United Kingdom

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Legal framework

UK trademark law differs in several important respects from the law in other EU member states, despite the implementation by the UK Trademarks Act 1994 (as amended) of the EU Trademarks Directive (89/104/EEC) (now codified in Directive 2008/95/EC) to approximate the laws of EU member states.

These differences include:

- provisions relating to unjustified threats of trademark infringement proceedings;
- the statutory protection given to a licensee which has recorded its licence;
- the Civil Procedure Rules, which affect how cases must be run both before and after proceedings are issued;
- the operation of the Company Names Tribunal in relation to opportunistic company name registrations;
- the dispute resolution service which applies to '.uk' domain names; and
- the law of passing off to protect unregistered rights.

Unregistered rights

There is no law of unfair competition or unregistered trademarks *per se* in the United Kingdom. However, unregistered marks are protected indirectly by the common law tort of passing off, which is aimed at preventing misrepresentations by one trader which lead to deception and damage the goodwill of another. A successful claimant in a passing-off action will need to prove the classical trinity of goodwill, misrepresentation and damage:

- Goodwill – the claimant must establish goodwill or a reputation attaching to its mark. The existence of goodwill will be

decided on a case-by-case basis and depends entirely on the facts. The mark need not be well known; passing off can provide protection to a small business with a small customer base. There is no minimum period of time for which the mark must have been used. However, it will be easier to prove goodwill if the claimant has been using the mark for a substantial number of years.

- Misrepresentation – the claimant must show that the defendant made a false representation which has led or is likely to lead the public to believe that the goods or services offered by the defendant are those of the claimant, or that there is some other form of connection with the claimant. It is not necessary to prove that the misrepresentation was made fraudulently.
- Damage – the most common form of damage is direct loss of sales, but a claimant can rely on other forms of damage. For example, even if the parties are not in competition, the claimant may still suffer damage through association with the defendant where the defendant's business is not of a reputable type. Loss of licensing opportunities or licensing income may also be a relevant head of damage where the claimant already operates a licensing programme.

Passing off is an entirely independent cause of action, but is often run in parallel with a registered trademark infringement claim where the facts permit. Establishing passing off is generally relatively expensive because of the evidential burden (in particular, proving the existence of goodwill), but in some circumstances a claim in passing off will be the better (and perhaps only) cause of action available to the claimant.

Registered rights

Anyone can apply for a UK trademark registration. There is no need for a power of attorney or other such formalities. However, an applicant must provide an address for service in the United Kingdom, another state of the European Economic Area or the Channel Islands.

The act follows the wording of the Trademarks Directive. Therefore, any sign which is capable of being represented graphically and of distinguishing the goods or services of one undertaking from those of others can be registered as a UK trademark. This includes signs which consist of words (including personal names), designs, letters, numerals or the shape of goods or their packaging.

Section 3 of the act lists the absolute grounds for refusal of registration, as follows:

- The sign cannot be represented graphically or is not capable of distinguishing the goods or services of one undertaking from those of another;
- The trademark is devoid of any distinctive character;
- The trademark consists exclusively of signs or indications which are descriptive;
- The trademark is generic (ie, consists exclusively of signs or indications which have become customary in the trade);
- The sign consists exclusively of:
  - the shape which results from the nature of the goods themselves;
  - a functional shape; or
  - a shape which gives substantial value to the goods (ie, eye appeal);
- The trademark is contrary to public policy or morality, or is deceptive; or
- The application was made in bad faith.

Section 4 of the act prohibits registration of a trademark which consists of or contains "specially protected emblems", such as:

- the royal arms, flags or a representation of any member of the royal family (unless consent has been given by or on behalf of the queen or the relevant member of the royal family);
- the national flag of the United Kingdom or its constituent countries, if use of the trademark would be misleading or grossly offensive; and
- Olympic symbols (unless the application is made by a person with the relevant authority).

Procedures

Examination

Examination of the application involves the UK Intellectual Property Office (UKIPO) considering

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whether the application falls foul of any of the grounds listed above, with the exception of bad faith.

The UKIPO will not refuse an application on relative grounds (ie, the existence of an earlier conflicting mark). These can be raised only in opposition proceedings. However, the UKIPO will still search for potentially conflicting earlier marks. It will let the applicant know the results of the search, and the applicant must then decide whether to proceed with the application. If the applicant does proceed, the UKIPO will notify the owners of any earlier UK national marks or international registrations designating the United Kingdom identified in the search about the new application when it is published. It will not notify the owners of earlier Community trademarks.

