



The small print for BIG IDEAS

Disclaimer: This online publication describes the law in general terms. It is not intended to provide legal advice on specific situations and should not be relied upon as a source of legal advice. This publication is aimed to help small start-up businesses and entrepreneurs specifically.

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Protect Your Brand! Trade Marks Explained – Part 1: Introducing Trade Marks

This publication is Part 1 of a series on trade marks. When read together, the series gives the reader a succinct yet clear understanding of trade marks from a business perspective.

1. What is a trade mark?

A trade mark is a sign that is used to enable customers to identify and distinguish the products or services of one undertaking from those of another.

There are several types of trade marks, such as an image (e.g. Apple's logo); a word (e.g. Volkswagen); a name (e.g. Yves Saint Laurent); a slogan (e.g. "I'm Lovin' It"); a symbol (e.g. Nike's swoosh); a number (e.g. 1664); a shape (e.g. Toblerone); a colour (e.g. orange); a pattern (e.g. Burberry); or a sound (e.g. 20th Century Fox Fanfare). It could also be a combination of two or more types. Very often, a business will register a multitude of trade marks in order to protect its own mark from all possible conscious or unconscious infringements.

2. Purpose and importance of trade marks for business

Trade marks are used by businesses to indicate the origin and quality of their product or service and consumers use it as a point of reference to purchase that product or service rather than any other. Once consumers have identified the trade mark, they can link it with the business and obtain more information about the product, which facilitates their purchasing decision.

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From a business perspective, trade marks are useful in at least four different ways:

- a. They provide legal rights to their owner (i.e. the business) who can take action against anyone misusing the brand.
- b. The registration of trade marks gives a clear signal to others that the business is aware of its brand value and is ready to take action against any infringer.
- c. Through licenses and other commercialisation techniques, trade marks help the business to monetise and control its brands.
- d. Trade marks serve a marketing purpose: they create and strengthen the company's reputation and goodwill and enhance consumer loyalty, which is why they are often used in advertising campaigns. Over time, some trade marks have evolved to become symbols of luxury and lifestyle (especially in the sectors of fashion and electronics), further boosting their marketing goals. Trade marks thus constitute an extremely valuable (financial) asset for businesses.

In addition to the above advantages, registered trade marks are relatively cheap to obtain.

3. Registered / unregistered trade marks

Trade marks can be registered, or unregistered, with registered trade marks often providing businesses with the greatest protection from misuse by third parties.

Further details regarding the process for applying for a trade mark, and unregistered trade marks are contained in Parts 2 and 3 of this series.

4. Trade marks and brand strategy

When starting a business and developing your brand, it is important to carry out some trade mark searches in order to make sure other parties have not been using the mark you want to use.

Aside from being helpful in your brand strategy, knowing if someone else uses a mark identical or similar to the one you want to use is important in the trade mark registration process as third parties with prior rights can oppose your application, or when the mark is registered,

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bring legal action. It is therefore crucial to carry out searches on the relevant trade mark registers and databases (depending on the territory) in order to determine if an identical or similar trade mark has already been registered or applied for, for the same or similar goods and services as yours. A search should also determine whether someone has already used the same or similar mark for identical or similar goods or services (for example a competitor might be using a mark as an unregistered trade mark and file an opposition on that basis). This will allow you to be prepared in case of oppositions or to act to prevent them.

A search of registered trade marks can be carried out on the following websites:

- UK database: <https://trademarks.ipo.gov.uk/ipo-tmtext>
- EU database: <https://euipo.europa.eu/eSearch/>
- WIPO (international) database: <https://www3.wipo.int/branddb/en/>

When your trade mark is registered, you might be interested to know if and when someone else files a conflicting trade mark application in order to oppose it or bring a legal action to defend your right. Every time a trade mark application contains a sign and specifications conflicting with your registration, the UK IPO will send you a notification.

5. Trade mark infringement and remedies available to businesses

Where a trade mark is being infringed by a third party (i.e. being used without the owner's permission), the owner can apply to the court for one or more of the following remedies.

a. Interim Injunction

This remedy is used to prevent further damage whilst you wait for a court date. The purpose is to stop competitors trading the goods that they are passing off as yours.

Injunctions must be effective, proportionate and dissuasive and the court will not grant an injunction if damages are available and would be compensatory. The courts will also take the approach which causes the least harm to the parties, meaning that if an injunction would bankrupt the competitor, they are unlikely to grant an injunction as this is not proportionate.

The court will only look at the facts available and decide whether there is a serious question to be tried. If there is precedent or all the facts are against you, then the court will not grant an interim injunction.

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b. Damages

If the court finds there has been an infringement of your trade mark, it can order the infringing party to pay you damages. Damages can be awarded on the following bases:

- **Loss of Sales:** This is the amount of money that you would have made if the competitor did not infringe your trade mark rights and sell their goods as an equivalent to yours. The problem with the remedy of loss of sales is that you must prove consumers would have bought the goods from you if the competitor had not infringed your rights.
- **User Principle:** This remedy is generally used when the competitor should have gained a license. The court will award compensatory damages as if the parties were in a hypothetical negotiation. The court will look to see if the competitor had any other way which would not have infringed your rights and they will not consider the financial circumstances of the businesses.
- **Account of Profits:** This is an equitable remedy that entitles you to all the profits made as a result of an infringement of your rights. This cannot be claimed in addition to damages and you will only get a proportion of the profits made by the infringing party. For example: if your rights make up a fifth of the infringing good, then you will get a fifth of the profits made by the competitor.

6. Conclusion

Trade marks are an important part of a business' branding strategy, and can provide businesses with legal rights to prevent the misuse of its marks and also an income stream. Although businesses often prefer to register their trade marks, it is also possible to seek protection for unregistered trade marks in certain circumstances. If trade mark infringement does occur, businesses can apply to the courts for an order that the infringing party stops using the owner's mark and/or pays the owner compensatory damages.

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