

## Trade Mark Guide

### A. Overview

A registered trade mark confers a statutory right to the exclusive use of the mark in connection with the goods or services for which it is registered. In addition to registered marks, the UK also recognizes unregistered or “common law” trade marks which arise from actual use in commerce.

This note deals with the provisions of The Trade Marks Act 1994 (The Act). Similar rules apply to UK, Community Trade Marks (CTMs) also called EU Trade Marks and International<sup>1</sup> marks (with UK and CTM designations only).

While this note focuses on the practice and procedure of the UK Intellectual Property Office (UKIPO), CTMs are registered by the EUIPO and are unitary marks valid in all 27 EU Member States. EU practice and procedure can differ although the law of national marks<sup>2</sup> in the EU has been harmonised and is very similar to the law on CTMs<sup>3</sup>. We indicate below where relevant differences are significant.

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<sup>1</sup> This denotes marks registered under the Madrid Agreement and Protocol administered by WIPO.

<sup>2</sup> Governed by the 1994 Trade Marks Act (the Act) implementing the European Parliament and Council Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (TMD) now replaced by the Directive 2015/2436.

<sup>3</sup> Created and governed by Council Regulation (EC) No 207/2009) of 26 February 2009 on the Community trade mark (“CTMR”) and now replaced by the new CTM Regulation No. 2015/2424.

### B. Requirements for Registration

#### B.1 Absolute Grounds

The Act prohibits registration of marks that are not *distinctive* or which merely *describe*<sup>4</sup> the goods or services or their geographical origin. These are called *Absolute Grounds*. The Trade Marks Registrar will formally object to the registration when a mark fails to meet these criteria. Even if the Registrar can be persuaded –borderline marks can be the subject of revocation and invalidity proceedings resulting in their removal from the Register, even once registered.

The *Absolute Grounds* for Refusal of an application include, the mark is:

1. descriptive;
2. generic;
3. necessary to obtain a technical result,
4. contrary to public policy or principles of morality;
5. deceptive;
6. applied for in bad faith.

The first two are subject to a showing of “secondary” or “acquired distinctiveness” through actual use. This is fame or reputation so that the mark has come to be recognised by a substantial section of the public as indicating the applicant’s goods--not in the common or ordinary meaning sense. As noted above – the Registry

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<sup>4</sup> There is a public interest underlying this prohibition, in that no trader should be able to acquire exclusive rights to terms other traders might wish to use, such as terms with purely informational values, which should not be reserved for one trader—subject to registrations where there is acquired distinctiveness, through use.

conducts a substantive examination for registerability on *Absolute Grounds* and objects.

Even if the Registrar can be persuaded to register marks suffering a defect on *Absolute Grounds*, the mark can be challenged and cancelled after registration if the *Absolute Ground* still exists, but only at the instigation of a third party. Post registration, the Registrar will not revoke a mark of his own volition however and a third party must act.

## B.2 Relative Grounds

These are as follows:

1.
  - (a) It is identical to an earlier trade mark registered for identical goods or services.
  - (b) It is *similar* to an earlier trade mark registered for identical or similar goods or services and there is a likelihood of confusion with the earlier mark.
2. It is identical/similar or dissimilar to an earlier trade mark and the earlier mark has a reputation in the UK and the 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 trade mark—or dilution.

*Note that while a proprietor obtains the statutory rights in the class for which the mark is registered only--his rights will extend over class boundaries in situations falling within §1.b and §2. above.*

The Registrar does not object on *Relative Grounds* --it is up to the owner of an earlier mark to oppose the application. However the Registrar will notify those owners of marks it regards as conflicting of the application.<sup>5</sup> Even if a registered proprietor fails to oppose the mark during the opposition period, it can later seek revocation or invalidity of the mark based on these *Relative Grounds*.

