

Newsletter

Trade Marks & Brand Identity

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HASELTINE LAKE  **LLP**
EUROPEAN PATENT & TRADE MARK ATTORNEYS

In the lion's den – using other parties' trade marks

When can you use someone else's trade mark to show that your products are compatible? It is this very complex area of law which is rapidly changing that was carefully analysed by The Hon Mr Justice Arnold, one of England's most incisive and respected specialist intellectual property judges, in the case of *Datacard Corporation v Eagle Technologies Limited*.

Mr Justice Arnold had to consider a claim of infringement in the UK by use of an identical trade mark for goods closely similar to those for which the trade mark DATACARD was registered. The use was on the defendant's website to advertise both the claimant's products and its own competitive products, in emails which issued to customers who ordered the products, and could be seen on box labels when the products were delivered.

The judge considered the recent ECJ decision on trade mark infringement in *Google France* and decided that the Court's approach to infringement had shifted in two respects. Firstly, in this recent case the Court had not drawn a distinction between use of a sign liable to affect the origin function of the registered mark and "purely descriptive use" (*Arsenal*) or use "for purposes other than to distinguish the goods" (*Anheuser-Busch*). Nor had the Court said use of a sign was liable to affect the origin function of the registered mark if "consumers were liable to interpret it as designating the origin of the goods or services" (*Céline*). The Court appeared no longer to be saying that it was enough the sign was used as a trade mark in relation to the goods or services in question. Secondly, and perhaps more importantly, the Court had introduced a new test, namely that the origin function of the registered mark was adversely affected if use of the sign, considered in context, did not enable average consumers to ascertain whether the goods or services originated from the proprietor of the mark or an enterprise linked with it, or instead from another party. He noted this was a test of likelihood of confusion but with a reversed onus, which lay on the defendant to show that use of the sign in context was sufficiently clear that there was not a possibility of origin confusion. The judge said the Court's most recent pronouncements in *Portakabin v Primakabin and BergSpechte* confirmed the test which must be applied was a reverse likelihood of confusion test. This had the effect of narrowing the distinction between infringement based on identical marks and goods, and infringement where there were similar marks or goods.

The judge also considered why it was that, in *Google France*, the ECJ had held use of an identical sign was "not liable to have an adverse effect on the advertising function" of the registered mark. He cautiously expressed the opinion that the Court's decisions suggested the advertising function was most likely to be affected when the trade mark had been used by the trade mark proprietor in relation to prestigious goods with a luxurious image (as in *L'Oreal v Bellure*). It seemed the mere fact that the use of signs to advertise competitive goods caused the trade mark proprietor's advertising costs to be increased was not enough to affect the advertising function.

Having established this base line, the judge went on to consider in the DATACARD case whether "post-sale confusion" was actionable. The ECJ had touched on the question of post-sale confusion in the *Arsenal*, *Anheuser-Busch* and *Ruiz-Picasso* cases. Mr Justice Arnold said on balance the case law of the Court supported the proposition that post-sale confusion can be relied on to support a claim of trade mark infringement. He went on to add that as a matter of principle it was difficult to see why it should matter if confusion only arose after products had been sold. He took the example of a

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consumer ordering goods from a website who, at the time of ordering, was not confused about their trade mark origin; however when the goods arrived some days later if they were labelled in a manner which wrongly led the consumer to believe they emanated from the trade mark proprietor, such confusion was surely capable of being damaging to the proprietor since it might cause the consumer to obtain the goods from the same website the next time, under the same mistaken belief. He said that such post-sales confusion should be actionable, whether the infringement involved identical trade marks and goods or there was confusion as a result of similar trade marks and goods.

ECJ decisions have sometimes had the unfortunate effect of adding complexity or increasing uncertainty on some fundamental principles of trade mark law and the English judge's thoughtful reconciling of the Court's decisions is therefore welcome.

The key lesson to be drawn from this case is to think very carefully before using somebody else's trade mark. If the use might confuse consumers, benefit from the reputation of that other trade mark, or be seen to denigrate the mark, you may well be infringing the other party's rights. It is a very complex area of the law where it is important to obtain legal advice.

