

Trade marks and unfair competition

Introduction

I am pleased to present another issue of our bulletin on trademarks and unfair competition, in which we describe issues related to new legislative initiatives and recent case law in both European and Polish courts.

As to trademark news from the European Union, certain rulings on procedures are worthy of attention, such as one by the EU General Court on the effect of the expiration of a trademark constituting the basis of an opposition, and another on a shape trademark reflecting the packaging of Fantasia yoghurt, also the subject of a dispute. In this issue, we also cover the possibility of registering shape trademarks. As we learn from recent case law, the form of packaging must differ significantly from industry standards in order to be deemed distinctive.

Also worthy of mention are issues concerning the Polish Act on Combating Unfair Competition. Recently, in a case related to shelf fees, not only the Supreme Court but also the Constitutional Tribunal have made themselves heard. A ruling by the Tribunal holds that the prohibition on collecting fees other than trade margin for accepting goods for sale is constitutional and, therefore, has its place in our legal system. In the context of unfair competition, there has been another important ruling by the Circuit Court in Warsaw concerning onerous marketing, consisting of sending text messages and telephoning subscribers of a competitor. This decision sets a precedent.

Herein you will also find press articles published by members of our team related to the subject of the bulletin. These include an article on a new initiative by the IPO aimed at making it possible to effectively seek protection of rights to a trademark in the case of an infringement committed on the Internet.

We also devote space to the issue of introducing a new fashion brand in an article written by a colleague from the Australian office of K&L Gates, *New Fashion Brand? Key Considerations Before Launch*. Lisa Egan writes about legal issues important to designers entering the market. This interesting article provides a wider, international perspective on the issue.

Pleasant reading!

Oskar Tułodziecki



We would like to wish our Readers all of the best for the New Year.

K&L Gates IP Team

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Legislation

Poland – A trademark as a source of information for consumers: the Consumer Rights Act of 30 May 2014

The Consumer Rights Act (“Act”), adopted in June 2014 and entering into force on 25 December 2014, not only introduces a series of new solutions for electronic trade, but also modifies the general provisions of the Civil Code concerning the liability of a seller for warranties and guarantees. When making the new regulations, the legislator perceived the significance of trademarks and their function in trade.

The new Act is noteworthy in that it draws attention to trademarks as instruments that identify a manufacturer. In the new provisions, it is uniformly accepted that, in consumer and nonconsumer trade, a physical defect involves the goods being noncompliant with the contract made. A thing sold is noncompliant with the contract when it lacks specific properties; in particular, those about which the seller assured the buyer. In addition, if the buyer is a consumer, the assurance of the seller is treated on the same level as public declarations of the legal person which, by placing its name, trademark or other marking on the thing sold, presents itself as the manufacturer (Article 556¹ of the updated Civil Code). That provision, underlining as it does a trademark’s function of indicating the origin of goods, was previously found, worded almost identically, in another piece of legislation – the Act on the Specific Conditions of Sale to Consumers and on an Amendment of the Civil Code of 27 July 2002. On 25 December 2014, that Act will be repealed, and the provisions on consumer

sales will be located in their entirety in the Civil Code.

Also new are a series of provisions on guarantees. In the provisions on the form and content of guarantee declarations, the legislature has accepted that, in the case of articles admitted to trade in the Republic of Poland, guarantee declarations are to be drawn up in the Polish language (Article 577¹ par. 1 of the updated Civil Code). In relation to the theme of this bulletin, it should be emphasized that that requirement does not apply to proper names, trademarks, trade names, markings concerning the origin of goods or common scientific or technical terminology. Businesses, therefore, will not have to translate foreign names and trademarks for the needs of consumer trading.

Source: www.sejm.gov.pl

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Poland – Draft amendment to the Industrial Property Law

In Bulletins No. 3/2012 and 3/2013, we wrote on work begun on a further amendment of the Industrial Property Law Act (“IPL”), analyzing in detail the proposals presented. On the basis of the Assumptions submitted by the Ministry of the Economy and approved on 16 July 2013 by the Council of Ministers, the Government Legislative Center prepared the text of a draft bill, which de facto constitutes a reflection of those Assumptions. Around the end of October 2014, the draft Act on an Amendment of the Industrial Property Law was sent to the European Affairs Committee at the Ministry of Foreign Affairs.

The changes proposed in the draft include the introduction of the institution of what are called consent lists, thanks to which it will be easier to register a trademark which is similar to an earlier mark. A consent list is simply a declaration in which a right holder to an earlier trademark grants its consent to the registration of a similar or identical trademark for the benefit of another party. The new provisions are also intended to make it possible for, for example, trademark applicants to obtain a partial exemption from the application fee to the Patent Office (up to 80% of the amount of the fee). It will be necessary for such a party to show that it is not able to pay the entire amount. The proposed changes to the IPL also concern other industrial property rights, including patents and rights from the registration of industrial designs.

Source: www.legislacja.rcl.gov.pl

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EU – Continuation of the dispute between “SUPERGLUE” and “SUPER GLUE”: decision of the European Court of Justice

A decision issued recently by the Court of Justice (C-91/14 P) concluded another stage in a dispute between Przedsiębiorstwo Handlowe Medox Lepiarz Jarosław, Lepiarz Alicja sp.j. (hereinafter, “PH Medox”) and OHIM and Henkel Corp. (an intervening party). The dispute concerned the following graphic designation:



This designation was compared against the word trademark “SUPERGLUE”, registered in the Benelux countries.

In a ruling handed down in the case on 11 December 2013 (T-591/11), the EU General Court dismissed a complaint by PH Medox seeking the invalidation of a decision of the OHIM Fourth Board of Appeal. In the stance expressed in the decision of that Board, a likelihood of consumers being misled existed. PH Medox moved that the Court of Justice overturn the contested ruling and refer the case back to the Court

for reconsideration. PH Medox accused the Court of having ruled on the similarity between the designation submitted for registration as a trademark and an earlier trademark, and also argued that the Court had not made an assessment of what minimum degree of similarity between the marks in question would enable it to be deemed in this case that there was a likelihood of consumers being misled. PH Medox also questioned the visual and conceptual similarity of the marks being compared, and stated that the trademark, which has only weak or very weak distinctiveness, does not entail a similarity that could be misleading.

The Court of Justice, however, did not share the stance presented by PH Medox. In the Court’s view, the distinctiveness of the earlier trademark is but one of a number of elements taken into consideration when evaluating the existence of a likelihood of consumers being misled. There does exist, however, an overall evaluation of that likelihood. The concept of similarity should be interpreted in relation to the likelihood of consumers being misled, an assessment of which largely depends on the recognisability of a trademark on the market and the degree of similarity between the trademark and the designation submitted, as well as between the goods or services so designated.

In the above ruling, the Court confirmed the conclusion of the Board of Appeal, in light of which the weak distinctiveness of the phrase “super glue” does not rule out the existence of a likelihood of consumers being misled. According to the Court of Justice as expressed in its ruling, the Court did not infringe the law by confirming the conclusion of the Board of Appeal that the two conflicting marks are identical with each

other and that they are visually, phonetically, and conceptually similar.

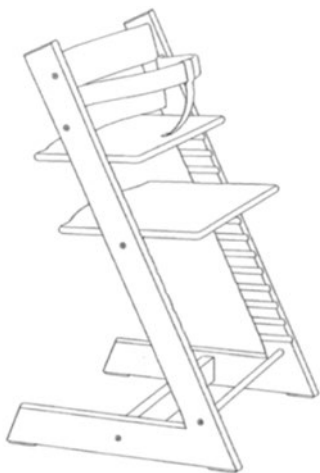
The Court of Justice also held that the actions of PH Medox in accusing the Court of an erroneous assessment of the similarity between the designations and of the likelihood of consumers being misled was, in fact, an attempt to persuade the Court of Justice to re-analyse the assessment of the facts of the case made by the Court. In light of the circumstances of the case, the Court of Justice reached that conclusion even though PH Medox had not shown, or even raised, that the Court had overlooked factual circumstances or evidence.

Source: www.curia.europa.eu

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EU – A trademark cannot extend the protection rights that would have expired without registration of the mark: ruling of the European Court of Justice

The companies Hauck and Stokke, known on the market for children’s accessories, were engaged in a dispute over high chairs. Hauck moved for the invalidation of a trademark registered by Stokke in the Benelux countries. The designation had the form of a high chair for children. The chair was traded on the market under the name Tripp-Trapp.



As a result of a proceeding in the Netherlands, the case was sent for resolution to the Court of Justice (C-205/13). A pre-trial question was posed concerning how Article 3 of the Directive on Trademarks should be interpreted; it establishes causes for a refusal or confirmation of the invalidity of a registration. The Directive puts forward a rule under which marks cannot be registered where they consist solely of a form resulting from goods themselves, a product form essential to obtaining a technical effect, or a form significantly increasing the value of a product.