Proprietors of earlier registered marks wishing to raise *Relative Grounds* in an opposition to an application must be prepared to prove use where the earlier trade mark is more than five years old. This is a grace period by which a mark must have been put to use. This is important as it operates as an obstacle to oppositions from proprietors who have not made use of their marks in relation to the relevant goods/services within the period. That is, owners of registered marks have a 5 year period of grace to actually use their marks. Five years and one day after registration, any unused mark can be revoked for non-use.<sup>6</sup> The current position is that genuine use (and reputation) must exist in a “significant part” of the Community for CTMs, and the territory of a single Member State is regarded as sufficient. Procedurally, non-use can be raised as: (a) a defense to opposition proceedings; (b) a defense in infringement

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<sup>5</sup> Even if an owner fails to oppose the mark during the opposition period, in the UK, he can later seek revocation/cancellation on the same relative grounds unless 5 years have passed and he knew of the registration and failed to act within the 5 years.

<sup>6</sup> If used for only part of the goods and services for which it is registered, the revocation will be limited to the non-used specification.

proceedings and (c) grounds for revocation on grounds of non-use.

Although this note does not extend to unregistered marks, those who trade under the name or mark may have common law rights and can prevent *use* by others by suing in passing-off and can oppose applications for registrations, based on their earlier rights<sup>7</sup> (where of more than local significance). Passing-off *can* also apply even where the field of endeavour is different<sup>8</sup> although greater fame may be required of the common law mark. Conduct that is trade mark infringement<sup>9</sup> is likely to also constitute passing-off in relation to the common law rights of registered mark owners.

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<sup>7</sup>Section 5(4) of the Act: “A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented— (a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or ...”

<sup>8</sup>There is also no rule for passing-off that the defendant must operate in the same field (i.e. class) as the claimant but the respective fields are relevant as the more different the activities, the lower the risk of misrepresentation and real likelihood of damage (being the two elements of the cause of action in addition to reputation). Evidence is required that the defendant’s actions will induce the belief that his business is an extension of or connected with or authorized by the claimant. Dilution type claims such as erosion of distinctiveness are also often raised and have succeeded in the past. See Kerly’s, *Law of Trade Marks*, 15<sup>th</sup> ed. at p.620 at §18-106 and see the extensive list of authorities at p.621 §18-109—but also the cases where relief was refused at §18-110.

<sup>9</sup>Remedies for trade mark infringement include an injunction, seizure and destruction of the goods, damages and liability for legal costs.

## C. Earlier rights and marks

### C.1 Identical Marks

This is a strict standard –either the marks are identical or they are not.

### C.2 Similar marks

Both §5(2)<sup>10</sup> (prohibiting registration) and §10(2)<sup>11</sup> (grounds for infringement) of the Act, deal with similar marks and similar/identical goods/services where there is a likelihood of confusion.<sup>12</sup>

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<sup>10</sup>§5(2) provides “a trade mark shall not be registered if because--- (a) it is identical.. or (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association.”

<sup>11</sup> §10(2) provides “a person infringes a registered trade mark if he uses in the course of trade a sign where because –(a) the sign is identical... or (b) the sign is similar to the trade mark and is used in relation to goods and services identical to those for which the trade mark is registered, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.”

<sup>12</sup>In assessing confusion, the “relevant public” for the respective goods are considered and this will be consumers in general, for many types of goods and services, or specialists for goods/services directed at very narrow markets. The nature of the goods/services, their end users, their methods of use and whether they are in competition with one another or just complementary are all considered in detail. For infringement under §10(2), the same test of likelihood of confusion applies as for registration and this includes a likelihood of association--if the relevant public would think that the goods have the same origin or an associated origin. Mere association<sup>□</sup> or “non-origin association” is not enough.

The test as to whether two marks are similar, is an overall assessment of the visual, phonetic and conceptual<sup>13</sup> similarities between the marks, based on the overall impression given by the marks, bearing in mind their distinctive and dominant components from the point of view of the average consumer in the country where the earlier mark is registered.<sup>14</sup>

While trademark law extends protection to the dominant element of all trade marks, logo or figurative marks need to be treated with care,<sup>15</sup> particularly where they have a number of component elements or are 'composite marks' as, *in theory*, they protect only the stylised form of expression and not the underlying elements themselves.