Further, businesses using others' trade marks, or similar marks, should consider how their products may be used and presented after sale and whether this has the potential to confuse consumers. The goods may be sold in circumstances where confusion might not arise, or may be sold with a disclaimer, but this case confirms that actionable trade mark infringement may occur later.

A neat counterbalance to this latest case is found in the same judge's decision in the case of *Och-Ziff Management Europe Ltd v OCH Capital Ltd* earlier this year. There, he clarified the law in the UK on "initial interest confusion", which is to say public confusion at the time of interest in a product or service. This was held to constitute trade mark infringement, even though it had been corrected by the time of purchase.

Trade mark owners, and indeed businesses which use other parties' registered trade marks in order to sell their own products or services, should be alert to the possibility of both pre- and post - sale confusion being actionable as trade mark infringement in the UK.

These cases underline why the context and manner in which a sign is used can be critical in determining whether that use infringes a registered trade mark.

Warning: unsolicited mail

Once again clients are receiving from unofficial sources a surge of correspondence seeking payment for entries in unofficial publications or registers (which are unlikely to confer any benefit over and above trade mark registration). Please carefully review any such correspondence and if in doubt check with us. Some of the letterheads being used look remarkably similar to those of official IP organisations such as WIPO and OHIM.

Threatening Infringement Proceedings in the UK, revisited

There is the possibility, under the UK Trade Marks Act, that a threat of trade mark infringement proceedings may be actionable as an unjustified threat. In our news brief issued in October 2010 we reported the English High Court's decision not to grant relief for unjustified threats in the Best Buy case; the defendant had sent a letter marked "without prejudice" but containing threats of trade mark infringement.

The English Court of Appeal decided differently when the issue was referred to it on appeal. Its decision recognises that it is by no means unusual for a letter which threatens infringement proceedings to seek to initiate settlement discussions. However, if the main thrust of the letter would strike a reasonable recipient as a threat (rather than the sort of settlement proposal which on grounds of the public policy interest in avoiding litigation should be treated as privileged from use in court) then the without prejudice rule should not prevail over the clear statutory policy of the threats jurisdiction in the Act. In this case the offer to settle was not an admission against interest and did not include any sort of concession. Rather, in the judge's words, it "merely underlined the defendant's belief in its case and its determination to pursue it". The judge concluded by warning that if, by writing a genuinely "without prejudice" letter, one could with impunity make threats which otherwise would clearly fall within the ambit of section 21, it would render that section close to being a dead letter".

The Appeal Court's decision underlines just how important it is to carefully express threats of trade mark infringement proceedings in the UK. In this case, the threat was on the basis of a Community Trade Mark registration, and did not specifically state that proceedings would be pursued in the UK though in all the circumstances that was a conclusion that the defendant might reasonably draw from the letter. The defendant's claim of unjustified threats was successful on appeal.

www.haseltinlake.com



JANE MORE O'FERRALL

Partner – Bristol

*UK and European Trade Mark Attorney
BA Social and Political Science
Cambridge University*

Email: janemof@haseltinlake.com

Tel: +44 (0) 117 910 3200



CORINNA HISCOX

Associate – Bristol

*UK and European Trade Mark Attorney
BA Modern Languages
University of Oxford*

Email: corinnah@haseltinlake.com

Tel: +44 (0) 117 910 3200



ZOË HAYWARD

IP & Media Solicitor – London

*Solicitor
Bachelor of Laws
University of Reading*

Email: zgaye@haseltinlake.com

Tel: +44 (0) 207 611 900

MARTIN KRAUSE

Partner – Bristol

*UK and European Trade Mark Attorney
Bachelor of Laws
Bristol University*

Email: mkrause@haseltinlake.com

Tel: +44 (0) 117 910 3200



ELIZABETH LOWE

Attorney – Bristol

*UK and European Trade Mark Attorney
BSc Physiology with Biochemistry
MSc Management of Intellectual Property
Queen Mary & Westfield College, University of London*

Email: elowe@haseltinlake.com

Tel: +44 (0) 117 910 3200



MICHAEL CONWAY

Attorney – Bristol

*UK and European Trade Mark Attorney
MA Modern Languages
Cambridge University*

Email: mconway@haseltinlake.com

Tel: +44 (0) 117 910 3200

