

TRADE MARKS ON THE NET

Trade Mark Registration

A trade mark registration is the principal device available to a business by which it may protect the goodwill of its business, and so prevent the misappropriation by others of that goodwill.

For a sign to be registrable as a trade mark it must be capable of distinguishing the goods and services of one business from those of another. The Trade Mark Act 1994 (“TMA”), which implements the EU Trade Mark Directive (89/104/EEC of 21 December 1988), requires that the sign must be “distinctive”. The sign may be either a word, a design, the distinctive shape of packaging (provided it is not functional) or even a smell. A trade mark must be applied for, and can be registered in any one or a number of the 42 internationally recognised classes of goods and services.

On receipt of a trade mark application, the UK Trade Marks Registry will examine the sign for distinctiveness in order to determine whether it is capable of distinguishing the goods and services of the applicant from those of other businesses. It will also examine the register for similar or identical prior marks which may defeat the application. Pre-existing *unregistered* marks can defeat an application at the opposition stage. (Unregistered trade marks are protected against infringement at common law by an action for passing-off, which is dealt with below).

A trade mark registration is a national right, though EU-wide protection is available through the Community Trade Mark system. A registration may not be enforced until the date of grant but protection is backdated to the date of application. In both the UK and the Community application processes there are procedures for third parties to oppose trade mark applications that they object to. Oppositions may be lodged during a three month period following advertisement of the mark in the relevant Registry’s Journal.

Trade Mark Infringement

Once a mark is registered, use of the mark without the consent of the owner may constitute infringement under Section 10 of the Trade Marks Act. The Section sets out three different circumstances:

Under Section 10(1) it is an infringement to use a mark identical to one which is registered on goods or services identical to those for which that mark is registered.

Under Section 10(2) it is an infringement to use an identical mark on similar goods or services, or a similar mark on identical goods or services, or a similar mark for similar goods or services, and in each such case the use is likely to cause confusion amongst the public with the Claimant’s mark.

Under Section 10(3), it is an infringement to use an identical or a similar mark on dissimilar goods or services to those for which the mark has been registered, where the use would take unfair advantage of the reputation of the registered mark, i.e. where the mark is famous.

To demonstrate similarity in this context, one must be able to show the degree of substitutability of the goods for which the mark is registered with those being sold under the infringing sign. In essence, where the public would be likely to be confused as to the source of goods due to the similarity of the mark, the marks will be said to be sufficiently similar.

Trade mark misuse

Trade marks are vulnerable to revocation if they are not used genuinely for 5 years, and they will lapse if the 10 yearly renewal fees are not paid. They are also liable to lapse if they become the generic name for goods or services. Care should therefore be taken about their use.

It is desirable to make it clear that a trade mark is registered and is being used as such, but not strictly essential to use the common ® sign. However, improper use of this sign in relation to an unregistered mark (unless registered elsewhere in Europe) is an offence. The alternative is to use the common 'TM' sign.

Domain Names as trade marks

An application to register an entire domain name will fail because only the distinctive parts of the name are capable of registration (i.e. the "www" at the beginning and the ".com/co.uk" at the end are not registrable). The body of the domain name can be registered provided it is sufficiently distinctive.

There are a number of factors that make domain name registrations a ready subject for potential trade mark disputes.

The domain name registration system operates on a "first come, first served" basis. It is possible for parties to register a well-known name with which they are not otherwise connected as a second level domain, thereby preventing the owner of the goodwill in that name from registering it in the same top level domain. Also it is possible for two companies to have the same second level sub-domain but a different top level domain e.g. name.co.uk and name.org.uk. It is therefore advisable for businesses to register their chosen name with as many top level domains as possible.

Because each domain name is unique, there is no capacity for two companies who normally trade with the same name in different fields to use exactly the same domain name. In the trade mark system, this is overcome by the existence of different classes of goods and services allowing companies with the same mark to exist side by side. This is not possible in the domain name registration system, and consequently the competition for domain name registrations is considerably greater.

A domain name is essentially a user-friendly way of identifying a particular computer. No consideration is usually given in the application process to intellectual property rights. Similar names, and therefore look-alike and sound-alike names are easily registered. Although domain names are, like trade marks, perceived as property, they are really rights in contract. However on the basis that they can indicate the source of goods and services, their use can constitute trade mark use and a procedure (eg ICANN and Nominet dispute resolution procedures) for having domain names transferred or cancelled is available to trade mark owners registered or unregistered in particular circumstances, for example where a domain name registration has been made to exploit a trade mark owner's goodwill and is being used in bad faith.

