

# **THE INSTITUTE OF TRADE MARK ATTORNEYS**



## **Gowers Review of Intellectual Property - Call for Evidence**

**Response by The Institute of Trade Mark Attorneys**

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#### **Introduction**

The Institute of Trade Mark Attorneys was established over seventy years ago as the professional body representing those persons qualified to act for the owners of trade mark and allied intellectual property rights (in particular, registered designs) both nationally and internationally. It now represents the vast majority of UK registered trade mark agents and all UK Trade Mark & Design Litigators. Currently it has approximately 500 practising members; it also extends associate membership to professionals in related fields of law and overseas membership to foreign trade mark attorneys. Its total membership (all classes) is currently 1578 members, primarily located in the United Kingdom and Europe, but also in more than 50 other countries.

It is regularly consulted by UK government and by international bodies when questions affecting trade mark and allied intellectual property rights arise. It has regular meetings with the UK Patent Office, the Community Trade Marks Office (OHIM), the World Intellectual Property Organisation (WIPO) and other sister organisations in Europe and beyond.

#### **How IP is awarded/used**

##### **Trade Marks**

Where no difficulties arise in the course of an application, the Institute does not believe there to be any barriers to obtaining registered trade mark rights in the UK on cost grounds.

Nevertheless, it is perceived that British businesses make far less use of the registered trade mark system than their EU counterparts. There is no clear data as to why this is so and this is something that the Government might wish to investigate further.

However, long-term costs and systemic complexity might be a factor. A straightforward registration is easy to obtain and is good value for money. If, on the other hand problems arise in the examination process the costs, inconvenience and time spent can escalate to an extent that might be disproportionate to what is essentially an administrative enquiry into registrability.

As a “judicial” tribunal, the system is in effect operating in a similar manner to a court, with all of the attendant costs (but none of the recovery) that this entails. The level of proof demanded to overcome basic issues of registrability can be burdensome, particularly if surveys or other expert evidence is involved. Even a simple *inter partes* opposition can delay a decision on registrability by two years and the cost is rarely less than £10,000. Complex cases can cost much more. In addition, the legislation is a complex hybrid of UK and EU law that can really only be understood by those with expert knowledge and experience. This, too, contributes to costs, and it might be appropriate to review the legislation with a view to making it more “user friendly” for consumers.

Having said that, the rigorous system of examination does mean that a mark that has been registered in the UK will be one of the “strongest” and most reliable rights in the IP world. For marks intended to last for ten or more years, and for major corporate applicants, there is no doubt that despite the costs the UK system delivers an excellent product.

Against that, there is no doubt that for smaller/medium businesses, or businesses (such as the fashion industry, for example) which deal in brands that have a short “shelf-life”, the cost and time needed to deal with registrability issues can be a strong disincentive to seeking registered protection. The current system is perhaps not flexible enough to deliver a cost-effective and proportionate right that will meet their needs.

Obviously, we would not wish to compromise the integrity of the basic registration system in the UK which we recognize and champion as the best in the world. We wonder, however, whether alongside the existing system, there might not be a place for an alternative form of “lite” registration that can be processed quickly and cheaply and which offers a degree of protection but less than that of a full registration. For example, a similar model for such “short term” trade marks might involve a more limited form of *prima facie* examination (with more reliance on post-grant invalidity actions, as in the Community Design system), a fixed non-renewable term (a term of 5 years suggests itself) and infringement rights limited to identical or *substantially identical* conflicts. The USA operates a form of “lite” registration with its Supplemental Register. It sits alongside the full register.

Enforcement costs are another factor. It is here that the cost factor arises most seriously in the UK and much of the cost appears to stem from the unnecessary complexity of procedures such as disclosure and the courts’

possible reluctance to manage cases strictly and robustly from the outset. In principle, there is no reason why the vast majority of registered trade mark infringement cases cannot be dealt with in the same way as an opposition or invalidation in the Registry, which has very limited disclosure and a strict approach to timetables and evidence. Hearings in court may last several days whereas substantially the same issue heard in opposition proceedings in the Registry is disposed of in a morning, with strict limits on recoverable costs. The courts complain frequently about the level of costs in IP cases but we respectfully submit they could themselves do more to contain them by robust case management from an early stage.

