

**Group assignment of Module 2A (2010)**

**Legal Statement  
on behalf of Imperial Clothing Inc.**

**Representatives:**

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**IMPERIAL CLOTHING INC.** (herein as “Imperial”) a company incorporated under the laws of United Kingdom domiciled in London herein declares,

That by means of the present document, **CALEDONIAN CROWN LTD.** (herein as “Caledonian”), a company incorporated under the laws of Scotland and domiciled in Glasgow, and **MATTEL INC.** (herein as “Mattel”), a company incorporated under the laws of the United States of America and domiciled at 333 Continental Boulevard El Segundo, California, USA 90245-5012, are herein being notified regarding the claims and defences which will be settled, previous agreement of the parties, in the Arbitration Procedure established for May the 6<sup>th</sup> at Stockholm University, domiciled in Stockholm University, SE-106 91 Stockholm, Sweden for all the legal means that could take place. Such claims and defences will be formulated in the present document upon the following:

**Dispute with Caledonian:**

In 1950 Caledonian registered the Caledonian trademark in the United Kingdom (UK) for games, playthings, gymnastic- and sporting article in class 28 and then began to use the mark on golf equipment afterwards. Based on this trade mark, Caledonian holds that Imperial has infringed their trademark right and has requested Imperial to stop using the Glasgow Grown mark affixed to their clothing, to never again run a similar advertising campaign, to stop using legends referring to Caledonian, to stop selling bags designed for Caledonian drivers and putters, and to stop using Caledonian equipment as a props on fashion shows and exhibitions or on any other kind of event marketing.

**Defences:**

1. Upon the established under Article 3 of Directive 2008/95 EC to approximate the laws of the Members States relating to trade marks, the Caledonian trademark shall be invalidated, which will be elaborated in the later part of the statement. If the Caledonian trademark is cancelled, it will not constitute a prior right.

2. There is no likelihood of confusion between the Caledonian mark and the Glasgow Crown mark on the part of the public.

According to Article 5.1 of the Directive, the registered trade mark confer on the proprietor exclusive rights to prevent third parties, not having his consent, from using in the course of trade: (a) identical signs in relation to identical goods or services; (b) identical/or similar signs relating to identical/similar goods or services and there exists a likelihood of confusion.<sup>1</sup> It is clear that the two marks are not identical with each other. By contrast, it is also quite obvious that the Glasgow Crown mark is not similar to the Caledonian mark, the goods covered by the Glasgow Crown mark are not similar to those of the Caledonian mark and there does not exist a likelihood of confusion.

The likelihood of confusion must be appreciated globally, taking into account all the factors relevant to the circumstances of the case.<sup>2</sup> The global appreciation of the visual, aural or conceptual similarity of the marks in question must be based on the overall impression given by the marks.<sup>3</sup>



The two marks apparently leave different overall impressions to the public. The Caledonian mark comprises a design of a crown, the outline of a shield, a profile of a golf-player and the word Caledonian. The overall impression of this mark is more

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<sup>1</sup> Directive 2008/95/EC To approximate the Laws of the Member States relating to trade marks, Article 5.1.

<sup>2</sup> Case C-251/95 Sabèl BV v Puma AG, Rudolf Dassler Sport [1997] OJ OHIM 1/98, Paragraph 22.

<sup>3</sup> Ibid, Paragraph 23.

like a city emblem while the Glasgow Crown mark, including a silhouette of a golfer and the words “Glasgow Crown”, certainly does not give such impression.

Besides the difference in composing elements and overall impression, the two marks are also different in word element and appellation as one contains the word “Caledonian” and the other contains the words “Glasgow Crown”.

The design of a golfer in the Caledonian mark is not distinctive. The Caledonian mark was applied for “games, playthings, gymnastic- and sporting article in class 28” and is actually used on golf equipment. The design of a golfer in the mark indicates the intended purpose of the goods and therefore is devoid of distinctiveness. One principle set out in the *Sabèl BV v Puma AG* case is, when comparing two marks, one should “bear in mind their distinctive and dominant components”.<sup>4</sup> In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for it has been registered.<sup>5</sup> As the image of the golfer is not a distinctive part in the Caledonian mark, it shall be excluded when judging the similarities of the two marks.