The pre-trial question concerned, first, whether the above-cited Article 3 can only be applied, in respect of a form resulting from the nature of goods themselves, in a case in which the designation consists solely of a form essential to the functioning of a product, or also in a situation where the designation consists solely of a form showing

one or more essential features of use that a customer can look for in competing goods. The Court of Justice emphasized the existing achievements of EU case-law pertaining to shape marks (incl. the case of *Lego Juris vs. OHIM*), pointing out that the essence of the prohibition on the registration of functional form as trademarks is to combat an extension of the protection that otherwise (without the registration as a trademark) would expire in accordance with the intention of the legislator. In respect of the above pre-trial question, the Court of Justice held that a refusal to register the existing form due to the nature of the goods themselves can be made when a designation consists of a form of a product showing one or more features of use important or inseparably related to the function or functions of that product, which a consumer may look for in products of competitors.

A further issue which the Court of Justice considered was that of the refusal to register a designation that solely consists of a form significantly increasing the value of a product. The question posed on this subject was aimed at resolving whether such a prerequisite for refusal can apply to a mark that consists solely of the form of a product having a number of significant features, which can endow it with various significant values. A further thread in these considerations was the issue of whether, when making such an assessment, consideration must be given to how the form of the product will be perceived by the target consumer group. In respect of the first issue, the Court of Justice ruled in the affirmative, while in respect of the second, it pointed out that the manner in which a form is perceived by the target consumer group constitutes only one element of the

evaluation. The Court of Justice argued that the meaning of the phrase “form significantly increasing the value of a product” cannot be limited to a form that has artistic or decorative value. Increasing the value of a product can also derive from its functional features. In respect of the perceptions of the target consumer group, the Court of Justice emphasized that this is not the only criterion to be assessed. Other elements affecting a final decision on whether to apply this prerequisite for a refusal to register include the nature of the relevant category of goods, the artistic value of a given form, and any significant difference in price when comparing similar products.

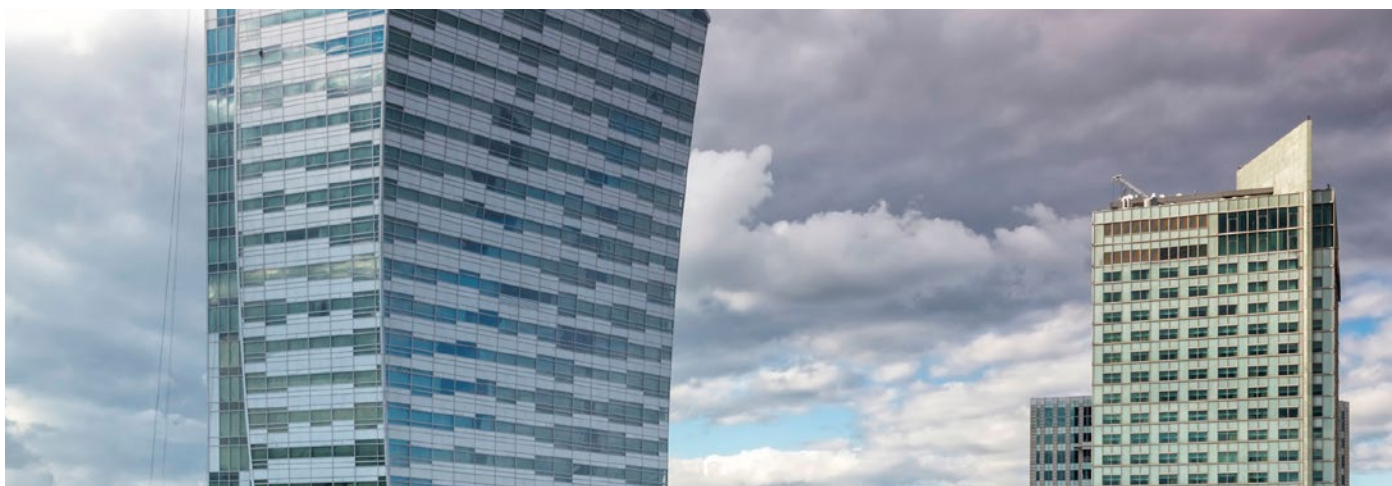
In the end, the Court of Justice pointed out that both the prerequisite for a refusal to register concerning the form resulting from the goods themselves and the prerequisite concerning a form significantly increasing the value of a product may be applied jointly.

Source: www.curia.europa.eu

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EU – How much attention does the average consumer of ice cream pay to packaging?: ruling of the European General Court

On 25 September 2014, the EU General Court handed down a ruling (case ref. T-474/12) in the case of an invalidation of the right to a three-dimensional Community trademark created by the form of two packaged ice cream cups.



The above mark, registered in 2009 for the benefit of Giorgio Giogis for products such as ice cream, sorbets, and frozen yoghurts, was invalidated as a result of a motion by an intervening party – the French company Comigel SAS. The Cancellation Division of the OHIM took the view that the mark is devoid of distinctiveness and has not acquired distinctiveness as a result of use. That argumentation was shared by the OHIM Board of Appeal.

Giogio Giogis filed a complaint to the EU General Court. First, he argued that the mark does have distinctiveness, contrary to the view of the OHIM. The OHIM held that the goods for which the mark is registered are grocery items, which normally reach stores in packaged form, and, therefore, the amount of attention consumers pay to their appearance is not particularly high. In the opinion of the plaintiff, the average consumer of ice cream shows a high level of attention, because he or she makes a decision on the basis of various factors such as flavour, manner of consumption, type, and possibly ingredients.

The Court agreed with the OHIM, referring in its justification to the particular category of trademarks comprised of three-dimensional

marks formed by the packaging of a product. The Court held that it can be more difficult to establish the existence of distinctiveness for such marks than for others. The average consumer is not accustomed to drawing conclusions concerning the origin of a product on the basis of its form or the form of its packaging. Only a mark which diverges significantly from industry standards or custom can be said to be distinctive, since only then can it act as a designation of origin.

In the food industry, when selling ice cream, desserts, sorbets, and yoghurts, packaging of similar form is widely used. Since the contested trademark consists only of two transparent glass containers in the form of ice cream cups, it cannot be held that it is distinctive. For these reasons, the complaint was dismissed.

Source: www.curia.europa.eu

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EU – First analysis of usage, only then analysis of likelihood of confusion: ruling of the European General Court regarding “K-W SURGICAL INSTRUMENTS” and “KA-WE” trademarks

After a hearing on 29 April 2014, the General Court determined the invalidity of a decision by the Fourth Board of Appeal of the Office for Harmonization of the Internal Market concerning a dispute between Kricher & Wilhelm GmbH + Co. and Koscher + Würtz GmbH (T-445/12).

In April 2008, the International Bureau of the World Intellectual Property Organization (WIPO) awarded Koscher + Würtz GmbH an international registration within the European Community in respect of the graphic designation below. In July of that same year, the OHIM was notified about that registration.



The goods covered by the submission belong to Class 10 of the Nice Classification: surgical, medical, dental and veterinary apparatus and instruments, prostheses of limbs, eyes and teeth, orthopaedic products, and surgical materials.

In May of the following year, Kirchner & Wilhelm GmbH + Co. filed an opposition to that registration, based on a domestic word trademark, “KA WE”, previously submitted (in 1930) in Germany for almost identical goods. In June 2011, the Opposition Division of the OHIM rejected the opposition due to the absence of a likelihood of potential consumers being misled. Kirchner & Wilhelm GmbH + Co. appealed against that decision.

In 2012, the OHIM Fourth Board of Appeal overturned the decision of the Objections Department and refused to grant protection resulting from the international registration within the Community. The relevant consumer group was determined as: German professionals knowledgeable in the field of medicine. In the designations themselves, the Board of Appeal found



that there was an identical element in the form of the letters “k” and “w” constituting the dominant and most distinctive part of the trademark submitted. It was therefore held that there was a low degree of visual similarity between the designations compared. What is more, those marks were deemed identical or highly similar phonetically, especially given the established practice of ordering the products they designate by telephone.

In support of the demands before the Court, it was raised that: first, concerning neglect, whether the earlier trademark was actually used; and second, based on the absence of a likelihood of potential consumers being misled. After considering the case, the Court ruled that the first charge was justified and concluded that the Board of Appeal had infringed the law. A motion was filed that the actual use of the earlier trademark be demonstrated in a proceeding before the Opposition Division, yet the Board of Appeal refused to grant protection without first considering the issue of the actual use of the earlier trademark.

In respect of the second charge, in the contested decision the Board of Appeal ascertained that the earlier trademark has an average level of distinctiveness. The Court concurred with the argumentation of the OHIM in that scope, deeming that the letters “k” and “w” are the dominant, most distinctive part of the trademark. The designations compared were also deemed identical phonetically. The Court held that the word element “surgical instruments” does not neutralize the visual and phonetic similarity of the marks in question. The claim of the absence of a likelihood of consumers being misled was thereby held to be groundless.

The OHIM was obligated to evaluate the issue of the actual use of the earlier trademark and, if necessary, to rule again on the issue of the likelihood of consumers being misled by the designation submitted.

Source: www.curia.europa.eu

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EU – Impact of the expiration of a trademark constituting the basis of a dispute in proceedings before the European General Court: ruling of the European General Court

A ruling of 8 October 2014 (T-342/12) concerned competing designations referring to goods in common use. In 2006, Max Fuchs of Germany submitted the following mark to the OHIM for registration:



In relation to the following classes of goods:

Class 18: “sporting and recreational goods, namely bags, backpacks”,

Class 24: “cloth and knitted goods, namely labels for the above goods”,

Class 25: “military clothing and outerwear made from technical textiles and other technical components, including trousers, jackets, undershirts, t-shirts, vests,

windbreakers, sweaters, casual blouses, coats, socks, underwear, scarves, shawls, gloves, headwear and belts”.

