Protecting and Growing your Food Business
21 June 2018
Welcome

Wendy Hederman, Partner & Head of Food, Beverage & Agriculture, Mason Hayes & Curran
IP Protection

Gerard Kelly, Partner & Head of IP, Mason Hayes & Curran
Protecting the Goods!

- Trade marks and passing off
- Designs
- Copyright
- Confidential information and trade secrets
Trade Marks

- Flagship brand
- Company name
- Product name
- Product shape
- Graphics or colour schemes on packaging
3D and Shape Marks
C-98/11 P Chocoladefabriken Lindt & Sprüngli AG v OHIM

- OHIM (now EUIPO): 3D sign representing the shape of a chocolate rabbit with a red ribbon is devoid of distinctive character

- Appeal to General Court dismissed

- Appeal to CJEU dismissed (2012)
Coca Cola General Court Decision (2016)

- “Contour bottle without fluting”
- Metal, plastic or glass
Coca Cola 3D Bottle marks

- Application of Coca-Cola Co (1986)
- Lord Templeman
- “another attempt to expand the boundaries of intellectual property and to convert a protective law into a source of monopoly”
Nestlé Waters France (2003)

• Bobbin-like shape and oblique, horizontal grooves

• Eurocermex (CJEU - 2005)
  • Lack of distinctive character
Chocolate Wars

Cadbury v Nestlé
Cadbury UK Ltd v The Controller General of Patents Designs and Trade Marks

- Trade mark application by Cadbury (2004) - Pantone 2685C

- Opposition filed by Nestlé: “…applied to the whole visible surface, or being the predominant colour applied to the whole visible surface…”

- UKIPO Office held the colour was distinctive to Cadbury (2011)

- UK High Court dismissed Nestlé appeal (2012)

- UK Court of Appeal upheld appeal (2013)
What is this?
Société des Produits Nestlé SA v Cadbury UK Ltd (CJEU 2015)

- UK trade mark application (2010) opposed by Cadbury on the grounds that the mark is devoid of distinctive character
- Reference to the CJEU by Arnold J
- Mere recognition of the shape is not enough to prove acquired distinctiveness.

- UK Court of Appeal
- Nestlé's 3D shape mark for the four-fingered Kit-Kat product
- Had not acquired sufficient distinctive character on its own
- Contrary decision of the General Court (2016)
- CJEU decision awaited
Mondelez v Poundland

- Twin Peaks chocolate bar
- Counterclaims Toblerone shape is no longer distinctive
- Review of mark based on principles in the KitKat proceedings

- 2 applications:
  - “The ratio of the colours is approximately 50%-50%”
  - “The two colours will be applied in equal proportion and juxtaposed to each other”

- Application for invalidity. General Court result:
  “allowed for the arrangement of those colours in numerous different combinations”

- Appeal to CJEU pending
Common pitfalls in trademarking brands

• Importance of clearance searches before choosing branding.

• Words that identify or describe a product, its ingredients, or purpose are not generally protectable as trademarks.

• Early filing is key.

• Register marks across all countries in which the brand is being used e.g. countries of both manufacture and sale.
Confusion with brands

- ‘NUTRIPLETE’ vs ‘NUTRIPLEN’
- Trade mark infringement
- Related proceedings against wholesalers and suppliers
- Account of profits denied based on conduct
- How do you quantify damages?
Designs
Designs

- A design is the aesthetic appearance of a product
Ball Beverage Packaging Europe Limited (2011)

- "group of cans for drink, all having a sleek but high appearance with reduced neck, preferably made of thin sheet metal, especially for filling volumes of 250 ml, 300 ml or 330 ml, respectively“

- Declaration of invalidity sought
- EUIPO upheld validity of design
- Board of Appeal overturned decision
  - Written description should be disregarded
  - Three cans do not comprise a unitary object
- General Court upheld decision
  - Purpose of description is to explain representations
Design Infringement
Passing Off in product “get up”
The Jif Lemon Case (1990)
Reckitt & Coleman Ltd v Borden Inc