Further, even if comparing the designs of golfers in the Caledonian mark and in the Glasgow Crown mark, they are quite distinguishable. The profile in the Caledonian mark describes a golfer who has just finished one hit while in the Glasgow Crown mark, the player is about to give a hit. Unlike in the Glasgow mark, the player in the Caledonian mark is not merely a silhouette and the bright front and the dark back show clearly that the man is facing the sunshine. Since the two players are quite different in design, it is not convincing that the two marks are similar based on the grounds that both of them contain an image of a golfer.

The Caledonian mark contains a Scottish-style crown while the Glasgow mark includes the word “Crown”. Nevertheless, there are many kinds of crowns in the world. Besides the one in the Caledonian mark, there would still be lots of crowns

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<sup>4</sup> Ibid, paragraph 22.

<sup>5</sup> Case C-342/97 *Lloyd Schuhfabrik Meyer v Klijsen Handel BV* [1999], OJ OHIM 12/99, Paragraph 23.

different in detailed design, model and so on. Mere association that the public might make between the two marks as a result of their analogous semantic content is not in itself a sufficient ground for concluding that there is a likelihood of confusion.<sup>6</sup>

The Caledonian mark was applied for “games, playthings, gymnastic- and sporting article in class 28” and is used on golf equipment. Imperial entered the Glasgow Crown mark on the UK trade mark register in product class 25 for clothing, footwear, and headgear. In assessing the similarity of the goods and services, all relevant factors relating to those goods or services themselves should be taken into account.<sup>7</sup> Those factors include, inter alia, their nature, the purpose for which they are used and their method of use, and whether they are in competition with each other or are complementary.<sup>8</sup> Though the sport clothing produced by Imperial also includes clothing of golf trend, clothing and golf equipment are very remote from each other in terms of nature, raw material, manufacture, function, method of use and so on and are hardly be considered as similar goods.

Another important factor should also be taken into consideration. Imperial registered the Glasgow Crown mark in United Kingdom in 2000 and the golf-inspired product was introduced shortly thereafter under the trade mark. In other words, the Caledonian mark and the Glasgow Crown mark had been coexisting in the UK market for seven years when Caledonian wrote a cease and desist letter to Imperial and have been coexisting in the same market for ten years up to now. The appreciation of the likelihood of confusion depends on numerous elements and, in particular, on the recognition of the trade mark on the market, on the association that the public might make between the two marks and the degree of similarity between the signs and the goods.<sup>9</sup> The fact of the long coexisting of the two marks in the same market is definitely sufficient to show that the two marks can distinguish the origin of goods and there is no likelihood of confusion.

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<sup>6</sup> Case C-251/95 Sabèl BV v Puma AG, Rudolf Dassler Sport [1997] OJ OHIM 1/98, Paragraph 26.

<sup>7</sup> Case C-39/97 Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc [1998] OJ OHIM 12/98, Paragraph 23.

<sup>8</sup> Ibid

<sup>9</sup> Case C-251/95 Sabèl BV v Puma AG, Rudolf Dassler Sport [1997] OJ OHIM 1/98, Paragraph 22.

Based on the above, the Glasgow Crown mark is not similar to the Caledonian mark, the goods covered by the two marks are not similar neither and there does not exist a likelihood of confusion.

3. Upon the established under Article 9.1 of the Directive, as Caledonian has acquiesced the use of the Glasgow Crown mark in the United Kingdom for a period of more than five successive years, it shall no longer be entitled on the basis of the earlier trade mark either to apply for a declaration that the Glasgow Crown mark is invalid or to oppose the use of the Glasgow Crown mark in respect of the goods for which the mark has been used.<sup>10</sup>

As mentioned previously, Imperial registered the Glasgow Crown mark in United Kingdom in 2000 and the golf-inspired product was introduced shortly thereafter under the trade mark. Then the business braked even already the first year and generated some revenue the next. Since the Glasgow Crown products were put into the market of the same Member State long before, Caledonian must have known the Glasgow Crown mark long time ago. The Caledonian company did not adopt any action until its legal advisors sent Imperial a cease and desist letter in 2007. Imperial did not answer to the letter and Caledonian did not raise any further action either.