The French company Les Complices SA raised an opposition based on the registration of the following designation both as a Community trademark and a French domestic mark:



As a Community trademark (CTM), the designation was registered for the following classes:

Class 18: “leather and imitation leather, bags, evening bags, sports bags, touristic bags, valises, purses, wallets, card cases, checkbook cases, satchels, trunks and travel bags; umbrellas, parasols, leather leashes”,

Class 24: “textiles and textile products, drapes and wall coverings [from textile materials], textile bath items, towels, facecloths and textile napkins for makeup removal, bed linen, bed covers, sheets, pillow linings, blankets [covers], travel blankets, sleeping bags, table linen, tablecloths [non-paper], table mats not of paper, textile table napkins”.

The same mark was registered in France for the following goods:

Class 25: “clothing, footwear and headwear”.

The OHIM ruled in favour of the opposition in relation to Classes 18 and 25, but that resolution was contested by the applicant in 2011. Just after the appeal against the



decision, the OHIM ascertained that the CTM of the French company had expired.

In considering the complaint, the EU General Court was faced with the need to resolve not only the issue of the similarity between the two competing designations, but above all an important procedural issue. This concerned what impact there is on a resolution of the Court and on the status of the opposing party in a court proceeding when one of the marks the dispute concerns expires. That mark was no longer protected at the time the Court conducted the proceeding and issued the ruling. On the other hand, at the moment the OHIM issued its decision in favour of the opposition, the mark was still in force. The Court, therefore, had to evaluate how to address the requirement of the opposing party possessing a legal interest, understood as the possibility of “improving its legal situation in the case where the complaint is acknowledged”. According to the Court, even though the competitive mark had expired, the opposing party still had a legal interest in continuing the proceeding; otherwise, the Court would have no other choice but to cancel the proceeding in the case. Having reached a conclusion on the legal situation of the opposing party, the Court was able to move on to the substance of the complaint and issued its ruling. What is interesting is that the Court did not find any procedural opportunity to acknowledge the expiration of the French company’s mark *ex officio*; the proceeding was conducted, and the ruling issued, such that the legal status after the OHIM’s issuance of a decision was not altered.

Along the way, the EU General Court made an important distinction. Since the opposition was withdrawn at the initiative of the person who raised it, the applicant could

register its mark within the scope that did not collide with the opposition. Since, however, the Community trademark of the French company was no longer in force as a result of a motion to determine that it had expired submitted by a third party, that fact had no effect on the OHIM’s decision to dismiss the opposition, or on the scope of the case considered by the Court.

As to the merits of the case, the EU General Court held that the competing designations are misleadingly similar. The Court did not share the view of the applicant in respect of the very low distinctiveness of both marks. According to the applicant, in a case where the distinctiveness of both marks is very low, even a small difference between them rules out the risk of their being mistaken for each other. The applicant also claimed that both marks differ on the graphic level, for each of them is based on a different concept. The Court did not concur with those arguments, but stated that both the marks themselves and the goods in reference to which they were submitted are very similar.

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EU – Absence of distinctiveness in the shape of a clamp an obstacle to registration as a three-dimensional trademark: ruling of the European General Court

The company Peri GmbH submitted to the OHIM a three-dimensional Community trademark depicting the form of a clamp.



The goods for which the registration took place are “concrete formwork and metal accessories” and “concrete formwork and non-metal accessories” (Classes 6 and 19 of the Nice Classification). The application was turned down, and the applicant appealed. The OHIM First Board of Appeal dismissed the appeal with the justification that the three-dimensional designation for which registration as a trademark was sought was devoid of distinctiveness in relation to the goods concerned, since the relevant target group could perceive the designation primarily as a technical solution. The small differences shown between the clamp in question and other models did not, in the opinion of the Board of Appeal, permit the three-dimensional mark submitted to be perceived as an expression of a concept that was unique and above average.

The case went to the EU General Court and became the subject of a ruling of 25 September 2014 (case ref. T-171/12). The company Peri GmbH was of the opinion that the toothed rack and central indentation in the shaft of the fixture provide the mark with distinctiveness, but the Court was not convinced of this. Distinctiveness of a trademark in the meaning of Article 7 par. 1 letter b)



of Regulation No. 207/2009 means that a trademark enables the goods for which registration is sought to be identified as originating from a specific business and, thereby, to distinguish those goods from goods originating from other businesses. This distinctiveness of a trademark must be assessed, firstly, in relation to the goods or services for which the registration was sought, and secondly, in relation to how it will be perceived by the relevant consumer group, which consists of properly informed and sufficiently attentive and reasonable average consumers of those goods or services.

In accordance with established case-law, the criteria for evaluating the distinctiveness of trademarks formed by the appearance of a product itself do not differ from those applied to other categories of marks. In the opinion of the Court, when applying those criteria, it is necessary to consider the circumstance that how the relevant group of consumers will perceive a trademark need not be the same in the case of a three-dimensional trademark corresponding to the external appearance of the product itself as it is in the case of a word or graphic mark, which is a designation having no connection with the goods it designates. However, in the absence of graphic or verbal elements, the average consumer is not in the habit of drawing conclusions about the origin of goods on the basis of their form or the form of their packaging, and that is why it may prove more difficult to establish the distinctiveness of a three-dimensional mark than of a word mark or graphic mark.

Moreover, the more the form for which registration as a trademark is sought resembles the most likely form of a given

product, the more likely it is that that form will be devoid of distinctiveness. In those circumstances, only a mark that diverges significantly from the industry standards or custom, and that can, therefore, fulfil the basic function of indicating origin, is not devoid of distinctiveness. In the Court's opinion, the clamp in question is not unusual enough for it to be held that its three-dimensional form alone justifies the perception that the trademark submitted is capable of distinguishing goods on which it appears from the goods of competitors.

Source: www.curia.europa.eu

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Poland — Constitutional Tribunal on shelf fees

A case came before the Constitutional Tribunal concerning a resolution of whether Article 15 par. 1 pt. 4 of the Act on Combating Unfair Competition (ACUC) is in accordance with Article 20 read together with Article 22 of the Constitution of the Republic of Poland (SK 20/12). The provision of the ACUC in question states that it is an act of unfair competition to hinder other businesses from gaining access to a market; in particular, by charging fees for accepting goods for sale other than trade margin. Article 20 of the Constitution reads: *“A social economic market based on freedom of economic activity, private property, solidarity, dialogue and cooperation among social partners constitutes the basis of the economic system of the Republic of Poland”*, while Article 22 of the Constitution prohibits restricting freedom of economic activity

other than by way of legislation and only in view of an important public interest.

A constitutional challenge was raised by the company SCA PR Polska sp. z o.o. The Circuit Court in Poznan, in considering a case against that company in the second instance, had awarded from it, in favour of a plaintiff, the reimbursement of amounts collected as a marketing fee calculated as a percentage of the value of goods purchased from the plaintiff. The marketing fee was calculated apart from commercial margin. The Circuit Court held that the marketing fees constituted a charge for accepting the goods for sale as referred to in Article 15 par. 1 pt. 4 ACUC and were, therefore, unlawful. The defendant company argued that the ruling violated its rights and constitutional freedoms. The defendant stated that Article 15 par. 1 pt. 4 ACUC violates the principle of freedom to contract expressed in Article 3531 of the Civil Code, which results from the principle of freedom of economic activity.

In analysing the case, the Tribunal drew attention to a series of divergent positions taken in the doctrine and case-law concerning how this provision of the ACUC should be interpreted. It also pointed out that the appearance of such differences does not imply that the contested provision is unconstitutional.

In order to assess whether the restriction of freedom of economic activity introduced by the contested provision was made in view of a serious public interest, which would ensure its constitutionality, the Tribunal considered the question of whether it was effective, necessary, and proportional.

As to the effectiveness of the provision



under analysis, the Tribunal emphasized the following issues. The legislator's purpose in introducing the provision was to combat abuses of market position by market player in relation to other economic entities. The introduction of that norm was caused by practices actually employed by businesses having a strong market position. In this connection, the provision should not be applied if the entities entering into relations with each other in which fees other than commercial margin play a part are on an equal footing. However, in considering the complaint concerning Article 15 par. 1 pt. 4 ACUC, the Tribunal took account of the current situation on the market, on which large-area stores dominate. The Tribunal also emphasized that the norm contained in that provision may have a positive or negative effect on competition, which has also been observed by the European Commission. For this reason, it is necessary in each matter to analyse particular cases of fees being collected, and it is not possible to draw a general conclusion of an abstract nature (i.e. a conclusion on the absence of the effectiveness of the provision). Such an analysis must be made by a court applying the law. Therefore, the provision should be considered effective – it enables the courts to exercise control over a specific factual status. Moreover, it also constitutes a detailed prohibition against abusing a dominant position imposed by competition protection law. The contested provision is, therefore, also effective in safeguarding the quality of competition.