In April 2005, rights of representation before the courts were extended to qualified members of the Institute and it is believed that this will have a positive effect in reducing such costs.

The cost of obtaining trade mark protection abroad can be substantial, but with the internationalisation and globalisation of international trade, obtaining such protection is very important. The development and more widespread use of the international systems such as the Community Trade Mark system and the Madrid Arrangement have assisted in reducing the cost of obtaining protection in foreign countries overall (in comparison with obtaining protection on a country by country basis).

It is not believed that the subject of IP and its relevance and benefit to business is well publicised in the UK. It is particularly noted that media coverage of IP frequently contains errors, such as references to "registering the copyright in a name" or "patenting the name as a Trade Mark" or "copyrighting a patent" and we believe this increases the public confusion surrounding IP. This could be dealt with by raising IP awareness generally.

The Institute of Trade Mark Attorneys seeks to address this, and it has a staff Public Relations Manager and a standing public relations Committee. It has energetically promoted the trade mark and design system to trade, industry and the public both in the United Kingdom and internationally (including by giving seminars in China and Japan). However, we are a small organization with limited resources. The Patent Office does take measures to promote IP and we support these initiatives, but we feel that generally speaking Government could do more to raise awareness of the issues.

Registered designs

With regard to registered designs, the Institute does not believe there are any cost barriers to obtaining such rights in the UK.

The recently-established European design registration system administered via the Office for Harmonisation in the Internal Market (“OHIM”) has been very successful, at least in terms of the numbers of applications filed. However, the Institute has some concern that the distinction between Registered Community Designs and Registered Community Trade Marks has not always been maintained and may not be fully understood by some users of the OHIM system, which administers both rights. Since Registered Designs and Registered Trade Marks confer different forms of protection, there is a concern that, for example, logos which should properly be the subject of Registered Trade Mark protection have instead been protected as Registered Designs, which thus have less certain scope and validity. It is possible that the owners of some of these rights, including UK businesses, may find in due course that their rights are not properly or adequately protected. As noted above, we believe that publicity and raising the general knowledge of IP will help to address this issue.

It is regretted that the success of the European system appears to have led to a reduction in the use of the national design registration systems in the UK and other European countries, since it is important that all countries have a viable and effective national IP infrastructure.

### **How IP is challenged/enforced**

The barriers to enforcement of IP rights are, as mentioned above, believed to be mainly the costs and delays associated with legal proceedings in the UK, whereby, for example, it is normally necessary to instruct both solicitors and barristers in an infringement or equivalent action. This is seen as an anomaly in comparison with other legal systems in, for example, other European countries and the USA. The extension of litigators' rights to IP practitioners should assist in reducing such costs.

Similarly, the greater use of mediation in such disputes would be helpful and the Institute wholeheartedly supports the recent initiative by the UK Patent Office to increase the use of mediation in settling disputes. We encourage the use of ADR to resolve litigation. A joint sub-committee has been set up between the Institute and the Chartered Institute of Patent Agents to provide training in mediation/arbitration and to assist the Patent Office.

### **Trade Marks - international issues**

Many adjustments have been made to UK Trade Mark law to harmonise it with the European system. In general, these have worked reasonably well but a current issue is whether or not, and to what degree, the traditional UK system of examining applications against earlier registered trade marks (“relative” examination) should be maintained.

The “relative” examination under the UK system is seen as a great benefit by small and medium-sized businesses in particular, whose main business may be confined to the UK market and who may lack the resources to monitor and challenge prior marks themselves.