According to the Oxford English dictionary, the word “acquiesce” means to “accept something without protest.” For about seven years, Caledonian was aware of the Glasgow Crown mark and did not adopt any action against such use. That is to say, Caledonian has accepted the use of the Glasgow Crown mark in the same market without protest. Moreover, though Imperial did not answer to the cease and desist letter, there is not any further legal action following the letter. Under such circumstances, Imperial has sufficient grounds to believe that the letter from Caledonian lacks of solid legal basis, their mark does not conflict with any prior right and it would be safe enough to further invest in the business and develop the brand. Up to now, the Glasgow Crown trade mark has been used and been coexisting with

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<sup>10</sup> Directive 2008/95/EC To approximate the Laws of the Member States relating to trade marks, Article 9.1.

the Caledonian mark in the United Kingdom for about ten years. If the use of the Glasgow Crown mark is stopped, it would certainly be an inestimable loss to Imperial.

In conclusion, due to the limitation in consequence of acquiescence, Caledonian shall no longer be entitled the right either to apply for a declaration that the Glasgow Crown mark is invalid or to oppose the use of the Glasgow Crown mark in respect of the goods for which the mark has been used.

4. According to Article 6 (1) (c) of the Directive, the trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts, provided he uses them in accordance with honest practices in industrial or commercial matters.

In one of the advertising campaign Imperial used the following expression: 'designed in England for the Caledonian golfer'. **Caledonian** is a geographical term used to refer to places, species, or items in or from Scotland, or particularly the Scottish Highlands. It derives from Caledonia, the Roman name for the area of modern Scotland. It is mostly famous for golf. Therefore in this case indicating name 'Caledonia' does not refer to 'Caledonian' trade mark so it can never be regarded as trade mark use, therefore trade mark infringement. Name Caledonian is a public property and no one can be restricted to use it.

In the spring 2007, Imperial introduced an own golf bag designed to fit the particular ergonomic shape of a line of drivers and putters brought to the market by Caledonian in 2005. On the packaging of the bags it was stated "Compatible with Caledonian drivers and putters".

This refers to Caledonian trade mark but it can never be regarded as an infringement as it falls under exceptions set in Article 6 1 c of Trade Mark Directive. The word Caledonian was mentioned just to indicate the purpose of the product. The bags were particularly shaped to fit with the drivers and putters. Therefore, it was intended to provide public with comprehensible and complete information of the products.<sup>11</sup> The public should be aware that the bags can be used with Caledonian drivers and putters, otherwise there will be lack of information about the product.

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<sup>11</sup> The Gillette Company, Gillette Group Finland Oy v. LA-Laboratories Ltd Oy. C-228/03

The use of the trade mark 'Caledonian' by Imperial was according to honest practices in industrial and commercial matters. The ECJ in Gillette case gave criteria which should be considered when assessing honest practice. In particular, the trade mark use must be done:

- In a manner as not to give the impression of a commercial connection between business or companies.
- Without affecting the value of the other trade mark or its distinctive character.
- Without discrediting or denigrating trade mark

The use of 'Caledonian' trade mark was just informative, thus there was no emphasize on the word 'Caledonian'. It was simply used to provide information to the public that the products are compatible with drivers and putters produced by Caledonian. Therefore, there can not be any link between these two companies.

Affecting the value of the trade mark or its distinctive character

The use had nothing to do with discrediting or denigrating trade mark. As already mentioned above it just carried informative character and nothing was done to discredit the trade mark.