Generally speaking generic, descriptive or non distinctive word elements of marks that would not be registerable on their own may often be "disregarded when determining

similarity in a legal sense."<sup>16</sup> Thus adding generic terms such as 'bank,' or .com to the end of word marks often adds nothing to the similarity analysis. Further, the beginnings of word marks are regarded as more important than endings as the public pay more attention to them.

### C.3 Well known marks

These are well known enough to jump classes and are famous marks and "marks with a reputation"<sup>17</sup> and §5(3)<sup>18</sup> and §10(3)<sup>20</sup> of the Act, prohibit registration and

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<sup>16</sup> See OHIM Opposition Guidelines, Part 2, Chapter 2: Likelihood of Confusion C: Similarity of Signs, Final Version of Nov 2007 p.5 §2.1.

<sup>17</sup> To have a 'reputation', a mark must be well known or known to a significant part of the public concerned by the products or services covered by the mark. The relevant public will depend on the product or service being marketed. When considering the relevant public, the courts will consider factors such as the market share associated with the trade mark, the intensity, geographical extent and duration of its use and the size of the investment made by the undertaking promoting the mark See *General Motors Corp v Yplon SA, Case C-375/97, 14 September 1999*.

<sup>18</sup> See *Sabel BV v Puma AG Case C-251/95, 11 November 1997*.

<sup>19</sup> §5(3) provides "a trade mark which is identical with or similar to an earlier trade mark shall not be registered if or to the extent that the earlier trade mark has a reputation in the United Kingdom, (or in the case of a Community trade mark or an international trade mark (EC), in the European Community) and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark."

<sup>20</sup> §10(3) provides "a person infringes a registered trade mark if he uses in the course of trade, in relation to goods r services, a sign which..is identical with or similar to the trade mark where the trade mark has a reputation in the United Kingdom, and the use of the sign, being without due cause, takes

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<sup>13</sup>The mere fact that two marks are conceptually similar is not sufficient in itself to conclude that there is a likelihood of confusion. See *Sabel BV v Puma AG, Case C-251/95, 11 November 1997; see also Lloyd Schufabrik Meyer & Co GmbH v Klijsen Handel BV Case C-342/97, 22 June 1996.*

<sup>14</sup>The average consumer is deemed to be reasonably well-informed, observant and circumspect. The degree of distinctiveness of the registered mark can be decisive. There is a greater likelihood of confusion where very unique and distinctive marks are involved. *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc, Case C-39/97, 29 September 1998* and *Medion AG v Thomson Multimedia, Case C-120/04, 6 October 2005*.

<sup>15</sup> The Registry will often allow the grant of a figurative mark including word elements, where they would refuse to register the word element alone as a word mark due to its similarity with an earlier mark.

provide for infringement even for dissimilar goods and services –if another mark takes “unfair advantage of”,<sup>21</sup> or is “detrimental to”, the distinctive character or the repute of the mark. The later mark ‘dilutes’ the earlier mark.

The current position is that reputation<sup>22</sup> must exist in a “significant part” of the Community for CTMs, and the territory of a single Member State may be sufficient.<sup>23</sup> To have a ‘reputation’, a mark must be well known or known to a significant part of the public concerned by the products or services covered by the mark. The relevant public will depend on the product or service being

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*unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.”*

<sup>21</sup>There must be a real, as opposed to a theoretical, possibility of unfair advantage or detriment resulting from the use of the mark applied for, and this must be supported by evidence. Unfair advantage will usually be a leveraging or free-riding by origin association of the reputation and goodwill of the earlier mark. Detriment may result even where there is no origin confusion as the later mark may erode the distinctiveness of the earlier mark by blurring or tarnishing it. The stronger the earlier mark, the easier it is to accept advantage has been taken or detriment caused.

<sup>22</sup> Anyone opposing an application on the basis of an earlier trade mark under §5(3) must produce sufficient evidence of the reputation of the mark in the relevant territories in relation to the period before the application in question is filed—even if within the 5 year grace period when they do not have to prove any use.

