

# UK

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## 1. Legal framework

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### National

The basic domestic UK legislation is the Trademarks Act 1994, together with the rules made under it, the Trademarks Rules 2000 (SI 2000 No 136). The Trademarks Act is based principally on the EU First Trademarks Directive (89/104/EC), designed to harmonize the laws of EU member states, which essentially sets out the conditions for registering a valid trademark and the rights conferred by registration.

### International

The other key international legislation is the EU Community Trademark Regulation (40/94), which, together with implementing Commission Regulation 2868/95/EC, establishes the Community trademark and prescribes who is entitled to apply for a Community trademark, what marks can be registered and the rights conferred following registration. Although the Community Trademark Regulation has direct effect in the United Kingdom, the Trademarks Act, together with the Community Trademark Regulations 1996 (SI 1996/1908), makes provision in connection with it where necessary.

The Trademarks Act also gives effect, together with the Trademarks (International Registration) Order 1996 (SI 1996/714), to the Madrid Protocol (relating to the Madrid Agreement on the International Registration of Marks (1891)), which establishes a centralized and therefore relatively convenient and low-cost system for obtaining trademark registrations in a large number of signatory countries, including the United Kingdom. Finally, the Trademarks Act provides specific protection for 'well-known' marks under Article *6bis* of the Paris Convention 1883 (as revised) and the Agreement on Trade-Related Aspects of Intellectual Property Rights.

Other relevant legislation derived from the Trademarks Act includes the Trademarks (Customs) Regulations 1994 (SI 1994/2625) relating to the detention of allegedly infringing goods in the United Kingdom.

In addition to the legislative framework, the common law is important, particularly in relation to passing off.

## 2. Unregistered marks

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### Protection

Other than through trademark registration, there is no property right in the United Kingdom in an unregistered name or mark. However, the reputation of a business may be protected through the common law tort of passing off. Passing off is essentially unfair competition by misrepresentation. Unlike unfair competition laws in many countries, which simply require a finding of parasitical trading or 'rewinding', passing off in the United Kingdom requires a misrepresentation. The essential elements of passing off are misrepresentation causing damage to the business or goodwill of the claimant. Therefore, to succeed in a passing-off action the claimant must show:

- goodwill in connection with the mark in question. This is a difficult concept to define, but is essentially the attractive force which brings customers to a business, or reputation, which a business acquires through trading;
- a misrepresentation by the defendant that its business is somehow connected to that of the claimant. Historically, a claimant had to show that customers believed the defendant's goods were its own, but passing off has developed in a flexible way to the modern needs of business and includes the mistaken belief by customers that the defendant's product

or service is licensed, endorsed or somehow connected in trade with the claimant; and

- damage to the claimant's business or goodwill. Often, damage will be assumed once goodwill and misrepresentation are found.

### Use requirements

It is the goodwill in a business, rather than a specific use of a mark, which is protected by passing off. There is no particular level of goodwill which must be achieved before a successful claim can be brought. Goodwill is normally created through trade, although demand for a product created by advertising prior to commencement of trading can support an action for passing off. The mere fact that a business is very small does not prevent it from having goodwill, and any active business with customers is likely to have protectable goodwill. Further, goodwill may survive even after a business has ceased trading. If a business is deliberately abandoned in circumstances that indicate it is never likely to be recommenced, then the goodwill is destroyed. Otherwise, goodwill may continue to exist even in a discontinued business, and be capable of being protected, if the claimant all along intended and still intends that the business should resume trading.

## 3. Registered marks

### Ownership

Any person may apply to the UK Trademarks Registry to register and thus own a trademark.

### Scope of protection

In order to qualify for registration, under Section 1(1) of the Trademarks Act, the trademark must be:

- a sign;
- capable of being represented graphically; and

- capable of distinguishing the goods or services of one undertaking from those of other undertakings.

Failure to comply with any of these requirements constitutes absolute grounds for refusal of the trademark application. Additional grounds for absolute refusal under Section 3(1) of the Trademarks Act are concerned with aspects of distinctiveness – specifically, that the mark applied for is:

- devoid of any distinctive character;
- descriptive of the goods or services; or
- generic.