- House of Lords: ‘Classic Trinity’
  - Goodwill
- Representation
- Damage
United Biscuits v Asda (UK 1997)

- Trade mark infringement argument unsuccessful
- Passing off
- Four registered Penguin trade marks not used since 1988 revoked on counterclaim
Jacobs Fruitfield v United Biscuits (2007)

- Fig Rolls: Interlocutory injunction granted

- Cream Crackers: Size and prominence of brand names differentiated the products even through the colour scheme was identical

- Resemblance accepted by Brennans
- Packaging likely to confuse consumers (9 similar elements)
- Injunction upheld by Supreme Court - 48 hours to change packaging
Copyright

- Text and artwork is automatically protected by copyright
Confidential Information

- Company Secrets
- Non-disclosure agreements
- European Union (Protection Of Trade Secrets) Regulations 2018 (S.I. No 188 of 2018)
Protected Geographical Designations

Dublin  London  New York  San Francisco
• ‘Champagner Sorbet’ – 12% champagne

• use of ‘Champagne Sorbet’ is lawful if the sorbet has, as one of its essential characteristics, a taste primarily attributed to the presence of champagne in the sorbet.
C-44/17 Scotch Whisky Association v Klotz

- German whisky called Glen Buchenbach

- Scotch Whisky Association - use of the Gaelic term “glen” could mislead buyers to think it was scotch

- Not enough for the word “glen” to evoke some kind of association with Scotland - it must actually bring to mind scotch whisky. Does not matter that the label said the product was made in Germany

- Referred back to German National Court to determine whether the “average European consumer” would be misled
Brexit – Impact on IP Rights

• Trade Marks
  • 30 March 2019 – 27 Member States
  • Registered EU trade marks and International trade marks designating the EU will cease to apply to the UK

• Designs
  • 30 March 2019 – 27 Member States
  • Registered EU designs and EU unregistered designs will cease to apply to the UK

• Copyright
  • 30 March 2019 - EU standalone database right no longer available to the UK

• Patents
  • Patent conventions and treaties do not rely on EU membership for effect
  • Delay in implementation of UPC
Tax

Maura Dineen, Partner, Mason Hayes & Curran
VAT

- VAT Act 1972
  - “food and drink for human consumption”

- VAT Consolidation Act 2010
  - Rates: 0%, 9%, 13.5%, 23%

- VAT Directive
  - Permits zero rating for “clearly defined social reasons” that “benefit the final consumer”

- Specific Revenue guidance for food and drink
Cake??

Or biscuit?
“bread” means food for human consumption manufactured by baking dough composed exclusively of a mixture of cereal flour and any one or more of the ingredients included in column (1) of Table 2 to this paragraph that do not exceed the quantities (if any) set out for each ingredient in column (2) of that table, but does not include food packaged for sale as a unit (not being a unit designated as containing only food specifically for babies) containing 2 or more slices, segments, sections or other similar pieces, having a crust over substantially the whole of their outside surfaces, being a crust formed in the course of baking, frying or toasting.
## Bread or not?

<table>
<thead>
<tr>
<th>Ingredient</th>
<th>Weight limit for the ingredient, as percentage of weight of flour included in the dough</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yeast or other leavening or aerating agent, salt, malt extract, milk, water, gluten</td>
<td>No limit</td>
</tr>
<tr>
<td>Fat</td>
<td>Not exceeding 2%</td>
</tr>
<tr>
<td>Sugar</td>
<td>Not exceeding 2%</td>
</tr>
<tr>
<td>Bread improver</td>
<td>Not exceeding 2%</td>
</tr>
<tr>
<td>Dried fruit</td>
<td>Not exceeding 10%</td>
</tr>
</tbody>
</table>
VAT Summary
Research and Development Tax Credit
R&D Tax Credit