<sup>23</sup>See Case C-301/07 – PAGO International/Tirolmilch and the Study on the Functioning of Trade Marks by the Max Planck Institute at §2.159 [http://ec.europa.eu/internal\\_market/indprop/docs/tm/20110308\\_allensbach-study\\_en.pdf](http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf)

marketed. When considering the relevant public, the courts will consider factors such as the market share associated with the trade mark, the intensity, geographical extent and duration of its use and the size of the investment made by the undertaking promoting the mark.<sup>24</sup> Anyone opposing an application on the basis of an earlier trade mark under §5(3) must produce sufficient evidence of the reputation of its mark in the relevant territories in relation to the period before the application in question is filed. There must be a real, as opposed to a theoretical, possibility of unfair advantage or detriment resulting from the use of the mark applied for, and this must be supported by evidence.<sup>25</sup>

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<sup>24</sup> See *General Motors Corp v Yplon SA*, Case C-375/97, 14 September 1999.

<sup>25</sup> *Mastercard International Inc v Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch).

<sup>26</sup> See *Taittinger v Allbev* [1993] FSR 641 (“any product which is not Champagne but which is allowed to describe itself as such must inevitably, in my view, erode the singularity and exclusivity of the description Champagne..”) and §37 of the Opinion of AG in Case 408/01 *Adidas v Fitness World*, citing Schechter, ‘The Rational Basis of Trade Mark Protection,’ *Harvard Law Review*, 1927 p.813 (“..if you allow Rolls Royce restaurants and cafeterias and ..pants ..and candy, in 10 years you will not have the Rolls Royce mark any more”).

<sup>27</sup> This may be by reducing its appeal and capacity to simulate sales as marks serve also as



it is to accept advantage has been taken or detriment caused.<sup>28</sup>

#### C.4 Opposition

Any of the owners of the similar, well-known marks or common law marks may oppose an application for a logo and word mark. The downside of applying to register is the increased likelihood of current use coming to their attention. If the application is opposed, it can be withdrawn. Alternatively, it may be possible to negotiate with or seek a licence from the party opposing. You should however be aware that there is a risk of acting in bad faith in applying for a mark which conflicts with another mark.<sup>29</sup> This is an absolute ground for refusal of a UK mark and grounds for invalidity of a CTM. Bad faith requires a degree of moral turpitude<sup>30</sup> and is a high

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communication tools and may contain messages that are informative, symbolic or with values as to product qualities or lifestyle or exclusivity, from the product, the marketing, the proprietor or the distribution network. See *Elleni Holdings v Sigla (VIPS)* Case R-1127/2000-3, [2005] ETMR 51, BoA §40.

<sup>28</sup> See *General Motors (above)*.

<sup>29</sup> Art. 3(2) TMD and Art 52.1.b CTMR

<sup>30</sup> See Case C-529/07, *Chocoladefabriken Lindt & Sprungli AG v Franx Hauswirth GmbH, Hotel Cipirani Srl v Cipirani (Grosvenor St) Ltd* [2009] RPC 9 and *Socks World Int. Ltd Trade Mark Application* (O-307/10 Aug. 20, 2010). An applicant's knowledge as to third party use and registered status at the date of the application is relevant but the test is an overall assessment of all relevant factors. Applying to register a mark in cases of triple (identical mark, services and location) or double identity (mark and services) *may* be treated as bad faith but other attempts to register marks already owned are less likely to offend the rule.

standard based on current law, even where there is knowledge of the earlier marks.<sup>31</sup>

#### D. Infringement and passing-off

A registered trade mark confers a statutory right to the exclusive use of the mark in connection with the goods or services for which it is registered and enables the proprietor to sue any person who uses an identical or similar mark in connection with identical or similar goods without consent, where the use has caused or is likely to cause confusion. Remedies for trade mark infringement include an injunction, seizure and destruction of the goods, damages and liability for legal costs.

In *theory*, use<sup>32</sup> of the word and logo marks *may* infringe or pass-off other marks identified as having *Relative Grounds* claims. Defences to infringement include challenging similarity and likelihood of confusion or dilution and absolute and

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<sup>31</sup> We note that there is a current proposal to allow national registrations where a longstanding CTM is not used in the relevant Member State. You could raise similar arguments against bad faith. This is only a proposal however and does not impact the current legal position –although it might be reflected in ECJ and national court rulings dependant on the directness of any conflict between the marks in issue. See the Study on the Functioning of Trade Marks by the Max Planck Institute at §3.10 and see §3.19. [http://ec.europa.eu/internal\\_market/indprop/docs/tm/20110308\\_allensbach-study\\_en.pdf](http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf). As the commercial activity under the CTM is limited and there is no likelihood that a conflict will actually arise. The later owner may have no reason to assume that the proprietor of an earlier CTM will actually be detrimentally affected.

