

# World Trademark Review Daily

**High Court considers unfair advantage in first post-Whirlpool decision  
United Kingdom - McDermott Will & Emery UK LLP**

**Confusion  
Unfair use**

January 11 2010

In *Daimler AG v Sany Group Co Ltd* ([2009] EWHC 2581 (Ch), October 23 2009), the Chancery Division of the High Court of England and Wales has dismissed claims by *Daimler AG* that its famous three-pointed star device was infringed by *Sany Group Co Ltd*'s use of a three-pointed star logo on construction machinery and vehicles.

Sany, a China-based company that designs, manufactures and sells vehicles, machinery and equipment used primarily for road building, commenced its business in China in 1989 and expanded internationally from 2003. Its annual sales outside China amounted to £110 million for 2007.

Sany has used its logo since 1995 on promotional materials and products. The word 'Sany' is a transliteration of a Chinese word meaning 'three one', which was selected to convey the company's "three-pointed mission" to establish a first-class enterprise, cultivate first-class people and make a first-class contribution. In August 2006 Sany applied to register its logo as a trademark in the United Kingdom in respect of construction equipment and vehicles.

Daimler brought an action for infringement of four UK registered trademarks and two Community trademarks consisting of a three-pointed star. Daimler also opposed Sany's UK trademark application. The parties agreed to stay the opposition proceedings pending the outcome of the current dispute.

In May 2009 the High Court refused Daimler's application for summary judgment on its claim for infringement under Section 10(2) of the [Trademarks Act 1994](#) and Article 9(1)(b) of the [Community Trademark Regulation \(40/94\)](#) (for further details please see "[Divergent approaches render action unsuitable for summary judgment](#)").

Daimler's original claim included a claim under Section 10(3) of the act (Article 9(1)(c) of the regulation), complaining of 'detriment' to Daimler's mark, as well as a claim for passing off, both of which Daimler abandoned, together with its claim under Section 10(2) and Article 9(1)(b). This left only a claim for infringement under Section 10(3) and Article 9(1)(c) based on unfair advantage.

Sany counterclaimed for partial revocation of Daimler's marks, arguing that Daimler had not genuinely used the three-pointed star in relation to all goods covered by its registrations for a period of five years following the registration of the marks. Daimler conceded that some goods should be deleted from its specifications, but otherwise sought to maintain broad specifications, arguing that it could demonstrate genuine use of the three-pointed star in the United Kingdom and the European Union during the relevant period.

The court noted that the recent decision in *Whirlpool Corporation v Kenwood Ltd* ([2009] EWCA Civ 753) summarized the law relating to claims for infringement under Article 9(1)(c) (for further details please see "[Whirlpool in a spin after battle of the mixers](#)"). Accepting Daimler's submission that the three-pointed star had been used since 1921 and that the average consumer knew what it looked like, the court acknowledged that the principle of imperfect recollection would play less of a part than in other cases.

However, although the three-pointed star was a highly distinctive mark and should earn a correspondingly wide scope of protection, in the court's view there was no "link" between Sany's logo and Daimler's three-pointed star. Accordingly, Daimler did not overcome the first hurdle of establishing that a relevant link would be made by the average consumer between Sany's logo and the three-pointed star, whether one took the average consumer to be a member of the public or a person in the construction industry with particular experience.

Although Daimler failed at the first hurdle, the court expressed a view on the other elements of the claim. It held that the goods sold by Daimler and Sany were highly similar.

There was also an issue regarding a photograph of a Sany truck chassis in an online advertisement issued by Sany's former UK distributor, in which Sany's logo appeared on the engine grille in a similar position to the three-pointed star on Daimler's truck chassis. However, the court accepted the evidence of Sany's assistant president that the photograph had been used by the distributor without Sany's authorization and that Sany had no intention of marketing the truck chassis in Europe.

Sany's own specification of goods in its trademark application was broad, but the court accepted Sany's submissions that the fact of an application in broad terms did not, without more, define the scope of the

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threat to use Sany's logo on the market, nor demonstrate that Sany intended to sell truck chassis or cars in the United Kingdom.

The court considered it difficult to express a view on unfair advantage, having determined that there was no link established between the two marks. However, taking into account the *Whirlpool* principles, it would not have concluded that the calling of the three-pointed star would have had the effect of inciting consumer interest in Sany's goods and services by adding allure and prestige to Sany's goods, thereby giving Sany an unfair advantage or giving rise to a serious risk of an unfair advantage being obtained by Sany.

Upholding Daimler's broad specification of goods, the court followed *H Young (Operations) Ltd v Medici Ltd* ([2004] FSR 19) in finding that a "fair specification" of goods identified and defined not the particular examples of goods for which there had been genuine use, but the particular categories of goods that they should realistically be taken to exemplify, and a terminology which accorded with the perceptions of the average consumer of the goods concerned. The court concluded that there was genuine use by Daimler of the three-pointed star to support these broad specifications.

Accordingly, Daimler's claim for infringement and Sany's claim for partial revocation (taking into account Daimler's concessions) were dismissed.

The decision is the first case on unfair advantage since *Whirlpool* and deals with the extent to which trademark protection extends to marks with a reputation. It also provides more guidance on how UK courts should interpret the concept of 'unfair advantage' and shows that claimants must present a strong case in order to succeed.

*Désirée Fields, McDermott Will & Emery UK LLP, London*

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