

## Briefing Paper

# Brand Protection; How Can Intellectual Property Law Protect Brands In The UK?

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### Introduction

In the commercial world today, the brands a company uses are generally recognised as one of the components in creating the value of that business. The potential commercial value of a brand therefore cannot be underestimated.

In the course of this paper we will evaluate the way in which intellectual property law in the UK is able to protect the brands of any given company. In this we will examine the use of trade marks (and the phenomenon of goodwill), passing off, copyright and patents with regards to brands. In this we will we examine how these areas of intellectual property law can be used to protect the brands created within a business.

Lom comments that; *'Brands today are generally recognised as a key asset for creating value for a business'*<sup>1</sup> and because of this intellectual property in the UK has developed to protect brands and their products which will be discussed in the course of this paper.

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<sup>1</sup> Helen Lom, 'Branding: How to Use Intellectual Property to Create Value for Your Business?' (World Intellectual Property Organization) <<http://www.wipo.int/sme/en/documents/branding.htm>> accessed 20 May 2012

## Trade Marks

Firstly we will discuss the use of trade marks in the protection of a business's brands. Yelnik tells us that trade marks; *'may be considered important and, arguably, the most valuable part...when contemplating a brand's protection'*<sup>2</sup>. Bainbridge tells us that; *'Ownership of a mark, referred to as a proprietorship, gives what can be described as a restricted monopoly in that mark, and the proprietor of a registered trade mark has a property right in the mark'*<sup>3</sup>

The Trade Marks Act 1994 s.2 tells us that a registered trade mark is a property right; s.9(1) and confirms that the owners of the trade mark have exclusive rights to its use. Hart, Fazzani and Clark tell us that; *'Exercise of those rights by anyone else, without his consent amounts to infringement'*<sup>4</sup>. Furthermore, s.14 of the same act provides that an owner with the authority of a registered trade mark has the rights to sue for unauthorised use of their trade mark purely upon ownership of the registered trade mark.

The protection intellectual property law can give to a brand for the protection of its trade marks comes at s.10 of the Trade Marks Act 1994 (TMA). S.10(1) states that it is an infringement of a registered trade mark to use in the course of trade, an identical mark on the same goods or in respect of the same services for which that mark is registered. In the case of *British Sugar Plc v James Robertson & Sons Ltd*<sup>5</sup> it was said that if the use of the trade mark is in the course of trade it does not need to be used as in the trade mark sense to establish infringement and therefore as Hart, Fazzani and Clark comment; *'it is possible to succeed in an infringement action even if the claimant's symbol has not been used as a trade mark. The claimant needs only to prove that it was used in the course of trade'*<sup>6</sup>. It must be noted however that 'course of trade' means trade in the UK.

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<sup>2</sup> Yelnik A, 'Commercial value of trade marks: do current laws provide brands sufficient protection from infringement?' (2010) European Intellectual Property Review 32(5), 204

<sup>3</sup> D Bainbridge, Intellectual Property (8<sup>th</sup> edn, Longman Pearson, 2010) 656

<sup>4</sup> T Hart, L Fazzani, S Clark, Intellectual Property Law (5<sup>th</sup> edn, Palgrave Macmillan, 2009) 107

<sup>5</sup> [1996] RPC 281

<sup>6</sup> T Hart, L Fazzani, S Clark, Intellectual Property Law (5<sup>th</sup> edn, Palgrave Macmillan, 2009) 108

As we can see this aids companies in the protection of their brands as if the trade mark is used in the 'course of trade' then it can be said that such use takes place in a commercial context that is used with a view to gaining economic advantage as per the case of *Arsenal Football Club v Reed*<sup>7</sup>. As Aplin and Davis comment; *'the general view seemed to be following Arsenal, that there was infringement with any use of the trade mark by a third party which compromised the mark's ability to function as a guarantee of origin'*<sup>8</sup>. S.10(2)(a) and (b) tell us that the use of an identical or similar sign on similar or identical goods and services is infringement if this is likely to confuse the public. Finally s.10(3) tells us that the use of an identical or similar mark to a registered mark with a UK reputation that takes advantage or is detrimental to that trade mark is infringement.

In the case of *R v Johnstone*<sup>9</sup> it was said that the use of a trade mark as an indication of trade origin was an essential prerequisite to infringement and that descriptive use was not an indicator of origin. However this can be seen as outdated thinking and since this in the case of *Adam Opel AG v Autec AG*<sup>10</sup> the ECJ has clarified what is meant by trade mark use in relation to infringement. In this case it was said that where a trade mark is registered the use of the mark by a third party that affects the original function of the earlier mark is infringement. This view is expansive and recognises that today trade marks have a role beyond just a badge of origin and indeed gives the trade mark an important role for brands that consumers recognise as the sign of quality they are looking for.

