

Brands: Valuable Intellectual Property Rights

Brands are valuable assets. To appreciate their value, one only has to look at what companies such as Pepsi and Coco-Cola are spending nowadays in the protection and maintenance of their brands, writes Dr Rosanna Cooper. In fact, the Coco-Cola brand is one of the company's most valuable assets. This article gives an overview of trade mark rights.

Trade Marks

A trade mark is the badge of a business and protects any mark capable of graphical representation, which distinguishes the goods and services of a company from those of another. It can be a name, signature, smell, packaging, shape or logo. When choosing a trade mark, it is advisable to carry out trade mark searches in the UK and other key markets, in order to minimise the risk of infringement.

Registering a Trade Mark

To obtain a UK trade mark registration an application must be made to the Patent Office with the relevant fee. The description of the goods and/or services will fall within one or more of 42 classes on the trade mark register. The mark will be examined on absolute and relative grounds. The test is whether the mark is distinctive and likely to infringe identical or similar marks that are registered or pending in respect of identical or similar goods or services. An application will be refused if a mark is devoid of distinctive character. For example, an application to register COMPUTER SECURITY in respect of computer security services will be refused because it's descriptive. Once registered, protection lasts for ten years and the registration is renewable every ten years thereafter. The registered mark must be used, preferably in the form in which it is registered, to avoid cancellation for non-use.

A trade mark owner has six months from the date of filing an application in the UK (the priority date); otherwise the priority date will be lost.

Brands

Goodwill and reputation protect the brand (unregistered trade mark) of a business. An injunction can be brought for the unauthorised use of an unregistered trade mark (see below).

Use of Symbols

The symbol ® means a mark is registered. Whereas, the symbol ™ denotes that the mark is unregistered. In the UK, it is a criminal offence to use the symbol ® if a mark is not registered.

Main Trade Mark Regimes

If an inventor is planning to register a mark in key markets, a regime or combination of regimes should be selected to reduce costs. There are several regimes that are available depending on the countries chosen to achieve registration.

UK Trade Mark System

It can take up to 12 months to obtain a UK trade mark registration.

The Madrid Agreement

This International system, allows an inventor to make one International application denoting all countries in which protection is sought. Each country must be a party to the Madrid Agreement. The application goes through various stages and the applicant obtains a bundle of national trade mark registrations. All EU countries, the USA and Japan are signatories to the Madrid Agreement. The advantage of this system is that it reduces the upfront costs as trade mark rights only extend to the countries in which they are registered. The alternative would be a single application in each key country.

The Community Trade Mark (CTM)

The CTM allows an applicant to make a single trade mark application to obtain one registration covering all European Union countries. The application can be made either through the UK Patent Office or the Community Office. The application will be examined on relative grounds only. This means that the examiner only applies the test of whether the mark is distinctive enough to be afforded registration. If the application is refused, this applies throughout the whole Community and the mark will not achieve CTM registration.

Passing Off

An action in common law for passing off can be brought against a third party for unauthorised use of unregistered marks. In a passing off action, the third party is attempting to pass off his goods, get-up and/or brand as that of the trade mark owner. In order to succeed in a passing off action, a business must have the necessary goodwill and reputation. The criteria are:

- Goodwill – the business must have goodwill;
- Actual confusion – there must be actual confusion on the part of the public; and
- Whether the likelihood of damage

Goodwill is a valuable asset in its own right. A common method of assessing the goodwill of a business is by looking at the value of the accumulated profits over two years. One of the most important criteria is that the business bringing the claim must be able to show confusion on the part of the public. For confusion to arise, the general public must be confused about the origin of the marks. This is usually achieved by using survey evidence, which is generally expensive to collate.

The third element to be satisfied for a successful passing off action is the likelihood of damage. Damage includes loss of profits or opportunity or damage to reputation. If the business has not suffered actual damage, damage will be assumed if the other elements of passing off are made out. The remedies are the same as for trade mark infringement (see below).

A start-up business generally would not have built up sufficient goodwill at the early stages of trading to be able to succeed in a passing off action.

Trade Mark Infringement

An infringement action can only be brought against a third party when the trade mark is registered. The test for infringement is whether:

- A third party uses a mark that is identical with, or similar to, a registered mark in respect of identical or similar goods or services; and
- The public is likely to be confused by that mark.

In the recent *Arsenal* case, Arsenal brought a trade mark infringement action for the sale of unofficial merchandise bearing the Arsenal trade marks, claiming that the public were misled into believing that the merchandise originally came from the Club. The defendant argued that there was no likelihood of confusion on the part of the public. The case went to the European Courts and it was decided that, notwithstanding that the defendant displayed a sign on his stall stating that the goods were unofficial, the purpose of a trade mark is to guarantee the origin of goods and such use by the defendant jeopardised this guarantee. Arsenal could prohibit the defendant from using the marks.

In a successful infringement action, the remedies available are damages (compensation for any loss suffered) or a percentage of any profit made by the infringing party and an order for the infringing goods to be destroyed. Damages for past infringement (which occurred before registration), are also available.

In conclusion, as part of the intellectual property strategy for a business, brand protection is important. It is usual practice for a business to bring an action against a third party for both trade mark infringement and passing off in the same claim.

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Dr Rosanna Cooper is the principal of RT Coopers, a commercial law firm working closely with inventors and start-ups.

RT Coopers Solicitors, Office 5 Telfords Yard, 6/8 The Highway, London E1W 2BS.

Tel: 020 7488 2985; Fax: 020 7488 2102

E-mail: enquiry@rtcoopers.com Website: www.rtcoopers.com