In considering the issue of the necessity of introducing the regulation in question, the Tribunal emphasized that it is essential, since collecting additional fees certainly

has an impact on the way economic activity is conducted by suppliers of goods. The Tribunal pointed out that the provision *“in serving to protect the quality of competition, does not authorize the state to take any actions directly intervening in contractual relations, but only provides private entities with an additional tool for protecting contractual balance and allows various entities located at various points along the goods distribution chain to engage in just, socially responsible economic activity”*. What is more, the provision is necessary for the proper implementation of contractual freedom. That freedom is limited as a result of the functioning of moral and customary standards, the application of principles of public order, and the need to protect the rights of other economic participants. Those restrictions sometimes serve to restore a contractual balance that has been disrupted by the positions of the parties. The Tribunal concluded that it is not possible to achieve the same result by applying less severe means of limiting economic freedom, and, in particular, this would not be achieved by the anti-monopoly authority employing a casuistic enumeration of impermissible contractual clauses and maintaining a register of such clauses.

A further criterion used by the Constitutional Tribunal was that of proportionality. Restrictions of constitutional freedoms applied in the legislation cannot impose burdens in an inadequate manner. The Tribunal ruled that the provision of Article 15 par. 1 pt. 4 ACUC does not violate the principle of proportionality, since it does not prohibit the collection of fees in an absolute manner.

The prohibition applies only to fees that hinder market access and that are contrary to good customs.

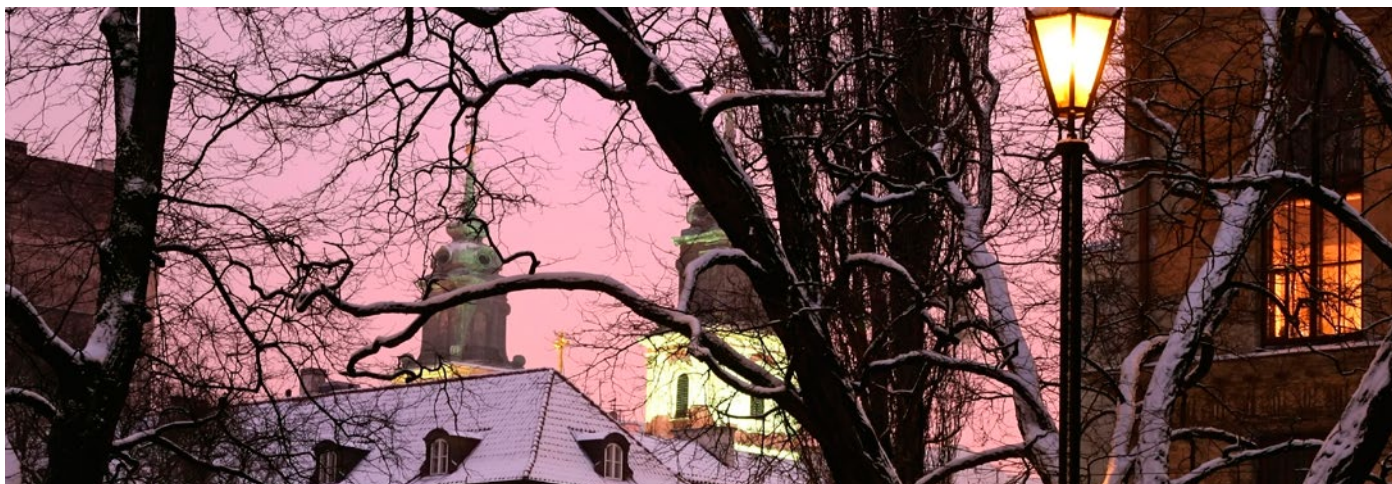
Source: www.otk.trybunal.gov.pl

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Poland — Further rulings in favour of suppliers – refund of charges other than margin for accepting goods for sale: rulings of the Supreme Court and the Circuit Court in Warsaw

Recently, further rulings have been handed down in favour of suppliers in disputes against trade chains over the return of fees other than trade margin for accepting goods for sale (prohibited by Article 15 par. 1 pt. 4 of the ACUS). The Supreme Court resolved two cases against the Auchan chain brought by suppliers (a supplier of jackets – the Dereni company of Krakow – case ref. I CSK 597/13 and the Reden company of Lodz – case ref. I CSK 615/13). In the justification of the verbal ruling handed down in the case brought by Dereni, Supreme Court Judge Mirosław Bączyk pointed to the importance of the court and of the factual and legal circumstances in cases concerning the refund of payments other than margin. He further stated that an inflated margin can be deemed to be an illegal fee.

This type of case has also been won by suppliers in lower instances. In a ruling of 28 August 2014, the Circuit Court in Warsaw awarded a plaintiff (a supplier of baked goods) PLN 142,744.88 plus interest for



the return of fees collected for promotional services, commission on turnover, and a fee for expanding the chain. The Court ruled that all of those payments constituted a fee other than commercial margin for accepting the goods for sale. The fee for promotional services was not, in the Court's view, justified by any services actually provided to the supplier. Witnesses called by the defendant did not demonstrate any specific promotional campaign of which the plaintiff was a beneficiary. The commission on turnover was an element of the contract between the parties whose acceptance was an important condition for establishing cooperation. The Court held that it was, in fact, a kind of remuneration for selling the products supplied by the plaintiff. The fee for expansion of the chain was collected in connection with the fact that the defendant required the plaintiff to send invoices electronically using a system made available by a third party. Sending invoices electronically was advantageous for the defendant, facilitating its cooperation with many suppliers. That system functioned at the demand of the defendant and should comprise a cost of the defendant's own activities.

The Court added that it is irrelevant whether the fees collected by the defendant were imposed or agreed between the parties. The very circumstance that the parties agreed the amount of the fees does not deprive the act of its unlawful nature.

The Court also addressed the issue of the possible necessity of determining whether fees collected by the defendant hindered the plaintiff's access to the market. It held that Article 15 par. 1 of the ACUS was formulated such that the acts it specifies constitute

exemplifications of hindering access to the market. The ACUS clearly states that collecting fees for accepting goods for sale other than commercial margin is a form of hindering access to the market. The provision has the effect that in cases where factual circumstances are covered by the hypothesis of that norm, it is not necessary to show that access to the market was actually hindered.

Source: www.rp.pl,
www.orzeczenia.ms.gov.pl

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Poland — Must the Polish Patent Office grant an additional time period for submitting an expert opinion?: ruling of the Supreme Court of Administration

On 2 October 2014, the Supreme Court of Administration (SCA) dismissed a cassation appeal on a refusal to grant a protection right to the word-graphic trademark "KORPORACJA REMIX" (case ref. II GSK 1241/13).

In July 2012, the Polish Patent Office (PPO) issued a decision concerning the partial refusal to grant a protection right for the word-graphic trademark "KORPORACJA REMIX".



The refusal to grant protection concerned goods registered in Class 25 (including underwear, lingerie) and Class 35 (promotional sales for third parties of goods submitted in Class 25). The mark submitted was deemed similar in the meaning of the provisions of the Industrial Property Law (hereinafter, the "IPL") to the word-graphic trademarks "DESIGNERS REMIX COLLECTION" (CTM 002544021) and "DESIGNERS REMIX COLLECTION" (IR-864301) registered with earlier priority for the benefit of the company D.R.C. A/S.



DESIGNERS REMIX COLLECTION

The similarity between the marks compared concerns the visual, phonetic, and semantic layers, and the only element in those designations that is distinctive is the word "remix", used as a descriptive qualifier of the words "korporacja", "designers", and "collection". Further, the above marks serve to designate the same goods in Class 25 and the same services in Class 35. The PPO held that the coincidence of the above circumstances causes a risk of consumers being misled as to the origin of the goods and services bearing the mark submitted for registration. In view of the absence of an infringement of either material or procedural law, the SCA totally agreed with the decision of the PPO under consideration.



A cassation appeal was filed, based solely on the claim of an infringement of procedural law. First of all, the PPO was accused of failing to appoint a period of time longer than that originally indicated, under the procedure of Article 242 par. 2 IPL, to enable the appellant to file an expert opinion on the trademark submitted, which could change the authority's position in the case. The SCA held that the provision the appellant invoked grants the PPO the right to appoint a party an additional period of time to carry out a specific action during the course of a proceeding. That time period, depending on the location or registered office of the party, may be one or two months, or longer in justified cases, but no more than three months. In a submission made in 2012 to the PPO, the appellant moved for an extension of the time period for submitting the aforementioned expert opinion. The IPL does not provide such an institution, and so the PPO rightly treated the submission as information on the reasons for not adhering to the deadline, thanks to which the appellant was by law entitled to submit a position within an additional two months. This means that it had a sufficient length of time to provide the expert opinion and was guaranteed of the opportunity to comment, yet it did not present the expert opinion.

A further claim in the appeal was that the motion for suspension or dismissal of the proceeding was not considered. The SCA ruled that there were no grounds defined by the provisions of law for that motion to be considered. The appellant was represented by an attorney who was duly notified about the hearing, and the content of the power of attorney did not indicate any limitation on the attorney representing the appellant before the court. The impossibility of establishing

contact between a patent attorney and his principal does not disrupt an administrative court proceeding, especially since, in principle, the presence of the party is not compulsory.

For these reasons, the SCA ruled that the cassation appeal was groundless.