Opposition

An opposition can be filed on the basis of the absolute grounds identified above or on relative grounds.

An opponent must oppose an application within two months of the date of publication. A one-month extension will automatically be granted if the opponent files a notice of threatened opposition before the expiry of this two-month period. The notice of threatened opposition is a simple form which is submitted via the UKIPO's website.

Relative grounds

Earlier trademarks: The owner of an earlier trademark can rely on the following grounds in an opposition:

- The respective marks and the respective goods/services are identical;
- The respective marks are identical or similar and the respective goods or services are identical or similar, with a resulting likelihood of public confusion;
- The respective marks are identical or similar and the earlier mark has a reputation, meaning that the use of the later mark without due cause would:
  - take unfair advantage of the distinctive character or repute of the earlier mark (free riding);
  - be detrimental to the repute of the earlier trademark (tarnishment); or
  - be detrimental to the distinctive character of the earlier mark (dilution or blurring).

The notion of an earlier trademark encompasses:

- UK national registrations;
- Community trademarks;
- international registrations designating the United Kingdom or the European Union;
- an application for any of the above; and
- trademarks entitled to protection in the United Kingdom under the Paris Convention or the Agreement on Trade-Related Aspects of Intellectual Property Rights.

Earlier rights: A third party may also found an opposition:

- where use in the United Kingdom of the mark applied for is liable to be prevented by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trademark or other sign used in the course of trade; or
- by virtue of earlier rights other than an earlier trademark, in particular by virtue of the law of copyright, design rights or registered designs.

> **“A hearing will be held only if it is deemed necessary and proportionate to the cost to both parties and the commercial value of the matter at stake”**

Registration

If the application is unopposed, the mark usually achieves registration within about four months.

The mark will also proceed to registration if an opposition is unsuccessful in relation to some or all of the goods or services. Typically, opposition proceedings are concluded in between 12 and 18 months. Opposition proceedings are decided by a hearing officer of the UKIPO. The hearing officer will make a decision either solely on the basis of the written materials submitted by the parties during the proceedings or after a hearing. The parties can elect whether to have a hearing, although in complicated matters the UKIPO will usually indicate that it thinks there should be a hearing. Scale costs are usually awarded to the successful party in an opposition.

In October 2013 the UKIPO introduced a new fast-track opposition procedure. The fast-track procedure is designed for simple cases and the UKIPO hopes that it will take only six months. Opponents may rely only on a maximum of three earlier, registered marks and may invoke only claims of identity between the marks and goods or services or likelihood of confusion. Evidence of use (where the mark(s) relied on are over five years old) must be filed upfront by the opponent. There are otherwise no formal evidence rounds. A hearing will be held only if it is deemed necessary and proportionate to the cost to both parties and the commercial value of the matter at stake.

UK law provides a unique statutory defence for holders of UK trademark rights: Section 11(1) of the Trademarks Act provides that a UK registered trademark is not infringed by the use of another UK registered trademark in relation to the goods and services for which the latter is registered. A claimant faced with such circumstances will therefore need to seek invalidation of the defendant's registration in any proceedings. This does not apply to a claim based on a Community trademark; nor is ownership of a Community trademark a defence to a claim based on a UK registration.

Renewal

Once registered, a mark is registered for 10 years, renewable for successive 10-year periods.

Removal from the register

Invalidity: A declaration of invalidity has the effect that the registration is deemed never to have been in force in respect of all or some of the goods or services that it covers. A registration may be found invalid on the basis of the absolute or relative grounds listed above.

Revocation: An order for revocation has effect from the date on which the application for revocation was made. A mark may be revoked on the grounds that it has not been put to genuine use for an uninterrupted period of five years and there are no proper reasons for non-use; or on the basis that the mark has become generic or deceptive.

Surrender: A rights holder can surrender its registration in respect of some or all of the goods or services that it covers. The surrender takes effect from the date of publication in the *Trademarks Journal*.

Enforcement

Civil enforcement

Pre-action steps: The United Kingdom has highly developed court systems and parties are

expected to make reasonable efforts to settle a dispute without the need for litigation. A party that acts unreasonably may be penalised by way of a costs order when the case reaches trial. In most cases, therefore, a trademark owner will send a cease and desist letter to an infringer as a first step. This is with a view to obtaining suitable undertakings from the infringer.

