

Review

Intellectual Property



Nude Brands Ltd v Stella McCartney Ltd (1) and YSL Beaute Ltd (2) and L’Oreal (UK) Ltd (3) [2009] EWHC 2154 (Ch)

Background

Nude Brands Limited (NBL) is the proprietor of a Community trade mark consisting of the word NUDE (the “Mark”), registered for a range of goods and services, including cosmetics and perfumes. NBL’s NUDE range comprises skincare products and does not currently include a perfume although NBL intends to add a perfume to the range at a later date. NBL’s products retail in the mid to high end of the market and are promoted as being free of synthetic ingredients.

Stella McCartney Limited (SML) is a clothing fashion company, making and selling designs by Stella McCartney. In conjunction with YSL Beaute (YSL), SML has also sold perfumes under the brands STELLA and SHEER STELLA and cosmetic products under the brand CARE. SML and L’Oreal are intending to launch an eau de toilette and a scented linen spray under the brand STELLANUDE (the “Sign”).

After becoming aware of the proposed launch of the products under the Sign, NBL applied for an interim injunction to prevent the use of the Sign on the basis that it constituted infringement of its Mark. The judge considered the following issues in assessing whether to grant the injunction:

The validity of the Mark

Pursuant to Article 7 of Regulation (EC) No 40/94 on the Community trade mark (the “Regulation”), the defendants claimed that the Mark was invalid as it is descriptive and non-distinctive. In support of this the defendants claimed that the use of the term nude has evolved to describe a colour palette of neutral tones in the fashion industry, and more recently a particular trend of “effortless sophistication” with which SML has been associated. The term “nude” is also used in the cosmetics industry and in relation to perfume, where it is claimed that it has similar connotations. The defendants also argued that as other parties use the word nude in relation to perfumes, the Mark on its

It can be difficult to obtain interim relief where there is no clear evidence of confusion

own is not capable of distinguishing the products of a particular manufacturer. One such use concerned an agreement entered into by NBL with Christian Dior (“Dior”) allowing the Mark to be used for a range of products, including a product called Diorskin Nude.

The judge thought it was arguable that the Mark would survive an attack on validity. In particular the judge noted that, although the use of the word nude by other parties may confer rights on those parties to challenge the validity of the Mark, it does not confer the same right on the defendants.

Infringement

Article 9(1)(a) and 9(1)(b) of the Regulation allow the proprietor of a Community trade mark to prevent third parties from using, in the course of trade, an identical mark for identical services, or a similar mark for similar or identical services, where a likelihood of confusion exists.

NBL argued that use of the Sign would constitute infringement of the Mark on the basis that there is a likelihood that consumers would perceive the Sign as being made up of two parts: “Stella” and “Nude”, and hence be confused into thinking that there was an association between products bearing the Sign and NBL. The defendants argued that consumers would not be confused because the Mark is only one element of the Sign, the Sign is in SML’s house style and SML is connected to the nude trend.

The judge noted that NBL’s case for trade mark infringement was arguable. The relevant goods could be considered as identical and it is not difficult to see the Mark in the Sign. However, a defence to NBL’s case was also arguable on the basis that there is not much use of the Mark by NBL and currently no use of the Mark in relation to perfume.

Balance of convenience

In considering whether there would be harm to NBL if the injunction were refused, the judge found that:

- The risk of confusion between SML’s products and NBL’s products was small and consumers were unlikely to believe there was an association between SML and NBL. This was reinforced by fact that the term nude is in relatively widespread use in the industry, the nude trend is known in relation to SML and the STELLANUDE products are likely to be sold alongside other SML products.
- NBL does not enjoy exclusivity under the Mark. There are several other brands marketed using the name nude, hence the Mark on its own does not guarantee that the product emanates from NBL.
- Despite NBL’s intention to launch a perfume, this would not be likely to take place for at least a couple of years. If NBL are successful at trial, SML will still have been removed from the market well in advance of NBL’s perfume launch.
- NBL’s agreement with Dior did not contain any quality control provisions, indicating that NBL are not concerned with protecting the exclusive repute of the Mark or preventing brand dilution. This is particularly relevant as the Dior product bearing the Mark contains synthetic ingredients and is also more closely connected to the skincare market than the STELLANUDE perfume.
- There was no suggestion that SML would be unable to pay damages if they were awarded at trial.

In assessing the harm to SML and L’Oreal if an injunction were granted, the judge found that the 2009 launch of the STELLANUDE brand would be cancelled. As a

result, there would be a huge loss of sales over the 2009 Christmas period and a risk that the STELLANUDE brand would have to be abandoned altogether by SML.

Ultimately, the judge found that the detrimental effects of wrongly granting an injunction against SML and L'Oreal were likely to outweigh the effects on NBL if the injunction was refused.

Comment

This case highlights the difficulties that can arise in seeking to obtain interim relief where there is no clear evidence that there will be confusion in the market place. Brand owners should also be careful when granting licences to ensure that quality control provisions are put in place to maintain the exclusivity of brands.

It also confirms the importance of quality control provisions in agreements, particularly when such agreements may be scrutinised out of their original context.

FURTHER INFORMATION

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