Source: www.orzeczenia.nsa.gov.pl, www.oami.europa.eu, www.uprp.pl

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Poland — Danone Fantasia yoghurt packaging does not act as a trademark: ruling of the Provincial Administrative Court in Warsaw

In a ruling of 18 July 2014, the Provincial Administrative Court (PAC) in Warsaw dismissed a complaint by C. S.A. with its registered office in France against a decision by the PPO partially invalidating international protection within the Republic of Poland for the international shape trademark in that part concerning goods from Class 29: dairy products (including milk desserts, yoghurts, potable yoghurts, mousses, cream desserts) and Class 30: edible ices totally or partially made from yoghurt, frozen yoghurt (confectionery ices). That mark was in the form of a dual chamber package for yoghurt desserts.

The PPO invalidated the protection of the above mark upon a motion by B. sp. z o.o. with its registered office in W. During the proceeding, most attention was paid to the distinctiveness of the packaging for yoghurt containing a second container for

an additional product. In the view of the applicant, given that the yoghurt in that packaging consists of two components, it directly results that the components of that dessert must be separated from each other. The number of potentially available packaging forms for dual-component yoghurt desserts is limited, and the solution used in the disputed mark is one of only a very small number of practically justifiable solutions. The form of the contested trademark is, therefore, a solution that is technically functional, but which cannot be the subject of protection on the basis of the provisions of trademark law. The claimant moved for dismissal of the motion.

In analysing the mark, the PPO held that the relevant consumer group does not associate the form of packaging with the origin of goods from a specific business, but with the product itself and its composition. The form of the packaging considered is, therefore, banal and contains no characteristic elements that enable it to be identified with a particular source. For a potential customer, the packaging itself is information that there are two separate products – the main product, and an addition to it – jam or crumble. The authority stated that, although various forms of two-chamber packaging exist on the market, the packaging analysed cannot constitute a trademark that fulfils a guarantee function, that is, which is to be a guarantee that the product designated by that mark is of invariable quality. While the Fantasia or DANONE trademarks used to identify a product may fulfil such a function, in the case of packaging devoid of any additional designations, a consumer may have doubts as to whether that packaging really contains the desired product. A potential customer



will not perceive any information on the origin of the product in the packaging itself. The analysed form of packaging will merely provide a potential customer with information that the packaging consists of two chambers and is designed to store two different components: the basic product and the supplementary one. The PPO held that the claimant did not demonstrate the use of the packaging in a form covered by registration, functioning as a trademark. However, in accordance with case-law, trademarks constituting packaging for liquid goods, whose form is determined by the packaging, must in principle be denied registration if they do not possess any distinctive elements permitting the goods in question to be distinguished from those of other businesses. The plaintiff brought a complaint to the PAC. In its response to the complaint, the PPO moved for dismissal of the complaint, referring to the position taken in its justification to the contested decision. The applicant agreed with the position of the authority. In the opinion of the PAC, the position of the PPO that a potential consumer would not perceive information on the origin of the product in the packaging itself, but that the form of the packaging will provide information that the packaging contains two chambers, meaning that it is designated for storing two different components, the basic product and the supplementary product, is convincing. The intensive use and renown of the Fantasia and DANONE marks cannot automatically be transferred to a shape mark. The Court rejected the complaint against the decision of the PPO.

Source: www.orzeczenia.nsa.gov.pl

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Poland – The similarity of the marks CLIRO and CLIO considered by the Provincial Administrative Court in Warsaw

The PAC in Warsaw heard a case on the invalidation of the protection right to the word-graphic trademark “CLIRO”, submitted for designating goods from Class 16 of the Nice Classification: hygienic paper and toilet paper.

Before reaching the PAC, the case was the subject of a decision by the PPO, which considered an opposition to the registration of the mark “CLIRO” based on the existence of an early Community word trademark “CLIO”. In the view of the opposing party, there existed a risk of potential consumers associating goods bearing the marks compared. The opposing party stated that the two marks are similar phonetically, visually, and semantically. They are both composed of an identical series of letters, differing only by an additional letter “R”, which could easily be overlooked by the average consumer.

The holder of the “CLIRO” mark deemed that the opposition was groundless, and moved for its dismissal. It argued that the marks differ in terms of spelling, colour scheme, and type design, as well as

meaning. In its opinion, the opposing party erroneously hears the phonetic layer, since the consonant “R” in the disputed mark is sonorous and hard and, therefore, clearly audible. It added that the disputed mark is designated for the market of a narrow group of particular goods, which has been entirely usurped by the applicant even though it does not produce a whole series of such goods.

The PPO held that the marks compared are designated for similar goods, but that there is no visual or phonetic similarity between them. The PPO stated that the contested mark is a word-graphic mark consisting of one word element, the word “CLIRO”. Its graphic design consists of a fanciful, bold font with the letters filled with the colour green. The Community trademark, however, is a word mark consisting of a single word element, the word “CLIO”, written in a standard font in the colour black. The authority admitted that, in fact, the marks in dispute differ verbally by only a single letter “R”, yet this letter distinguishes the two marks sufficiently phonetically, since it is clearly audible when the disputed mark is pronounced, as it would be by consumers as “klee-ro”, while the other mark would be pronounced “klee-o” or “klee-yo”. The PPO found that the difference in pronunciation is significant, because the letter “R” is clearly audible and there is no risk of consumers not noticing it.

In the opinion of the PPO, the letter “R” is also clearly perceivable in the visual dimension of the disputed mark, and there is no danger of consumers not noticing it, especially since it is a short mark, and in this type of mark it is easy to perceive all elements. In addition, the PPO pointed out that the graphic design of the disputed mark is not secondary; on the contrary, together



with the word element “CLIRO”, it co-forms the distinctive nature of the designation as a whole. The size of the letters, the thickness of the font, and the clear green colour were all deemed by the authority as being additional elements distinguishing the compared marks visually. As to the semantic comparison of the marks, the PPO held that, since the contested designation “CLIRO” has no specific meaning in the Polish language, it cannot be argued that there is any similarity in meaning between the two marks. Therefore, there is no chance of the disputed mark, which is a fanciful designation, being associated with the other mark “CLIO”.

In evaluating the prerequisite of a risk of consumers being misled, which pertains in particular to the risk of the mark being associated with the earlier mark, the PPO pointed out that there is no risk of consumers being misled as to the origin of the goods so marked. The marks differ visually and phonetically, as well as semantically, to such a degree that there is no danger of consumers of the goods the marks are to designate believing that they are dealing with goods originating from the same business or from affiliated entities.

In the opinion of the PAC, to whom the case was sent in connection with the complaint filed, the PPO did not commit an infringement of the law to any degree requiring the repeal of the contested decision. In the view of the Court, the PPO accepted that the compared marks are designated for goods of the same type. Because the issue of the similarity of goods raises no doubts in principle in this case, such a state of affairs should result in stricter criteria for analysing the similarity of the marks in dispute. However, a similarity or even identity of goods/services has no effect

on the similarity of trademarks, but can only cause a more precise evaluation of the degree of that similarity. In considering the case, the Court reached the conclusion that the PPO had correctly analysed the degree of similarity between the two trademarks, taking account of all the rules applied in evaluating trademarks. Consequently, the PAC shared the stance taken by the PPO on the risk of consumers being misled as to the origin of goods. The marks in question, evaluated as a whole, differ from each other sufficiently to create different impressions on consumers, and they are, therefore, not similar in the meaning of Article 132 par. 2 pt. 2 IPL, and the absence of such a similarity precludes the possibility of consumers being misled, despite the similarity of the goods involved.

Source: www.orzeczenia.nsa.gov.pl

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Poland – The similarity of marks is a factual, not a legal issue: ruling of the Provincial Administrative Court in Warsaw in the case of the marks “JURAPARK” vs. “JURASSIC PARK” and “JURASSIC PARK DINO ATTACK”

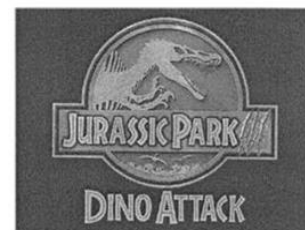
In a ruling issued by the PAC in Warsaw on 4 July 2014 (VI SAWA 2791/13) on the above designations, the Court referred primarily to the evaluation of the similarity between the trademarks made by the PPO. The PPO compared the disputed mark “JURAPARK” (R-230142):



With the domestic trademark “JURASSIC PARK” (R-86544):



And the Community trademark “JURASSIC PARK DINO ATTACK” (CTM-2494698):



The disputed trademark “JURAPARK” was designated for goods and services from Classes 9, 28, 39, and 41. The above trademarks opposed to the disputed mark were designated for goods from Classes 16 and 25 (“JURASSIC PARK”) and Classes 9 and 28 (“JURASSIC PARK DINO ATTACK”).



In making its evaluation, the PPO found that there is an absence of identity or similarity of the goods and services for which the disputed trademark “JURAPARK” and the first of the opposed trademarks, “JURASSIC PARK”, are designated. In the opinion of the authority, therefore, an evaluation of the similarity of those two marks would be unnecessary. As a result of a comparison of the disputed mark with the Community mark, the authority concluded that they are designed for the same and similar goods in Classes 9 and 28.