Unjustified threats: The United Kingdom's special law on unjustified threats is a trap for the unwary. It should always be a consideration and may influence tactics in any given matter. The provisions are specific to the United Kingdom and are not derived from the Trademarks Directive. Essentially, the recipient of a letter may bring proceedings against the sender for:

- a declaration that the threats are unjustifiable;
- an injunction to prevent further threats; and
- damages in respect of loss suffered as a result of the threats.

The unjustified threats provisions were designed to dissuade trademark owners from making such threats to secondary infringers (eg, retailers), but their drafting means that a demand letter sent to the source of infringing goods may constitute unjustified threats to that source. The law on unjustified threats may not survive a review by the UK Law Commission, which is due to publish a report in Spring 2014.

Proceedings: If necessary, civil proceedings can be commenced in the High Court or a designated county court. If successful, the rights holder may obtain an order for:

- a permanent injunction;
- delivery up or destruction of infringing goods;
- disclosure of supplier/customer information;
- product recall;
- payment of an account of profits or damages; and
- payment of legal costs.

Judges deciding trademark cases are typically IP specialists. The Intellectual Property Enterprise Court (IPEC – formerly known as the Patents County Court) is designed to handle shorter, less complex and lower-value actions.

> **"Failure to record a licence means that the licensee cannot benefit from protections in the act which are provided to licensees in the case of infringements, such as the right in certain circumstances to bring proceedings in the licensee's own name"**

This is with a view to the IPEC providing cheaper and speedier procedures so that small and medium-sized enterprises are not deterred from protecting their rights by the cost of litigation. Longer, more complex and more valuable actions should still be conducted in mainstream High Court proceedings.

Interim injunction: An interim injunction is a discretionary remedy. To obtain one, the applicant must show that it would suffer irreparable harm if an injunction were not granted until the end of a full trial. In particularly urgent matters or if the trademark owner is concerned that the infringer may dispose of the infringing goods, it may be necessary to make the application without notice to the infringer and without first sending a cease and desist letter. For reasons of both substance and presentation, a rights holder must act quickly to obtain an interim injunction.

If the applicant could be compensated adequately by an award of damages at trial and the defendant could pay any such award, an interim injunction will not normally be

granted. In, for example, a counterfeiting case the rights holder will wish to draw attention to the reputational damage likely to flow from continued dealings in the counterfeit goods. If the court grants an interim injunction, the successful applicant must provide a cross-undertaking in damages in respect of any loss suffered by the defendant as a result of the injunction being granted if it is later overturned at trial.

Criminal prosecution

Section 92 of the act makes certain types of unauthorised trademark use in the United Kingdom a criminal offence. The unauthorised use offences in Section 92 – such as applying an offending mark to goods or dealing in or keeping goods bearing such a mark – are aimed at counterfeiting. However, the provisions are worded broadly and routine 'civil' infringements have sometimes been prosecuted as criminal acts. A person charged with an offence under the Trademarks Act has a defence if he or she can show that he or she believed, on reasonable grounds, that the use of the mark in the manner in which it was used was not an infringement of the registered trademark. If found guilty, an offender may be sentenced to up to 10 years' imprisonment.

Any person may bring a prosecution under Section 92, so a trademark owner could bring a private prosecution. In practice, private prosecutions are more likely to be brought for infringement of copyright under equivalent provisions in the Copyright, Designs and Patents Act 1988.

Company Names Tribunal

The Company Names Tribunal is designed to provide a remedy for a complainant that objects to the registration of a company name on the basis that it was registered with the intention of extracting money from the complainant or to prevent it from registering a name in which it has goodwill. Examples of company names which have been changed by the tribunal as a result of successful complaints include Coke Cola Limited, Adidos Limited and Nokia Limited. The tribunal provides a cost-effective remedy in such circumstances and has proven popular with rights holders.

Ownership changes and rights transfers

Formalities

A UK registered trademark must be assigned or licensed in writing. Only the assignor or licensor must sign the agreement for it to be effective, but it is recommended that both parties sign with a view to avoiding disputes about the terms.

The assignment or licence should be recorded as soon as possible at the UKIPO. The relevant form must be signed by both parties, unless a copy of the relevant agreement is provided with the form. If the assignment or licence is not recorded, it is ineffective against a person acquiring a conflicting interest in or under the trademark in ignorance of the assignment or licence.

Licensing-specific issues

Failure to record a licence means that the licensee cannot benefit from protections in the act which are provided to licensees in the case of infringements, such as the right in certain circumstances to bring proceedings in the licensee's own name. It is possible to confer particularly strong statutory enforcement rights on exclusive licensees if the agreement is appropriately worded.