However, a trademark will not be refused registration on these further grounds if, by the date of filing, it has acquired distinctive character as a result of the use made of it. Further, while shapes can in principle be registered as trademarks, these will be refused registration under Section 3(2) of the Trademarks Act where they:

- result from the nature of the goods themselves;
- are functional; or
- give substantial value to the goods themselves (which has been interpreted as those shapes having ‘eye appeal’ (see *Philips v Remington* [1998] RPC 809 at 822 (Court of Appeal)).

The final absolute grounds under Section 3 of the Trademarks Act cover marks:

- that are deceptive or contrary to public policy;
- whose use is prohibited by UK or EU legislation;
- comprising or containing certain protected emblems; or
- if and to the extent that the trademark application has been made in bad faith.

An application may also be refused on any of the relative grounds for refusal. These derive from conflicts between the mark applied for and the rights of other traders (Section 5 of the Trademarks Act). Specifically, a mark will not be

registered in relation to particular goods or services where:

- it is identical to an earlier mark protected in relation to identical goods or services (Section 5(1)); or
- because it is identical to an earlier mark protected in relation to similar goods or services, or because it is similar to an earlier mark protected in relation to identical or similar goods or services, there exists a likelihood of confusion on the part of the public (Section 5(2)).

Where an earlier mark has a reputation in the United Kingdom and the mark applied for is identical or similar to that earlier mark, registration will also be refused to the extent that use of the later mark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier mark (Section 5(3)). Finally, the existence of other earlier rights, such as in passing off, design or copyright, may prevent registration (Section 5(4)). However, registration will not be refused on relative grounds if the applicant shows that there has been honest concurrent use of the mark applied for (subject to the owner of the earlier mark or right objecting in opposition proceedings), or where the owner of the earlier mark or right consents (Section 5(5)).

#### 4. Procedures

##### Examination

The registrar examines the trademark application to assess whether the mark complies with the requirements of Section 1(1) of the Trademark Act (see above), and whether the application should be refused on any of the absolute grounds set out in Section 3 or the relative grounds set out in Section 5 (see above).

Any registrar objections will be communicated to the trademark applicant by means of

an examination report. If the objections cannot be overcome, the application will be refused. However, if there are no objections, the application will be published in the *Trademarks Journal*.

##### Opposition

Third parties may oppose a trademark application by filing a notice of opposition with the registrar within three months of publication of the application.

The registrar will send a copy of the notice of opposition to the applicant, which may file a counter-statement in response.

The applicant should submit its counter-statement within three months of receiving a copy of the notice of opposition, unless both parties consent to a 'cooling-off' period of three months (which can be extended by a further three-month period).

If a 'cooling-off' period has been granted, the applicant must submit its counter-statement within one month of the expiry of the cooling-off period.

The opponent then files its evidence, followed by the applicant. The opposition hearing takes place before the registrar, and the registrar's decision can be appealed to the High Court or an appointed person.

##### Registration

Upon registration, the trademark owner will be issued with a registration certificate.

The rights of the registered trademark owner have effect from the date of filing of the trademark application.

Trademarks are registered and renewed for periods of 10 years.

### Cancellation/surrender

A trademark owner may surrender its trademark in respect of some or all of the goods or services in respect of which the trademark is registered.

### Revocation

A trademark can be revoked on four grounds, two of which concern non-use. These can be summarized as follows:

- The trademark has not been put to genuine use within five years of the date of registration and there are no proper reasons for non-use;
- Use has been suspended for an uninterrupted period of five years and there are no proper reasons for non-use; or
- The trademark has, since registration, become generic or misleading.

Revocation action can be taken against all the goods or services for which a trademark is registered, or only some of such goods or services.

From the date of full or partial revocation of a trademark, the trademark owner ceases to have any rights in relation to the revoked goods and services of the trademark specification.