The authority found that there was no similarity between the disputed trademark “JURAPARK” and the second opposing trademark “JURASSIC PARK DINO ATTACK”. This absence of similarity results, in the opinion of the authority, from significant differences in the visual dimension. Those differences consist of the dinosaur skeletons in the marks being presented in a different way, and of a difference in the way individual elements, both verbal and graphic, are placed. The authority found that there are also phonetic differences between the two marks. The PPO ultimately dismissed the objection raised by Universal City Studios LLC and Amblin Entertainment Inc. on the invalidation of the protection right to the word-graphic trademark “JURAPARK”. In view of this, both of the above companies raised a complaint to the PAC for the contested decision to be overturned.

The claimants argued in the case, among other things, that the disputed designation had been submitted in bad faith. They pointed to an infringement of the renown of the opposing marks and to the existence of previous similar trademarks. The claimants also referred to the renown and popularity

of the film “Jurassic Park” and of the logo identified with the trademark “JURASSIC PARK”. In the opinion of the claimants, the right holder had consciously made a reference to the opposed designations, associated with the well-known and widely recognized film title.

The PAC found that the PPO had not considered the case in a comprehensive, exhaustive manner, and had thereby infringed the provisions of administrative procedure to a degree that could have a significant effect on the result of the case. The Court concluded that it was necessary to re-conduct the administrative proceeding and to make wider factual determinations in the case. The Court did not address the material law claims raised by the claimants at all, for it held that it would be premature to take a position on the aptness of the resolution contained in the overturned PPO decision.

One basis of the conclusion reached by the Court was the view that was accepted in Supreme Administrative Court case-law that the issue of the similarity or dissimilarity of trademarks belongs to the sphere of the provisions on administrative proceedings, and not to the sphere of material law, for the issue of determining whether trademarks are similar to each other or not concerns factual circumstances and not the law.

In its ruling, the PAC showed that, in finding a lack of similarity between the disputed mark and the mark “JURASSIC PARK DINO ATTACK”, the authority referred to the less prominent part of the inscription “DINO ATTACK”, the use of a fragment of landscape in the design, the use of another font, the difference in the way the inscriptions are laid out, the use of a skull

of a different dinosaur, and the head of the dinosaur facing in another direction. The PAC granted that the claimants were correct in arguing that the PPO, in making that assessment, had overlooked the existence of similarities between the marks (“JURAPARK” and “JURASSIC PARK DINO ATTACK”), including by not referring to those elements that occur in both designations. The PAC also noted that the head of the dinosaur facing the other way in the mark “JURASSIC PARK DINO ATTACK” as raised by the authority also appears in the mark “JURASSIC PARK” and does not constitute an argument for the PPO, which argued for accepting the absence of a similarity between the marks being assessed (i.e. the disputed mark with the mark “JURASSIC PARK”).

The PAC found that the case must be reconsidered, and the authority must re-evaluate it solely within the scope specified. In the opinion of the PAC, it is necessary for the authority to precisely assess and address all of the factual circumstances and material evidence. Otherwise, it is not possible to issue a decision covering all aspects of the dispute. For a final resolution of the issue of the similarity of the above trademarks, therefore, we will still have to wait.

Source: www.orzeczenia.nsa.gov.pl

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Poland — A refusal to disclose public information on the basis of business secrecy must be justified: ruling of the Provincial Administrative Court in Gliwice

A ruling was handed down on 25 September 2014 in the case of a complaint by M.K. against a decision of the management board of the company A. z o.o. with its registered office in Ż. (case IV SA/GI 655/14).

The claimant approached the company with a motion for disclosure of public information in the form of an investment entitled “Creation of a regional tourist product – the construction of [...] in Ż”, and requested access to documents relating to that order. The company is subject to the obligations specified in the Act on Access to Public Information of 6 September 2001, because 100% of the shares in the company are held by the City of Ż, and within the scope of the business activities it conducts, the company makes use of municipal property. The management board of the company refused to grant the claimant access to information, referring to Article 5 par. 2 of the above act, in accordance with which the right to public information is limited by the privacy of a natural person or business secrecy.

The management board of the company justified its decision in that, while it disposes of public property, it is, at the same time, a commercial law company and is involved in disputes concerning its property, with which the information applied for is connected (including in respect of investment defects). In the view of the management board, the disclosure to the claimant of the public

information requested would result in an infringement of the principle of the equality of parties, because the company did not have information from the meetings and correspondence held with the other party to the dispute. Moreover, the manner in which the request was formulated suggests that the purpose was not so much to obtain information as to obtain a document that would be used against the company during court proceedings. That is why, up to the conclusion of the litigation with a tenant of buildings constructed as part of an investment implemented by the company, the information the request concerned remains a business secret.

The claimant submitted a motion to the management board of the company for reconsideration of the matter. The management board upheld its decision, referring additionally to the definition of business secrecy in the meaning of Article 11 par. 4 of the ACUC of 16 April 1993 as the reason for refusing to disclose public information. On 13 June 2014, the claimant filed a complaint with the PAC against that decision by the management board of the company.

In the opinion of the claimant, the justification of the decision to refuse to disclose the information sought was formulated in a too general way. In particular, no indication was made of the specific risk entailed by granting access to particular information; it was merely stated that all of the information requested could have a detrimental impact on the pending court proceeding. Nor was it indicated in what way the disclosure of, e.g., the financing agreement, construction budget, or letters obtained from institutions controlling settlements of EU subsidies

could affect the pending court proceedings of the company.

In the PAC’s view, the contested decision could not remain in force because its justification (as the justification to the preceding decision) did not meet the requirements set forth in Article 107 par. 1 of the Code of Administrative Procedure, which sets out the basic component parts that a decision should contain, including a factual and legal justification. A justification, therefore, constitutes an integral part of a decision, and its purpose is to explain the resolution constituting the dispositive part of the decision.

In the case at hand, the justification of the contested decision essentially entailed a citation of the provision of the above-mentioned Article 11 par. 4 ACUC and Article 5 par. 2 of the Act on Access to Public Information, that the right to public information is limited by the privacy of natural persons and business secrecy. In view of this, the PAC overturned the contested and decision, as well as the previous one.

Source: www.orzeczenia.nsa.gov.pl

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Poland — Onerous marketing involving sending text messages and telephoning to subscribers of a competitor: decision of the Circuit Court in Warsaw

In a decision of 4 September 2014, the Circuit Court in Warsaw granted a temporary injunction before the initiation



of a proceeding in the case of a dispute between two telecommunications operators. The claimant sought a temporary injunction for the duration of the process in connection with marketing activities of its competitor, whose representatives were contacting subscribers of the claimant, proposing that they change their telecommunications services supplier. Those marketing activities of the defendant concerned contacting subscribers by text messages and by telephone, as well as by direct conversations. Although the decision in question is not legally binding, we decided to describe it, given its unprecedented nature and its intriguing subject.

In particular, the Circuit Court in Warsaw, ruling in favour of two of the many demands of the claimant, prohibited the defendant from conducting the following activities:

1. sending, without the consent of addressees, text messages of the following content: *“Do you agree to an advisor contacting you to present an offer to move your number to ...? Already, 6 months (for a company), 3 months (for a natural person) before the end of your current agreement, you can move to our network. If you consent, reply YES to this message”, “Do you agree to an advisor contacting you to present an offer to move your number to...? Already several months before the end of your current agreement you can move to our network. If you consent, reply YES to this message...”*; and
2. making proposals to transfer a number to the defendant’s network during telephone conversations, without the consent of the subscriber.

The Circuit Court in Warsaw held that the

two above activities of the defendant should be refrained from during the course of the proceeding.

This ruling is interesting for at least two reasons. First, the Circuit Court classified the telecommunications operator’s offer of its own services by making contact with a customer of a competitor as inducing that customer to terminate their agreement with their current service provider. Such inducement is expressly prohibited by the ACUC. That interpretation is important in that, in respect of certain types of services, customers typically use only one supplier. A change of supplier entails the termination of the agreement with the previous supplier. What is more, the Circuit Court equated a request for consent to presenting an offer with sending unrequested commercial information prohibited by law, and therefore, with a message commonly known as spam. If this decision is finally confirmed by the ruling in the dispute, that interpretation should put an end to the current practice of marketing companies and certain advertisers, who, under the guise of a request to obtain consent to sending commercial information, are, in fact, conducting advertising activities. What is more, the Court imposed the ban not only on electronic communication, but also on direct telephone contacts with subscribers of a competitor. In this way, the Circuit Court applied not only anti-spam regulations, but also the ACUC, for the Court held that, apart from the provisions prohibiting sending spam, the provisions of the ACUC also apply, which prohibit advertising in an onerous manner that violates consumers’ privacy. As a further basis for granting the injunction, the Circuit Court referred to Article 9 pt. 3 of the Act on

Combating Unfair Market Practices, which prohibits inducing consumers in a manner which is onerous and not in response to actions taken by them, using remote means of communication.

In granting the temporary injunction, the Circuit Court emphasized the importance of the lapse of time to the legal situation of the claimant. The good of the claimant, which is to be protected by the injunction, is customer trust. If the Court did not intervene by granting the injunction, that good could be damaged as a result of a lengthy court proceeding, which could have irrevocable effects. The purpose of the proceeding to grant the claimant legal protection would not be achieved, and the infringement of its rights would have irreversible results.