• 25% credit against corporation tax liability
  • €100k expenditure = €25k tax saving (plus ordinary tax deduction at 12.5%, effectively 37.5% tax saving)
• Applies to “qualifying expenditure”
• Costs to be incurred wholly and exclusively in the carrying on of R&D activity
• Credit can be refunded over 3 years if loss making (but linked to corporation tax liability over previous 10 years or payroll tax liabilities over previous 2 years)
• Claim within 12 months of tax year
• Documentation is key (contemporaneous)
The research and development activity must:

- involve systematic, investigative or experimental activities;
- be in the field of science or technology
- involve one or more of these categories of R&D:
  - basic research
  - applied research
  - experimental development
- seek to make scientific or technological advancement;
  and
- involve the resolution of scientific or technological uncertainty.
R&D- Food Industry

• Science and technology of food production falls with Engineering and Technology in Revenue Guidelines
• Challenges for SMEs
• Revenue working group
• Industry specific guidance
International Expansion

Dublin
London
New York
San Francisco
International Expansion

• Small scale expansion

• Employees outside of Ireland

• Agents outside of Ireland

• Corporation tax risk

• Payroll tax exposures
Topics for Discussion

Political Update
Possible Outcomes
Challenges for Business
Steps to Prepare
How the British Irish Chamber Can Help
Political Update

- **Article 50 Negotiations**
  - What has been agreed so far?
    - Withdrawal Bill
    - Citizens’ Rights
    - Other separation issues e.g. goods placed on the market and ongoing VAT and excise matters
  - Where do differences remain?
    - Backstop for Irish border
    - Oversight model for agreement and dispute settlement
    - Other separation issues e.g. geographical indications and protection of data processed pre-Brexit

- **Future Trade Talks**
  - UK red lines
  - EU Draft Guidelines

- **Westminster Process**
  - Status of Withdrawal Bill
  - Other Brexit legislation
Possible Outcomes

- No deal Brexit
  - Withdrawal Agreement not finalised by October 2018
  - UK leave the EU on 29th March 2019 with no deal – trade reverts to WTO rules

- Hard Brexit
  - Withdrawal Agreement finalised
  - Transition period secured
  - UK leaves both Customs Union and Single Market

- Soft Brexit
  - Withdrawal Agreement finalised
  - Transition period secured
  - UK remains in some formal association with EU Customs Union and/or Single Market
Challenges for Business

- Uncertainty
- Possible restricted access to UK market
- Increased costs
- Disruption to supply chains and route to market
- Ongoing currency fluctuation
- Regulatory changes
- Introduction of tariffs
- Dealing with customs rules and procedures
- Cash flow changes arising from changes to VAT procedures
- Additional administrative burden
Steps to Prepare

- Plan for the worst. Hope for the best!
- Adopt a Brexit plan
- Put in place a currency strategy either through hedging or renegotiating contracts
- Review supply chain movements and routes to market to identify any risks
- Identify any tariff impact for your business
- Familiarise yourself with customs and regulatory procedures for trading with countries outside the EU e.g. customs declarations forms, rule of origin certification, licences, regulatory and standards checks
- Register for an Economic Operator Registration and Identification (EORI) number if you don’t already have one
- Register for existing systems that are in place to ease the burden of international trade e.g. AEO registration, bonded warehousing.
- Plan strategically, consider opening additional facilities or developing partnerships in the UK to secure market share
- If suitable, look at diversifying to new markets to offset potential Brexit losses
- Take advantage of funding and training available through Government Agencies e.g. Enterprise Ireland, InterTrade Ireland, Local Enterprise Offices
How the British Irish Chamber Can Help

www.britishirishchamber.com/brexit-publications/
Thank you

Questions?

Gerry Kelly

Phone: +353 1 614 5093
Email: gkelly@mhc.ie

Maura Dineen

Phone: +353 1 614 2444
Email: mdineen@MHC.ie