### **Counterclaim of Invalidation of the Caledonian mark:**

The Caledonian mark was registered for games, playthings, gymnastic- and sporting article in class 28 and is specially used on golf equipment. As the mark is devoid of any distinctive character, in accordance with Article 3.1 of the Directive, it shall be liable to be declared invalid.

The Caledonian mark includes a design of a crown, the outline of a shield, a profile of a golf-player and the word Caledonian. As the crown is usually a symbol of the royal family, it shall not be monopolised by any company. Moreover, the design of the crown plays only a decoration function in the Caledonian mark and is not a distinctive part of the mark. The outline of the shield is composed of simple lines and is also devoid of distinctive character. As the mark is used on golf equipment, the image of the golf-player

has indicated the intended purpose of the goods and therefore is descriptive and devoid of distinctiveness for being a trademark. The word "Caledonian" in the mark is a geographical term used to refer to places, species, or items in or from Scotland, or particularly the Scottish Highlands. It derives from Caledonia, the Roman name for the area of modern Scotland. A spokesman for the Royal and Ancient Golf Club of St. Andrews, one of the oldest Scotland golf organization, said "Stick and ball games have been around for many centuries, but golf as we know it today, played over 18 holes, clearly originated in Scotland." Since "Caledonian" is a geographic term used to refer to places, species, or items in or from Scotland, or particularly the Scottish Highlands, no one shall enjoy the exclusive right on it. Besides that, because Scotland is the geographical origin of modern golf game, the word "Caledonian" has indicated the geographical origin of the goods and is not distinctive either. As all the composing elements in the Caledonian mark is not distinctive, the mark as a whole is devoid of any distinctive character and shall be liable to be declared invalid according to Article 3.1 (b) and (c) of the Directive.<sup>12</sup>

### **Dispute with Mattel:**

The toy company Mattel has used the Glasgow Crown mark on their dolls, which has infringed the exclusive right of the Glasgow Crown mark.

Pursuant to Article 5 3 of the Directive the proprietor shall be entitled to prohibit the affixing of the sign to the goods or to the packaging thereof. Mattel used Glasgow Crown on its dolls without any permission.

The trade marks constitute an essential element in a system of undistorted competition and that the essential function of a trade mark in such a system is to guarantee the identity of the origin of the goods or services to the consumer or end user.<sup>13</sup>

In this case the question arises if the infringing use was likely to damage the guarantee of origin that constitutes the essential function of the trade mark. Regarding this the Court of Appeal held that 'unchecked use of the mark by a third party, which is not descriptive use, is likely to damage the function of the trade mark right because the

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<sup>12</sup> Directive 2008/95/EC To approximate the Laws of the Member States relating to trade marks, Article 3.1 (b) and (c).

<sup>13</sup> Arsenal Football Club plc v Matthew Reed Case C-206/01 [2002]

registered trade mark can no longer guarantee origin, that being an essential function of a trade mark.<sup>14</sup>

The use of Glasgow Crown by Mattel can not be regarded as descriptive, it doesn't fall under exceptions of the article 6 (1), therefore it should undoubtedly be considered as an infringing action. (we didn't have any details how it was used so I just couldn't elaborate more).

Regarding the aforementioned, IMPERIAL requests to the Arbitration Court, that having filed the present document including the mandatory number of copies and attached documents, give notice of the present Pleading by IMPERIAL to CALEDONIAN and MATTEL, and that with regard to Arbitration Rules agreed by the parties, proceed to dictate the arbitral award which:

- I. Declares the Invalidation of the Caledonian mark on the merits of the EU Legislation.
- II. Affirms the non-infringement of the Caledonian mark from Imperial.
- III. Declares the infringement of the Glasgow Crown mark from Mattel and Condemns Mattel to the compensation of the detriment.
- IV. Condemns Caledonian and Mattel to the payment of the expenses of the Arbitration Procedure together with all of the expenses incurred by IMPERIAL by means of the present dispute.

In, Stockholm, Sweden at April 29<sup>th</sup> 2010.

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<sup>14</sup> Arsenal Football Club plc v Matthew Reed [2003] EWCA