In that ruling, other demands of the claimant not considered by the Circuit Court in Warsaw are worthy of attention. These concern offering conditions to people who resign from the services of the claimant and decide to change their telephone service provider, of which current subscribers of the defendant cannot take advantage. The claimant, in seeking direct protection of its legal situation, therefore indirectly demanded protection of current subscribers of the defendant against a type of discrimination against them by means of new subscribers being privileged. Also dismissed were motions for removal of the content of advertising of the defendant published on its website and for the defendant being threatened with having to make cash payments due to failing to comply with the injunction decision.

As already mentioned, this ruling touches on many interesting issues from the field of



combating unfair competition, and the case deserves to be followed closely, in respect of both the further stages of the injunction proceeding and the final ruling on the merits of the main case.

Source: www.orzeczenia.ms.gov.pl

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Other issues

Poland — When a competitor poaches employees¹

Dr Patrycja Zawirska

One cannot prohibit an entity from making an offer to a person already employed by another entity. This is a common, permissible practice – as long as it does not take on the form of aggressive employee “poaching”, which is an act of unfair competition. Poaching occurs, for example, when a manager leaves for another company and then encourages his subordinates to join in the move, taking advantage of his knowledge of their current remuneration. The range of defensive measures available is wide; most should be applied preventively.

First of all, it is advisable to conclude a non-compete agreement with key personnel which remains in force after the end of the employment relationship. Such an agreement should mainly comprise a prohibition on cooperating with entities that compete against the employer. It may also refer to acts of unfair competition, including by prohibiting infringements of business secrecy and the inducement of employees or other contractual partners to cease their cooperation with the employer. It can be agreed that an infringement of those prohibitions after the end of the employment relationship will result in the imposition of a severe contractual penalty to be paid to the former employer. Further, if a company invests in developing its employees, incurring associated expenses, it is worth signing an agreement with those employees under which they are obliged to refund the costs of their training if they ‘abandon’ their post too early. Also, monitoring business mail increases an employer’s chance of quickly discovering the first attempts at poaching employees.

These preventive measures do not provide protection, however, against entities that are determined to harm a business. An employer which finds itself under attack need not wait until its employee decides to accept a competitor’s offer. Sufficient cause for action is provided when there is incitement, and the circumstances of the case show that this was done so that the inducing party or a third party would reap benefits, or in order to harm the employer. Then, a demand can be made that the party which acted dishonestly cease its unfair acts (cease its inducement to terminate the employment agreement) and remedy the effects thereof (e.g. by withdrawing its employment offer for the longest period allowable by law). It is also possible to bring a claim for the ‘poacher’ to submit a relevant declaration, and nothing stands in the way of this being a public declaration including an apology which, in turn, may have a detrimental effect on the reputation and business of the infringing party. Further, the remedy of any harm caused can also be sought. Obtaining compensation, however, is not easy. It requires ‘hard’ evidence, and an adequate cause-and-effect relationship between the employee poaching and the harm caused must be demonstrated.

¹ This article appeared in Puls Biznesu on 28 November 2014 under the title “Lawyer Commentary: When a Competitor Steals Employees”; the author is a legal advisor in charge of the Labour Law team at the law firm K&L Gates Jamka sp.k.



EU – Trademarks on the web – new proposals by the IPO to combat Internet piracy²

Marta Wysokińska

The world has changed inconceivably over the last 20 years: now, reading a book on the bus, we can instantly check the meaning of an unknown word in a mobile application, searching through online resources using LTE technology; rather than going to a store, we can simply go to its website and pay for our purchases with credit drawn down online; we keep in touch with friends by Internet, thanks to rapid communication and social media; we don't keep notebooks, but keep our data in the cloud. We are transferring our lives to the virtual world faster than we are able to realize that it is really happening, and not only our personal lives. Above all, the Internet is becoming a new sphere of business, providing opportunities for large financial rewards with relatively few expenses.

The popularity of the Internet is also growing in Poland. As CBOS survey report No. 82/2014 "Internauts 2014" states, 63 percent of those surveyed use the Internet at least once per week (websites, e-mail, Internet communication, etc.). That number is significant, in that it represents growth of more than three times since 2002 (when only 17 percent of those surveyed stated that they used the web).

It is no wonder, then, that commerce can also be found on the Internet. CBOS surveys indicate that almost every second person among those asked currently makes purchases using the Internet. In this particular area of web use, clear growth is also being seen. The above CBOS report tells us that in 2008, 25 percent of adults stated that they had at some time bought something online, whereas in 2014, that figure had increased to 47 percent.

In commerce, brands and trademarks are very important. A trademark can convince a consumer to buy a certain, and not another, product. Because they function to identify products and services as having been manufactured by a specific company that is renowned, prestigious and has a reputation for good quality, trademarks are often abused in business. Because of the success achieved by a manufacturer using a certain trademark, competitors often "tag along" on that success by counterfeiting goods bearing the same mark. At the same time, developing a brand entails significant outlays on promotion in order to ensure that the products sold under that brand are widely recognized. The use by competitors of a trademark or similar marks is unfair in that it takes advantage of the marketing efforts made by the right holder to the mark. Worse still, the use of a mark by competitors often leads to the 'watering down' of the mark such that it loses its distinctiveness, which is very harmful to a business. This is why trademarks are subject to legal protection.

The growth of the Internet and of its scope poses challenges for the functioning of the law, including trademark law. The specific characteristics of the web, with users easily achieving anonymity and having almost instantaneous access to resources physically located on the other side of the world, aggravate problems in enforcing legal principles enshrined before the Internet era. Above all, the Internet evades the principle of territoriality.

Many social and industry groups realize how much the Internet has changed the world. Because the norms which have existed up to now may prove ineffective in the global network, we are seeing academic, administrative and commercial initiatives on new standards aimed at applying the principles of the old order to the new reality. It is of vital importance to establish domestic jurisdiction and the law competent to resolve legal cases resulting from Internet activity. Intellectual property law features territoriality; such a view of exclusive rights now fails to pass the test, for it is difficult to determine the actual place in which an infringement of others' rights occurs. In practice, this can also mean that the law deemed to apply may actually have very little to do with the infringement. Academics are considering whether infringements of intellectual property law should not be treated using a "mosaic approach" under which it is deemed that the relevant law is that of the state with which the infringement is associated, or whether a "targeting concept" is more appropriate, in which the relevant law is that of the state in which the destination is located. It is argued that the principle of territoriality should be interpreted in a new way in order to keep up with

² This article appeared in the Rzeczpospolita daily on 23 October 2014 under the title "Web pirates can be afraid"; the author is a legal advisor at the law firm K&L Gates Jamka sp.k.



technology. It is worth mentioning that the European Max Planck Group on Conflicts of Laws in Intellectual Property (CLIP), which gathers together academics involved in intellectual property law and international private law to advise legislators, created a set of principles in 2011 concerning infringements of intellectual property law. The CLIP rules may be significant to the resolution of disputes over infringements on the Internet, for their authors have taken account of new technological conditions. Those principles foresee, among other things, how to establish what law is most strictly connected to an infringement (see M. Świerczyński, “Cloud computing and CLIP rules on intellectual property” in: G. Szpor (ed.): *Internet Cloud Computing, Processing in the Cloud*, C.H. Beck, Warsaw, 2013).

Due to the information they convey, trademarks are very frequently used on the Internet. Just how important designations are becoming in the virtual world is shown by rulings of the European Court of Justice, such as those concerning the use of trademarks in the Google AdWords advertising system (cases C-236/08, C-323/09), as well as the extensive rulings of the Arbitration Court at the Polish Chamber of Information Technology and Telecommunications pertaining to Internet domains.

This is also why certain activities are leading to changes in the law strictly concerning trademarks. A recent example is a resolution of the Intellectual Property Owners Association (IPO) of 7 September 2014. The IPO is an association established in 1972 in the USA. It consists of entities that enjoy rights to patents, trademarks, works and business secrets in all industries and branches of technology. The IPO has called for provisions aimed at dealing with the counterfeiting of goods on the Internet. Its proposals include changes in the scope of American legislation. The IPO goes further than theoretical reflections on the properties of law. It proposes practical solutions aimed at the effective enforcement of exclusive rights to trademarks. The association believes that the issue of infringements made using foreign websites is of vital importance.

First of all, it is necessary to resolve on what basis a website to which new provisions are to apply is to be deemed “foreign”. Such sites are defined as those which are created abroad, as results from information contained on the site or from data on the registration of the domain in question. Such an approach would mean that not the physical location of content, but the registration of the domain, is important. Another factor which would determine the application of the proposed provisions to a given website is whether the site offers goods on the American market. The IPO proposes that the decisive criteria would include: information on the site that goods can be sent to the USA, prices stated in American currency, and the possibility of goods being purchased by customers residing within the United States.

A key issue in the IPO proposals is how to fight against foreign websites offering pirated goods for sale. Because it is difficult to bring claims against entities conducting activity abroad, and since sometimes even entities conducting Internet business from within the United States are difficult to identify, the association proposes introducing the possibility of bringing claims against not only the operators of websites themselves, but also against entities which provide services for such operators. Within this scope, proposals for legislation mention suppliers of financial services, against which it should be possible to bring lawsuits prohibiting the processing of payments for Internet services offering counterfeit goods. This would severely curtail the profitability of piracy – such a prohibition would strike at the very heart of the activities of pirates. A similar possibility is that of moving for a prohibition against the activities of entities providing advertising services. Under the IPO proposals, such entities should also be prohibited from acting on behalf of pirate websites in order to block the dissemination of information on the goods offered by pirate services; the IPO proposes that new legislation should provide the courts with wide powers to issue other prohibitions that they deem appropriate.