By contrast, under the CTM system at OHIM, the onus and cost of protecting earlier rights is placed entirely on the owners of those rights.

The UK Trade Mark Registry is currently consulting on changes to its examination of “relative rights”. Options range from the retention of the current system to adopting the OHIM model.

ITMA is currently considering its response to the consultation. Nevertheless, we recognize that some compromise seems to be necessary as, under the UK’s full examination system (on relative grounds), increasing numbers of European marks, often covering very wide but unchallengeable specifications of goods and services are cited against new UK applications and the problems associated with dealing with objections based on those marks can cause considerable expense, delay and inconvenience to UK applicants.

Whilst on the one hand the full synchronisation of the UK system with that of OHIM might help to reduce these difficulties, we believe it would do so only at the expense of the very characteristics that add value to the UK registration system, that is the principle of a strong register of marks whose validity can in the main be relied upon.

As we have said, we recognize that some compromise is likely to be necessary although we have still to determine our final response to the consultation. Much depends on the reaction of the consumer. However, at this time we would argue against the option of adopting the OHIM system in full, since we believe this would detract from the very strengths that make the UK system attractive.

### **Criminal sanctions for Trade Mark infringement**

In practice there are two “types” of registered trade mark infringement. On the one hand, in ordinary commerce there is the everyday use of a trade mark which is identical or similar to an earlier registered right, either inadvertently or as a “me-too” (ie the deliberate policy of emulating the “style” of another brand), which most people would regard, in effect, as “civil” infringement – an act which might be tortious but which is not necessarily criminal. Routine “civil” infringement of this kind can result from legitimate trading activity.

The legislation defines such tortious infringement as the use of an identical mark for identical goods or services, or the use of:

“a sign where

because -

(a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or

(b) the sign is similar to the trade mark and is used in relation to goods or services

identical with or similar 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.”.

On the other hand, there is outright “counterfeiting”(often connected with organized crime) which most people would regard as a form of criminal activity and for which stiff criminal sanctions are clearly appropriate.

S. 92 Trade Marks Act 1994 makes it a criminal offence for a person to do certain things using “a sign identical to, or likely to be mistaken for, a registered trade mark”. Whilst this may be intended to be a slightly more narrow test than for civil infringement, it should be noted there is no reference to dishonest or criminal intent.,.

There appears to be little semantic difference between the “civil” standard of confusing similarity and the “criminal” standard of “likely to be mistaken” for a registered mark.

The Institute wholeheartedly supports criminal sanctions for the criminal misuse of trade marks. However, recently there have been indications that some Trading Standards Offices and others are prosecuting what most observers would class as routine “civil” infringement as criminal acts. Once liability is established, the Defendant *and his advisers* become potentially

liable under the "Proceeds of Crime" legislation.

Whilst we believe that the full range of criminal sanctions should be available in appropriate cases, the Institute is concerned at what it sees as the "criminalization" of "civil" trade mark infringement. It is part of the cut and thrust of commerce that the same or similar marks will be used in conflict from time to time and the usual tortious remedies are adequate for these situations. The fact that the legislation deals with criminal and tortious infringements separately makes it clear that a distinction should be drawn between the two.

The Institute would welcome some clarification of the forms of trade mark misuse in respect of which criminal proceedings are deemed appropriate, possibly by reference to a *mens rea* of recklessness or dishonest or criminal intent.

### **Parallel Imports/International Exhaustion**

In earlier submissions to government on proposed changes to national and European law, the topics of parallel imports, grey goods and "international exhaustion" have frequently arisen. Whilst amongst members of the Institute and their clients there have been differing views, often dependent on business sectors, the conclusion drawn on balance was in favour of maintaining the present law on these issues.

The Institute believes that upholding the benefits of the trade mark system in general and the rights of the proprietors of trade marks in particular is, overall, in the best interests of consumers and of the public at large.

The Institute of Trade Mark Attorneys  
Law & Practice Committee  
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