<sup>32</sup>A non-exclusive list of prohibited acts includes affixing the trade marks, offering goods and services thereunder, importing and exporting goods, and using the sign on business papers and in advertising.

relative grounds in relation to any claimant's mark. Non-use can also be raised in relation to marks that prove not to have been used. Counterclaims for revocation or invalidity may be possible dependant on the facts. Be aware that even if your mark is registered,<sup>33</sup> you can be liable for infringement of an earlier registered mark even prior to revocation of your registration.<sup>34</sup>

Any of the owners of the marks with Relative Grounds claims might also object to your domain names on the basis that the distinctive and dominant part of the string includes or is their mark. These arguments could well succeed under the UDRP<sup>35</sup> and similar dispute resolution policies. The significance of this is that you might lose control of your online address. While there may be applicable grounds of defence, this is beyond the scope of this note.

### **E. Invalidity**

You should be aware that any registered mark may be declared invalid on *Absolute* or *Relative Grounds* (unless the owner of the

earlier mark has knowingly acquiesced for 5 years).<sup>36</sup> That is, if one of the earlier similar mark owners later becomes aware of any registration, they may apply to the Registrar or the courts for a declaration that the mark should never have been registered. If it is cancelled, the effect is as though there was never a registered mark and there can therefore be an exposure for past infringement.<sup>37</sup>

### **F. Steps to applying for a registered UK trade mark**

1. Filing; within 7 days, the Registry will issue an official filing receipt with an application number and filing date.
2. Exam; between 5-10 days after filing, the Registry conducts a substantive examination for compliance with formalities and registerability (absolute grounds) and also for conflicting registered marks (relative grounds). The Registry will then notify its own objections and any conflicts with earlier marks. The applicant has two months to make submissions to the Registrar on issues raised in the examination report.

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<sup>33</sup> We do not have detailed information on the proposed territory and manner of operation. In the EU in many sectors, the principle is 'home country rule' so that provided services are within a regulated field, compliance with laws of the home state *may* suffice even for businesses providing services across the EU. This may differ for your regulated sector and jurisdictional issues are beyond the scope of this note but we can advise on these issues if necessary. Trade mark law looks also to targeting for jurisdiction and we can advise on these issues.

<sup>34</sup>See Case C-561/11 *Fédération Cynologique Internationale v Federación Canina Internacional de Perros de Pura Raza*

<sup>35</sup>Uniform Domain Name Dispute Resolution Policy (governing the .com and most other gTLDs including many country codes ).

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<sup>36</sup>Art 54 CTMR (207/09) and Art. 9(1) TMD (08/95). Acquiescence cannot be raised as a defence if the application for the younger mark was made in bad faith however.

<sup>37</sup> See Case C-561/11 *Fédération Cynologique Internationale v Federación Canina Internacional de Perros de Pura Raza*

3. Notification; the Registrar may then notify the owners of any conflicting earlier registered marks of the pending application.<sup>38</sup>
4. Publication; the application is then published in the Trade Marks Journal and a two month opposition period commences for notified and other third parties to object to the registration. A UK mark can be opposed on either absolute or relative grounds but a CTM can only be opposed on relative grounds.
5. Registration; assuming there is no opposition, the mark will proceed to registration. The registration will last for ten years and can be renewed for further periods of ten years, subject to the payment of renewal fees. UK registration will run from the date of filing of the application but a CTM will run from the end of the opposition period.

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<sup>38</sup>Owners of CTMs and international marks designating the EC as a whole (rather than the UK specifically) are not notified unless they have expressly opted in to the notification system—however many engage professional watching services which notify them of applications of interest. From 1 October 2012, owners of CTMs cannot opt in for notification by the UK IPO.