### Invalidation

Any person may apply for a declaration of invalidity of a UK registered trademark in relation to some or all of the goods and services of the trademark specification. If such a declaration is made, the trademark registration is deemed never to have been made in relation to such goods and services.

The grounds on which a trademark may be declared invalid are as follows:

- It was registered in breach of Section 3 of the Trademarks Act; and/or
- Earlier trademarks or rights conflict with the trademark as precluded by Section 5 of the Trademarks Act (see section 3 above).

## 5. Enforcement

### Complexity

**Registered rights:** To succeed in an action for infringement of a registered trademark, it is necessary to show that the defendant has:

- used a sign identical to the mark in relation to goods or services for which the mark is registered (Section 10(1) of the Trademarks Act);
- used a sign identical to the mark in relation to goods or services similar to those for which the mark is registered, or used a sign similar to the mark in relation to goods or services identical or similar to those for which the mark is registered, such that there is a likelihood of confusion (Section 10(2)); or
- used a sign identical or similar to a mark which enjoys a reputation in the United Kingdom in a way that takes unfair advantage of, or is detrimental to, the distinctive character or repute of that mark (Section 10(3)).

These provisions reflect the relative grounds for refusal of an application for registration under Section 5 of the Trademarks Act (see section 3 above).

A claim under Section 10(1) should be straightforward and it will normally be possible to seek summary judgment (see below). However, the test of whether a sign used by a defendant is identical to the mark recently became stricter. For a claim under Section 10(2), it is necessary to establish a likelihood of confusion. In practice, particularly where there has been significant trading by a defendant, this can often only be demonstrated by evidence of actual confusion. The law on Section 10(3) has recently been clarified to confirm that it applies in relation to the use of an identical or similar sign on any goods or services.

**Unregistered rights:** The cause of action for infringement of unregistered rights is passing off (see section 2 above). The cause of action protects the goodwill owned in a mark from misrepresentations that cause damage to that goodwill. An action in passing off is more complex than an action for infringement of a registered mark, because of the need to prove both the existence of the goodwill and that relevant people (consumers) have been, or are likely to be, misled by the defendant's conduct. This is made more difficult by the fact that UK courts are often sceptical about the use of market surveys to prove these two elements. An advantage of an action for passing off, however, is that almost anything can be taken into account in considering whether the claim should succeed, including any get-up used by the defendant in addition to use of the unregistered mark, and the conduct of the defendant.

#### **Timeframe**

In urgent cases, where damages could not adequately compensate the rights owner, it is possible to obtain an immediate, interim injunction very quickly: this takes a matter of days. This does not formally conclude the matter but, in practice, often does.

If it is possible to satisfy a court that the defendant has no reasonable prospect of successfully defending the claim, it is possible to obtain summary judgment. In this way it is possible to obtain a final judgment in between one and three months.

The standard procedure, which may include exchange of relevant documents, witness statements and, where appropriate, expert evidence, usually takes approximately nine to 15 months to trial and final judgment in England, and 18 months to two years in Scotland.

In England, in urgent circumstances, it may be possible to obtain an order for a speedy trial, whereby the standard procedure is accelerated so that a full trial takes place in approximately four to five months. In Scotland, where the commercial dispute is focused by the parties before going to court, an accelerated procedure may be followed which takes approximately nine to 18 months to trial and final judgment.

## **6. Ownership changes – legalization requirements**

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There are minimal formal requirements for assigning a registered trademark. The assignment itself must be executed in writing and signed by the assignor. There are then two basic options for recording the assignment at the Trademarks Registry:

- Complete the Trademarks Registry form (TM16) with the details of the mark(s) assigned and the old and new owners, and have both parties or their representatives sign the form; or
- Complete Form TM16, but provide a copy of the assignment instead of having both parties sign the form. There are no requirements for the copy of the assignment to be legalized, although it is common practice to provide a copy which is certified by a solicitor to be a true copy of the original.

## **7. Areas of overlap with related rights**

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There are other possible ways of protecting marks other than by registration or through the law of passing off.