In seeking anonymity because of infringements of the law, website operators very often use intermediaries when registering a domain, and keep their true identity and address a secret. Therefore, according to the IPO, new provisions should provide for e-mail messages being deemed as an effective means of serving communications and letters pertaining to court proceedings pending in connection with infringements of rights to trademarks where such e-mails are sent to the e-mail address provided as the administrative or technical contact address of a given Internet domain. Accepting that the delivery of an electronic message to such an address is effective would be of fundamental significance in terms of conducting lawsuits effectively.



For the above reasons, at present the pursuit of infringements of rights to trademarks committed on the Internet entails many practical problems. The new solutions proposed are intended to make it possible to enforce trademark rights within the rapidly changing reality, and their content is based on years of experience in fighting piracy.

Because the United States is a pioneer in Internet regulation, it will be worth following the development of this initiative, which could affect international and European law. Given how popular the Internet is becoming in Poland, it is necessary to strengthen the position of entities entitled to trademarks. The rights resulting from the registration of a trademark can become completely worthless if the state does not provide effective mechanisms for pursuing claims arising from infringements of those rights in the new, digital reality.



EU – Many polo players in the clothing industry³

Michał Ziótkowski

On 18 September 2014, a ruling was issued by the EU General Court (case ref. T-265/13) on the submission of a graphic mark showing a polo player on a bicycle, which was opposed by the Polo/Lauren Company, LP in the USA. Previously, the case had been considered by the Board of Appeal of the Office for the Harmonization of the Internal Market (OHIM), which was to determine whether the Community trademark submitted showing a polo player on a bicycle was similar to the well-known polo player on a horse with which Polo/Lauren identifies its products, clothing in particular.

The mark showing a bike polo player was submitted for goods in Classes 18, 25 and 28 of the Nice Classification, including clothing, headgear and shoes, by the company Freshside Ltd. of Great Britain. Polo/Lauren objected to the submission because it possesses previous trademarks for identifying identical goods. The Objections Department of the OHIM dismissed the objection in its entirety, justifying its decision by the lack of sufficient similarity between the markings in question, even though the goods for which they were submitted are identical. The marks were deemed sufficiently different visually so as not to mislead consumers as to the origin of goods bearing the marks.

Polo/Lauren appealed against that decision on the grounds that the marks have many similarities both visually and conceptually. It also argued that the use of the later mark of a polo player on a bicycle to identify clothing products could be perceived by consumers as a new addition to the portfolio of trademarks of the Polo/Lauren brand. The OHIM Board of Appeal also held that the marks are not similar – even though each both player uses a long mallet, each uses a different means of transport, which unambiguously distinguishes the marks from each other. The Board of Appeal analysed the likelihood of consumers being misled as to the origin of goods bearing the marks compared, assuming an absence of similarity between the marks and the identity of the goods. The Board came to the conclusion that there is no risk of confusion, and that buyers of goods bearing the mark showing a bike polo player will not believe that they are buying Polo/Lauren brand goods, or that the businesses in dispute have economic ties with each other.

Despite the arguments of Polo/Lauren, the OHIM Board of Appeal did not consider the renown of that company's graphic mark. That renown, in the view of the Board, would be significant only if there was a similarity between the marks – even when applied to different goods, for renowned trademarks are protected even outside the classes of goods or services for which they were initially registered. In the case at hand, the Board held that it is not significant whether the earlier mark is renowned or not, since there is no similarity between the marks being compared.

The case went to the EU General Court, which stated that the marks compared should be deemed as insignificantly similar visually and conceptually. Despite the existence of a definitely different means of transport in the two marks, what is most visible in each is the figure of a polo player holding a mallet in his hand, pointing upwards. The EU Court, therefore, held that the OHIM Board of Appeal had made a faulty assessment of the similarity between the two graphic marks, and had, therefore, reached erroneous conclusions as to the absence of any likelihood of consumers being misled when encountering goods identified by those marks. Due to the slight similarity between those marks, the OHIM Board of Appeal should also have considered the renown of the earlier mark of a polo player on a horse. Therefore, the OHIM will have to comply with the guidelines contained in the EU Court ruling at the next stage of the case.

³ This article appeared in the Rzeczpospolita daily on 29 September 2014 under the title "Did a polo player benefit from the renown of an earlier mark?"; the author is a patent attorney at the law firm K&L Gates Jamka sp.k.



This case involved a comparison of two strictly graphic marks that contain no verbal element. Those marks can be compared solely on the visual and conceptual levels, since there is no phonetic level. The designations, while both showing a polo player, despite many visual similarities, were created on the basis of different concepts, since they refer to two different sports disciplines governed by different rules. The difference between those two sports mainly involves different traditions, and especially significantly different groups of spectators. It can, however, be maintained that the later trademark of a bike polo player takes advantage of the renown of the earlier mark.



Australia – New Fashion Brand? Key Considerations Before Launch

By Lisa Egan (LE) and BRR Media (BRR)

Before launching a new fashion label there are a number of decisions for brands to make. When should designers launch into the manufacturing and promotion of products? Do the key considerations differ if you are launching a label with a friend? What should you look for when sourcing manufacturers and retailers? Lisa Egan, Partner at K&L Gates, shares her tips on the most important considerations to ensure long term success.

BRR: Joining us today is Lisa Egan who is a partner at K&L Gates in the Intellectual Property team. We are looking at some of the issues that arise for fashion designers in the early stages of business. Now Lisa, assuming that you have the preliminary designs, logo, brand name and website ready to go, can designers launch straight into the manufacturing and promotion of products?

LE: Well they can Kate but there are obviously risks in doing that. I think obviously getting the products right is the first key and it's very tempting to then jump straight in, but really the designer should take a step back to make sure they've got the right set up for their business. A lot of people who are starting up a small business start as a sole trader, but there's other ways of really establishing your business to make sure that you better protect your own position, and to separate your own assets from those of the business. Things like setting up a company to actually run the business through and those kind of things to make sure that you actually have a really good established business structure right at the outset. Obviously that's a sort of niche, you can consult with professionals to get a bit more advice about it.

BRR: Certainly, what about if you're not commencing the label alone? What if you're commencing the label with a friend, do the considerations differ at this point?

LE: Yes they do and I think it's probably even more important to have a think about how you want to set the business up when there's more than one of you. Again, it can be very exciting if there's two of you who've been working on something and you're ready to launch a product to the world, a lot of the – I guess is considered the more boring stuff of setting up the business – can be forgotten. It's really important to have a structure in place so that you both understand, or if there's more than two of you, you all understand exactly who is going to own what, who owns the brand, is everything shared jointly, how are you going to split profits, and who is going to be responsible for what sort of jobs within the business. It's really ideal if you can get an agreement in place. Even if you are the best of friends and you've known each other forever, if you have something in writing at the outset that sets out how the business is going to work, that's going to stand you in really good stead to get the business off the ground and also to help you through both the good times and bad times within the business.

BRR: Well speaking about getting the business off the ground, what about when it comes to looking for manufacturers and retailers, are there special considerations here?

LE: Again it comes down to making sure the paperwork is in order. Dealing with manufacturers and retailers is going to be really critical to your business and you want to make sure you've got really good relationships with those suppliers and retailers. You need to think about things, for example, like what happens if your supplier goes under? If they have some of the product, do you have a right to get that back? Sometimes the answer will be 'yes' and sometimes 'no', depending on who owns the product and how the contract has been set up. So again, thinking about those things at the earliest possible stage and being really proactive about it is important. The credit terms that you're going to have with retailers, if they're going to require certain minimum orders from you, you must consider if you can fulfil those orders from the logistics point of view. Also, just as really good business practice, make sure that you really stay in touch with your customers and your suppliers on a regular basis. This is so that you maintain those relationships and you know how they're presenting your brand and your products in the market, and so that you've got quality control on the supply side.



BRR: Yes makes sense. Is there any other advice that you'd offer people looking to launch?

LE: I think you know all of this can seem pretty daunting, and obviously you know there's money to be spent in getting some of this stuff right, but it's usually a lot more cost effective to do it at the very beginning. Spend a little bit at the start rather than trying to undo problems down the track. In thinking about all of those things, it's also important to consider registering your trade mark as a brand and securing your domain names on social media, and URLs that might be important. Your designs can also be protected under the registered design scheme, and that's also another really important way of making sure that you've got protection if people do copy you. If you're using, for example, contractors to help in some of the graphic design or design work, make sure you've got very short agreements in place with them to make sure you own everything. So again, while you know it can seem daunting, if you get the right advice and set yourself up from the very beginning, they are the businesses that are usually more successful. You'll always make mistakes along the way and learn things as you go but the better position you can put yourself in at the very beginning then the more chance of success you're going to have.

BRR: Some really wise words there Lisa, thanks so much for joining us.

LE: Thanks Kate.

BRR: That was Lisa Egan, who is a partner in the Intellectual Property team at K&L Gates. Listeners, if you have any questions or queries for Lisa you can send them through either using the panel on on your screen or otherwise via email to law@brrmedia.com. ■

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