

Intellectual Property (IP) Law

Lecture 2

MGT 388 Lecture 5

Remember to attend your law seminar this week or next
week



Relevant IP laws

- Information (Trade Secrecy)
 - **1. Confidential information (See IP Lecture 1)**
- Creative expression and design
 - **2. Copyright (See IP Lecture 1)**
- Reputation
 - **3. Registration of Trade Marks**
 - **4. Passing Off**
- Invention
 - **5. Patents**

Protecting business reputation

- Trademark: a mark or device usually attached to goods or services which indicates a connection between those goods or services and the trade mark owner.
- Justification for protection of trade marks
 - Origin - Tells consumer where goods come from
 - Guarantee - consistency of quality & safety
 - Product differentiation - enables consumer to choose between brands
 - Advertising function
 - Protects against competitor 'free riding' on claimant's reputation
 - Potentially protects against 'dilution' of reputation

Protecting business reputation (cont.)

- Examples of trade marks:
 - Brand names
 - Symbols e.g. McDonalds golden arches
 - Shapes (e.g. Jif lemon shaped bottle)
 - Slogans (where a 'secondary meaning' is achieved)
 - Sounds (e.g. Intel jingle)
 - Colours/colour schemes (possible though difficult following Cadbury's v Nestle)
 - A celebrity's image (following Irvine v Talksport Radio)
- Law allows businesses to protect their trade marks in two ways:
 - Registration of trade mark under Trade Marks Act 1994 (TMA)
 - Common law tort (civil wrong) of passing off

3. Registration of Trade Marks

- A mark or device usually attached to goods or services which indicates a connection between those goods or services and the trade mark owner.
- Trade Marks Act 1994 (TMA) governs registration of trade marks
- Indefinite duration - A trade mark is registered for a period of ten years upon which it can be renewed every ten years
- 'Use it or lose it' – s46(1) trade mark can be revoked if not been used for a continuous period of 5 years

The 'registerability' of a trade mark

- Whether a trade mark may be registered depends on whether:
 - i) the subject matter is capable of registration
 - s1: A sign which is capable of graphic representation and which is capable of distinguishing
 - ii) any objections to application under 'Absolute Grounds for Refusal' (s3)
 - s3(1) General provisions – Cannot register sign if:
 - If devoid of distinctive character
 - If purely descriptive
 - If customary in current language or in established practices of the trade
 - UNLESS sign has 'acquired distinctive character'
 - s3(2) Specific to 3D shape marks – e.g. cannot register if shape itself comprises substantial value of goods
 - s3(3)-s3(6) Contrary to public policy, law, deceptive, or in bad faith
 - iii) any prior rights exist under 'Relative Grounds for Refusal' (s5)
 - If mark conflicts with an earlier trademark (based on confusion or reputation)

Infringement of Registered Trademarks

- Once a trademark is registered, protection is offered by the TMA.
- This essentially allows a trade mark owner to allege that a party has infringed upon its registered trademark, providing that the infringing mark:
 - Is used in the course of trade
 - e.g. Andy Warhol's picture of a can of Campbell's soup would not infringe
 - Is used in respect of goods or services
 - Affects or is liable to affect the functions of the trade mark
 - In particular - consumer perceptions regarding the *origin* of the goods/services
 - Is used without consent of the registered trade mark owner

Defences to Registered TM infringement

- Where an allegation has been made that a registered trademark has been infringed it is for the defendant to prove otherwise. A number of defences are available:
- s9 Consent for use was given
- s11(1) Conflicting mark on register exists
- s46(1)(c) Trademark is no longer 'distinctive' e.g. aspirin
- Trader protection
 - s11(2)(a) the use by a person of his own name or address
 - s11(2)(b) Descriptive use e.g. PC 'Runs on Windows 10'; Garage is 'Specialist in BMWs'
 - s11(2)(b) Use for spare parts and components
- Mark was used outside of functions of a trade mark
 - depends on whether consumer would perceive link to claimant (origin) e.g. logos on toy cars?
- s10(6) Comparative advertising e.g. British Airways vs Ryanair

4. Passing Off

- “No-one has the right to represent (i.e. pass off) his goods [or services] as the goods [or services] of somebody else” - *Reddaway v Banham* (1896) thus any passing off, whether innocent (i.e. coincidental) or not, is actionable by the claimant

Use:

- ‘Filled the gaps’ prior to Trade Marks Act 1994 (TMA)(e.g. colour schemes, shapes, and appearance of shapes not registerable under old law)
- Now protects unregistered trademarks i.e. covers those traders who do not register their trade marks

The Elements of Passing Off

There are three necessary elements of passing off (*Reckitt & Colman Products Ltd v Borden Inc.* [1990] - 'Jif lemon case'). The claimant must show that there is:

- i. Protectable Reputation/Goodwill
- ii. Misrepresentation
- iii. Damage to goodwill

i) Protectable Reputation/Goodwill

- “the attractive force that brings customers to a business”
- Claimant must show that business has protectable goodwill
 - i.e. that the word, symbol, get up etc. is perceived as being linked to business or its product/service
 - Claimant must have a business interest to protect
 - Goodwill must be based in UK and in minds of general public
 - Goodwill may be established quickly
 - Generally goodwill must be exclusive to claimant
 - (but see extended passing off cases e.g. ‘Swiss chocolate’ and ‘Champagne’)

ii) Misrepresentation

- There was a misrepresentation by the defendant of his/her goods to the public which would be likely to lead the public to believe that the goods so misrepresented are those of the claimant (or that their production is in some way linked to them)
- Misrepresentation can take the form of an identical or confusingly similar mark, logo, business name or 'get up' to that already used by the claimant (e.g. Phones4u vs Phone4u) or that the use of the mark was in some way authorised or licensed by the claimant (e.g. Rihanna v Topshop)
- Must show that infringing activity took place in the course of trade and that customers were being misled (i.e. confusion)

iii) Damage to goodwill

- Claimant must show that there has been damage to its goodwill
 - Most obviously – loss of sales
- Claimant does not have to show *actual* damage has been suffered but only potential damage:
 - Loss of quality control
 - Loss of control over future expansion
 - Devaluation of the trademark
 - Dilution

Defences to Passing Off

- Claimant may argue that mark is incapable of protection
 - Not distinctive, ceased to be distinctive, merely descriptive of product
- Claimant may argue one of essential elements not present
 - No goodwill associated with mark
 - No material misrepresentation or that it did not cause confusion
 - No damage to goodwill



Passing off vs. Registered Trademarks

- Differing requirements and scope of protection offered

Passing off TM	Registered Trade Mark [®]
No formalities	Formalities (i.e. registration process)
Potentially protects multiple aspects of the business	Only protects the mark registered and as registered
Evidential burden on claimant	Evidential burden on opposition to registration

- Note: common law (passing off) and rights arising out of the registration of a mark can exist concurrently over the same mark so often argued together

Remedies for Trade Mark infringement

- Damages
- Account of the defendant's profits from the misuse of the trademark
- An order for the delivery up or destruction of the infringing articles