It should be noted that generic names can be registered as domain names even if they would not be registrable as trade marks because they would be considered descriptive and therefore lack the necessary distinctive quality.

Cyber squatting

Cyber squatting, that is the stockpiling of internet domain names, will not be tolerated in the UK following a Court of Appeal decision in the *One in a Million* case. This involved the registration by the defendants of domain names with a view to selling them on. The Court of Appeal held that the registration of domain names amounted to false representations that the defendants were associated with the brand owners, on the basis that anyone conducting a search of, for example, Marks & Spencer.co.uk would discover that the registrant is One in a Million Limited. Since it would be likely that people would conclude that this company was associated with Marks & Spencer plc, this would amount to passing-off. The owners relied on section 10(3) of the TMA (for which see above). The defendant argued that there was no use of the mark and therefore no likelihood of confusion. However, the appeal judges held that the domain names took advantage of the distinctive character in the mark and that such use was unfair and detrimental.

Although the case has given clear indication as to the Court's view on cyber squatting, it is still unclear as to whether someone registering one domain name but not using it to sell any goods or services would commit trade mark infringement. Nor is it clear what is the position where the registrant of the dot.com or other national top level domain name has rights in that name abroad.

Metatags

Metatags are words or other tags incorporated into a website code in order to attract search engines to those sites when certain search criteria are entered. The inclusion of metatags comprising a competitor's trade mark in order to direct internet traffic away from the trade mark owner, to the competitor's website, may constitute trade mark infringement. By analogy, this activity is viewed as being similar to posting a sign with someone else's trade mark in front of your store.

In the case of *Road Tech Computer Systems Limited v Mandata (Management and Data Services) Limited (2000)*, the High Court held that the use of a trade mark as a metatag and hidden text on the site constituted trade mark infringement and passing-off. The case involved provision of computer software to the road haulage industry by competing firms. The claimant owned trade marks in Road Tech Harrow and Road Runner, and Mandata included key words "Road Tech" and "Road Runner" as metatags, so that any search for Road Tech or Road Runner would bring up the site of Mandata.

The Court held that the claimant was entitled to summary judgment for trade mark infringement and passing-off, on the basis that it was a deliberate appropriation of the claimant's rights.

European Protection

Many businesses trading on the Internet will wish to protect their brands on a European wide basis. A Community Trade Mark ("CTM") gives this protection throughout the European Union. However a CTM will only be granted if there is no successful third party opposition based upon pre-existing national rights in any member state. If a CTM application is unsuccessful due to such national rights, it may be converted into a series of conventional national trade mark applications in the countries in which there are no objections. The CTM is a cost effective way of obtaining protection in a number of European countries.

International Protection

The Madrid System may also be of interest to businesses trading on the Internet as it provides a centralised filing procedure for an application covering possibly dozens of countries. An application under this system is only available to those who are nationals of or domiciled in one of the countries covered by the Protocol and an application must be based on an existing

national application or registration. It has been taken up by over 40 countries including China, Japan, Russia and most of Europe although the US is a notable absentee. The UK belongs to the Madrid Protocol, which has more liberal rules about the necessary domicile of applicants than the Madrid System itself.

Passing Off

If a business does not have a registered trade mark or is unable to obtain a registered trade mark, the law of passing off may be used to protect its brand name or reputation. The object of the law is to protect both consumers and other businesses from the effects of misrepresentation. To be successful though the complainant must demonstrate that:

- (a) he has established goodwill and a reputation in a name/brand;
- (b) another undertaking by its name or get-up is leading or is likely to lead the public to believe that its goods or services are the goods or services of the complainant (i.e. it is making a misrepresentation); and
- (c) he has suffered or is likely to suffer actual damage.

Businesses would be unwise to rely solely on this right where a trade mark registration is a possibility as success often depends on survey evidence which may be difficult and expensive to obtain and is often discounted as being unreliable.

It should be noted that different methods of protecting unregistered trade marks apply in civil law countries (i.e. most of Europe), such as unfair competition laws.

Executive Summary

- Take care in selecting, registering, using and renewing trade marks.
- Use a proper search service to ensure a proposed trade mark does not infringe an existing registration or unregistered mark.
- Register domain names as trade marks and vice versa.
- Look out for the cyber squatting and metatags.
- Consider international protection.

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