As we have seen trade marks are central to a business's brands and are the front line of the company's image as a brand, as Yelnik comments; *'trade marks are extremely important for giving out the information concerning origins and quality of the goods that consumers want to know'*<sup>11</sup>. Aplin and Davis go on to contend that; *'in contemporary commerce, trade marks may have a value beyond their role as a guarantee of origin, and that they may also be an important vehicle for the proprietor's goodwill'*<sup>12</sup>. Because of the importance of trade marks intellectual property has clearly attempted to stop the infringement of registered marks through s.10 of TMA 1994.

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<sup>7</sup> [2002] ECR I-10273

<sup>8</sup> T Aplin, J Davis, Intellectual Property Law: Text, Cases, and Materials (OUP, 2009) 295

<sup>9</sup> [2004] UKHL 28

<sup>10</sup> Case C-48/05 [2007] ECR I-1017

<sup>11</sup> Yelnik A, 'Commercial value of trade marks: do current laws provide brands sufficient protection from infringement?' (2010) European Intellectual Property Review 32(5), 204

<sup>12</sup> T Aplin, J Davis, Intellectual Property Law: Text, Cases, and Materials (OUP, 2009) 299

As we have seen intellectual property has set up barriers to infringement of a brand's trade marks. As Seville contends; 'Trade mark law offers potential protection for brands, including the shape of bottles and packaging, and is the most straightforward response to counterfeiters'<sup>13</sup>. However, trade marks are only one part of a brand as Yelnik tell us; 'trade marks represent only a part of a brand'<sup>14</sup> and because of this we will now discuss the other areas in which intellectual property can protect a brand.

## Passing Off

We will now examine intellectual property law and the protection this gives a brand with regards to passing off. Hart, Fazzani and Clark describe that; '*passing off involves one trader giving consumers the impression that his goods are those of another trader who has an established goodwill*'<sup>15</sup>.

Passing off allows protection for a company's brands in that business 'goodwill' is protected by this area of intellectual property law as a common law tort that usually concerns unregistered or unregistrable marks and registered marks. Bainbridge tells us that; '*The owner of goodwill has a property right that can be protected by an action in passing off*'<sup>16</sup>. In the case of *HP Bulmer Ltd v J Bollinger SA*<sup>17</sup> it was said that a man who engages in commercial activities may acquire a valuable reputation in respects of goods in which he deals or of his business as an entity.

In *Reckitt & Coleman Products Ltd v Borden Inc (No 3)*<sup>18</sup> Lord Oliver stated that; '*The law of passing off can be summarised in one short general proposition – no man may pass of his goods as those of another*'. This case also set out three basic elements that are necessary to bring an action of passing off<sup>19</sup> that are; goodwill; reputation and damage or the likelihood of damage.

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<sup>13</sup> Seville C, 'Copyright in perfumes: smelling a rat' (2007) Cambridge Law Journal 66(1), 49-52, 49

<sup>14</sup> Yelnik A, 'Commercial value of trade marks: do current laws provide brands sufficient protection from infringement?' (2010) European Intellectual Property Review 32(5), 204

<sup>15</sup> T Hart, L Fazzani, S Clark, Intellectual Property Law (5<sup>th</sup> edn, Palgrave Macmillan, 2009) 124

<sup>16</sup> D Bainbridge, Intellectual Property (8<sup>th</sup> edn, Longman Pearson, 2010) 809

<sup>17</sup> [1978] RPC 79

<sup>18</sup> [1990] 1 WLR 491, 499

<sup>19</sup> These have become known as 'The classic trinity'

Firstly we will discuss goodwill; Bainbridge explains; *'The words 'goodwill' and 'reputation' are often used interchangeably but it is really in connection with goodwill that passing off is concerned*<sup>20</sup>.

For a company to protect its brands with a claim under passing off goodwill must be established and as Saw notes; *'Goodwill is therefore this mystical force which creates in the minds of consumers a favourable disposition towards a particular product or service'*<sup>21</sup>. For goodwill to be established there must be a likelihood that consumers will continue to return because of the quality and reputation of the goods or service provided by the trader<sup>22</sup>. This would suggest that a reputation has been built up over time. Each case will depend on its own circumstances but three weeks has been held to be a sufficient amount of time to build up good will<sup>23</sup> or for example if an intensive marketing campaign has happened then goodwill can be acquired in a reasonably short amount of time<sup>24</sup>. It should also be noted that goodwill can be localised and does not have to be national.

Secondly to bring an action for passing off we must find misrepresentation. Aplin and Davis define misrepresentation as an action that; *'deceives the consumer, and as a result the claimant suffers or is likely to suffer damage'*<sup>25</sup>. For example this could arise if the defendant has misrepresented the customer to believe their product is the claimants. It should be noted that for an actionable misrepresentation a substantial number of customers must be confused. However, the misrepresentation does not need to be intentional for a passing off action to succeed and as Hart, Fazzani and Clark comment; *'innocence of a misrepresentation is no defence'*<sup>26</sup>.

