by reason of central attack **[0.5 mark]** although transformation remains possible, **[0.5 mark]**
- (Beyond the syllabus, but valid answer - Doubtful that a US application can be made in the first place, in the absence of trade) **[0.5 mark]**

3 marks

UK

Advantages –

- Use means not vulnerable to revocation (indeed, grace period for use extends beyond the dependency period for central attack). **[0.5 mark]**

Disadvantages –

- Vulnerable on absolute grounds. **[0.5 mark]** resulting in central attack on any dependent Madrid Protocol application (note, no reference is made to there being a similar, 'cloned', UK mark owned by the competitor).

1 mark

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Ireland

Advantages –

- Use means not vulnerable to revocation. **[0.5 marks]**

Disadvantages –

- Vulnerable on both absolute and relative grounds. **[0.5 marks]** resulting in central attack on any dependent Madrid Protocol application.

1 mark

EUIPO

Advantages –

- avoids duplicate cost of designating EU designations. **[0.5 mark]**
- not vulnerable to revocation during the dependency period **[0.5 mark]**
- covers the whole of EU, even if no present intention to sell to certain jurisdictions. **[0.5 mark]**

Disadvantages –

- Particularly vulnerable both on absolute and relative grounds **[0.5 mark]** as grounds for invalidity in just one jurisdiction invalidates the entire trade mark **[0.5 mark]**. In turn, resulting in central attack on any dependent Madrid Protocol application. **[0.5 mark]**
- May be more expensive than using a different basis, and designating only the jurisdictions of interest. **[0.5 mark]**

3 marks

Part b)

- Multiple proceedings to keep track of. **[1 mark]**
- Need for local agents **[1 mark]**
- Proceedings in local language / translations required. **[1 mark]**
- Further additional formalities (lodging of powers of attorney etc.) **[1 mark – examples are essential]**
- Thus increasing costs **[1 mark – do not accept ‘increased costs’ without linkage to above or other explanation]**
- No 12/18 month publication deadline **[1 mark]**.

3 marks

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Part c)

There is no one correct answer as all options have different disadvantages. Any one of the below arrangements can attract full marks:

Kindred (BVI) Ltd	Kindred Inc
	UK registration [0.5 mark – see also note 1]
Madrid Protocol registration (partially assigned) [0.5 mark – see also note 2] , designating: <ul style="list-style-type: none"> • EUIPO [0.5 mark– see also note 3] • Norway [0.5 mark] 	Remainder of Madrid Protocol registration [0.5 mark] designating: <ul style="list-style-type: none"> • Switzerland [[0.5 mark] • Germany [0.5 mark] (refiled as a subsequent designation [0.5 mark], with loss of filing date [1 mark])

Or:

Kindred (BVI) Ltd	Kindred Inc
	UK registration [0.5 mark – see also note 1]
Madrid Protocol registration (partially assigned) [0.5 mark – see also note 2] , designating: <ul style="list-style-type: none"> • Norway • Ireland (converted [see note 4]) • Denmark (converted) • Sweden (converted) • Benelux (converted) any other EU jurisdiction of interest. [1 mark total for appropriate designations]	Remainder of Madrid Protocol registration [0.5 mark] designating: <ul style="list-style-type: none"> • Germany (converted) [0.5 mark] • Switzerland [0.5 mark]

Or:

Kindred (BVI) Ltd	Kindred Inc
	UK registration [0.5 mark – see also note 1]
Original Madrid Protocol registration [0.5 mark – see also notes 2] <ul style="list-style-type: none"> • including all designations [0.5 marks – see also note 3] • except Switzerland (which can be surrendered) [0.5 mark] 	New Madrid Protocol application [0.5 mark] , designating: <ul style="list-style-type: none"> • Germany [0.5 mark] • Switzerland [0.5 mark] Or new locally-filed trade mark applications [0.5 mark]: <ul style="list-style-type: none"> • Germany [0.5 marks] • Switzerland [0.5 mark] Either results in a loss of filing date. [1 mark]

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Note 1 - Ownership of the UK mark is not tied to the ownership of the dependent MP trade mark [**1 mark**], and so can be retained by K Inc.

Note 2 - The MP registration *can* be transferred to K(BVI)Ltd by reason that the industrial and commercial establishments in the UK and Ireland are also being transferred to that company. [**1 mark**].

Note 3 – German protection cannot be separated out from the EUIPO designation because it is a unitary right. Hence the EUIPO designation will continue to have effect in Germany [**1 mark**] (unless constrained contractually [**1 mark**])

Note 4 – This requires the surrender the EUIPO designation and its ‘conversion’ into national trade marks [**1 mark**] in the jurisdictions of interest (most sensibly as MP designations [**1 mark**]) before assigning them to the BVI company. This is however an expensive, time consuming, option [**1 mark**]

5 marks

Total: 20 marks