**Copyright:** Under UK law there is no copyright in a mere name. However, copyright arises automatically on the creation of an artistic work

such as a logo or device mark. Infringement of copyright may be a useful additional claim to consider in a case of infringement of a logo or device. On the positive side, the existence of copyright does not depend on any use requirement, and because copyright need not be registered in the United Kingdom, there is no requirement for payment of renewal fees or maintenance of registration and renewal records. On the negative side, to succeed in an action for copyright infringement a claimant must prove copying, something that is not necessary in relation to a claim for trademark infringement or passing off. A trademark will be refused registration under Section 5(4) of the Trademarks Act (see section 3 above), or invalidated if registered (see section 4 above), if a third party owns any copyright in it. It is important that anyone commissioning the design of a logo or device to be used as a trademark secures an assignment of the copyright in it.

**Designs:** Although there was previously some doubt as to the extent to which devices or logos could be protected under design law in the United Kingdom, either as an unregistered or a registered design, since the amendment of the registered design legislation to implement the EU Design Directive it is clear that they can now be registered as designs in the United Kingdom. A ‘design’ is defined as the appearance of the whole or part of a product resulting from features including lines, contours, colour and shape. The definition of ‘product’ in the design context can include packaging, get-up and symbols. It is therefore now clear that logos and device marks can be registered as designs, provided they satisfy the registration requirements. Further, the EU Design Regulation implements EU-wide unregistered and registered design rights, for three years as unregistered designs and for up to 25 years as registered designs. This too, like the amended UK registered design legislation, allows for the protection of logos and device marks. The fact

that this covers all goods and services is a significant advantage in comparison to trademarks, although this is offset by the shorter period of protection.

## 8. Online issues

At a very general level, use of trademarks on the Internet is governed in the United Kingdom by the same principles as use in any other medium. However, due to the cross-border characteristics of the Internet and the potential for using trademarks in a different manner (eg, invisible use), a specific body of law has been established to deal with three of the main issues, discussed below.

**Jurisdiction:** As the Internet can be accessed globally, the issue arises as to where to sue for trademark infringement. This has been addressed in a number of UK cases, most notably *Euromarket Designs Inc v Peters* [2001] FSR 20 and *1-800 Flowers Inc v Phonenames Ltd* [2002] FSR 12 (Court of Appeal).

In summary, the cases indicate that a mark cannot automatically be said to be used in the United Kingdom for infringement purposes just because the website on which it appears can be accessed in the United Kingdom. In short, for infringement to occur, the website must be directed at UK customers.

**Domain name issues:** There have been a number of cases in the United Kingdom relating to whether use of a domain name can amount to trademark infringement or passing off. Most of these are cybersquatting actions.

The leading case is still *British Telecommunications PLC v One in a Million Ltd* [1998] FSR 265. In this case the defendants registered a number of domain names incorporating famous trademarks of other

companies such as BT, Virgin, Ladbrokes and Marks & Spencer. They then attempted to sell these back to their rightful owners. The Court of Appeal held that the names registered by the defendants were in themselves, effectively, “instruments of fraud”, and that the attempt to sell them to their rightful owners amounted to passing off. The Court of Appeal also held that such actions amounted to trademark infringement.

This case clearly establishes a very powerful precedent in the United Kingdom, but significantly, it concerned household names. Owners of less famous marks are not necessarily guaranteed success.

**Invisible use:** It has become common for websites invisibly to incorporate the marks of their competitors so as to attract internet users to their own sites by ensuring these have higher priority in search engine results. A common way to do this is by including metatags in the website code.

Following a number of cases in the United States, it was thought that such use would amount to trademark infringement in the United Kingdom. This changed in March 2004 in the Court of Appeal case of *Reed Executive plc v Reed Business Information* [2004] RPC 40. In this case the Court of Appeal held that there was no trademark infringement or passing off (as there was no likelihood of confusion) in the defendants’ use of ‘Reed’ as a metatag.

It would therefore appear that the UK courts are not currently willing to extend the protection of trademarks to invisible use on the Internet.