The use of a registered trademark with the consent of the owner counts as use by the owner for the purposes of defending a non-use attack on the registration. There is no statutory requirement for a trademark licence to impose quality standards on the licensee. However, it remains UK practice to do so; UK trademark owners that issue bare licences run significant risks.

Related rights

As mentioned above, related rights such as copyright, design rights and registered designs can be relied on by a third party to oppose a trademark application. This is because, for example, graphic elements of a trademark may be protected by copyright as an artistic work and two-dimensional graphics may be protected by Community designs.

Online issues

Domain names

Nominet is the '.uk' domain name registry and operates the Dispute Resolution Service (DRS), under which a trademark owner (whether

registered or unregistered) can file a complaint against an abusive registration.

The Nominet DRS Policy is similar to the Uniform Domain Name Dispute Resolution Policy. However, there are important differences. For example, a defended complaint filed under the Nominet DRS Policy will enter a mediation stage, during which a Nominet mediator will contact both parties and attempt to mediate a resolution. The complainant in these circumstances must pay a fee for a decision by a Nominet expert only if the mediation is unsuccessful.

Google AdWords

The recent UK case of *Interflora v Marks and Spencer* (M&S) involved M&S's use of the word 'interflora' as an advertising keyword, which resulted in M&S's advertisements for its own flower delivery service being displayed on the Google results page when an internet user typed the word as the search term.

The High Court ruled in favour of Interflora on the basis that a significant proportion of consumers who typed in 'interflora' as a search term and then clicked on the resulting advertisement from M&S were incorrectly led to believe that M&S's service was part of the Interflora network. This meant that the origin function of the INTERFLORA mark was adversely affected. However, Interflora's success in this case was very much dependent on the facts: members of the Interflora network trade under their own names and lnterflora has commercial tie-ups with several large retailers. The court concluded that these factors made a connection between M&S's flower delivery service and the Interflora network all the more plausible. WTR

Examination/registration		
Representative requires a power of attorney when filing? Legalised/notarised?	**Examination for relative grounds for refusal based on earlier rights?**	**Non-traditional marks registrable?**
No/No	No: but search for potentially conflicting marks conducted and owners notified of application.	Shapes; colours; sound marks.

Unregistered rights	
Protection for unregistered rights?	**Specific/increased protection for well-known marks?**
Yes	Yes

Opposition
Can a registration be removed for non-use? Term and start date?
Yes: two months (extendable to three months).

Removal from register		
Can a registration be removed for non-use? Term and start date?	**Are proceedings available to remove a mark that has become generic?**	**Are proceedings available to remove a mark that was incorrectly registered?**
Yes: five years' non-use after registration or subsequent uninterrupted period of five years' non-use.	Yes	Yes

Enforcement		
Specialist IP/trademark court?	**Punitive damages available?**	**Interim injunctions available? Time limit?**
Yes	No	Yes: no set time limit, but application must be made without delay.

Ownership changes
Mandatory registration for assignment/licensing documents?
No: but highly recommended to do so.

Online issues	
National anti-cybersquatting provisions?	**National alternative dispute resolution policy (DRP) for local ccTLD available?**
No	Yes: Nominet (the .uk domain name registry) operates a dispute resolution service.

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Guy Heath is the head of intellectual property at Nabarro LLP. His trademark practice covers enforcement, oppositions, licensing, clearance and trademark strategy.

Mr Heath's work is international in flavour, comprising global trademark protection for UK/European brand owners with UK/European brand protection work for businesses based elsewhere. Much of his work involves the special considerations affecting well-known and non-traditional marks.

Mr Heath has been appointed lead author of the International Trademark Association's review of trademark case law in the European Union.



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David Parrish is a graduate of the University of Bristol and qualified as a solicitor in 2003. He joined Nabarro in 2008 and has broad experience of advising clients in relation to brand protection matters. His practice covers a range of work, including oppositions, invalidation and cancellation actions, general trademark infringement matters, anti-counterfeiting, parallel importation and domain names.

Mr Parrish has particular expertise in advising clients operating in the IT, fashion and automotive industries, and has acted for such clients in High Court litigation. He has also acted for the complainant in a number of domain name disputes, under both the Nominet Dispute Resolution Service Policy and the Internet Corporation for Assigned Names and Numbers Uniform Dispute Resolution Policy.