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<sup>20</sup> D Bainbridge, Intellectual Property (8<sup>th</sup> edn, Longman Pearson, 2010) 809

<sup>21</sup> Saw C L, 'Goodwill hunting in passing off: time to jettison the strict "hard line" approach in England? (2010) Journal of Business Law 8, 646

<sup>22</sup> Goodwill was defined in *Trego v Hunt [1895] AC 7*

<sup>23</sup> As per *Stannard v Reay [1967] RPC 589*

<sup>24</sup> As per *Elida Gibbs Ltd v Colgate Palmolive Ltd [1983] FSR 94*

<sup>25</sup> T Aplin, J Davis, Intellectual Property Law: Text, Cases, and Materials (OUP, 2009) 194

<sup>26</sup> T Hart, L Fazzani, S Clark, Intellectual Property Law (5<sup>th</sup> edn, Palgrave Macmillian, 2009) 128

Furthermore, it was said in the case of *McCulloch v May*<sup>27</sup> there must be a common field of activity for misrepresentation to be claimed as if there is not then it is unlikely that consumers will be misled as was the case in *Harrods Ltd v Harrodian School*<sup>28</sup>, however, if the claimant has a strong reputation nationally or internationally then a common field of activity may not be found. This is highly relevant to companies when they look to protect their brands as if they have a strong national or international reputation as their brand can be easily protected from misrepresentation.

Thirdly we will consider damage as the last of the classic trinity needed to find a passing off action. Damage is not limited to the direct diversion of sales and can come about in a number of ways including; lost sales due to the consumers' confusion; inferior quality of the defendant's product leading consumers to think the claimant's products are also inferior<sup>29</sup> and; the erosion, blurring or debasement of a name that is exclusive and unique that is used by the claimant. This will come down to the discretion of the court to decide upon. As Bainbridge comments; *'The question of whether or not there is a real likelihood of confusion is, of course a matter for the court and not for the witnesses to decide'*<sup>30</sup>.

The importance of these three elements means, as Carty comments; *'The fact that the tort is based on a trinity underlines the important fact that all three ingredients are to be understood and applied as interlinked concepts'*<sup>31</sup>. The ability for a company to protect its brands with the tool of passing off as a common law tort is hard to underestimate. This allows companies the means to protect not just their marks as we have seen with trade marks but also to protect their products from being confused by consumers and from being 'passed off' potentially a less quality product from another company.

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<sup>27</sup> [1947] 2 All ER 845

<sup>28</sup> [1996] RPC 697

<sup>29</sup> As was the case in *Spalding 7 Bros v AW Gamage Ltd (1915) 84 LJ Ch 449*

<sup>30</sup> D Bainbridge, *Intellectual Property* (8<sup>th</sup> edn, Longman Pearson, 2010) 843

<sup>31</sup> Cartly H, 'Passing off: frameworks of liability debated' (2012) *Intellectual Property Quarterly* 2, 106-122, 106

## Patents

We will now consider the impact patents can have in protecting a company's brands. A patent is a property right that gives the owner the exclusive right to exploit the invention. This right is granted for twenty years<sup>32</sup> and the owner of this right has the legal right to stop others producing the patented goods or applying the patented process by suing for infringement. As Aplin and Davis put it; '*A patent may be understood as a monopoly right over the commercial exploitation of an invention*'<sup>33</sup>. This area of intellectual property law is governed by the Patents Act 1977 (PA).

With regards to the protection of brands as discussed above a patent is a monopoly right granting the holder of the right exclusive rights to use the invention for twenty years. For a brand this is excellent protection as it guarantees that the inventions of a brand will not be used by any other company until the monopoly right expires. However as Bainbridge comments; '*what the patent system does is to guarantee a limited term of protection in return for the inventor's agreement to disclose details of his invention and, ultimately, to abandon his property right in it*'<sup>34</sup>. This is obviously not ideal for a brand that wishes to protect its inventions so a patent may not be the best protection for the brand if the goal is to maintain the invention for more than twenty years<sup>35</sup>.

If a patent of a brand is infringed there is action possible under s.60(1) of PA 1977. Infringement can come from the making of the patented product, the disposing or offering to dispose of the product or the importing of the product without the patentee's consent. Any infringement that occurs will allow the brand to remedy the situation under s.61 PA 1977 including but not limited to; an injunction; an order for the defendant to deliver up or destroy any patented product that relates to the infringement or damages in respect of the infringement. The remedies open for infringement of patents demonstrates that this area of intellectual property gives a business protection for its brands.

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<sup>32</sup> 25 years in the case of pharmaceuticals

<sup>33</sup> T Aplin, J Davis, Intellectual Property Law: Text, Cases, and Materials (OUP, 2009) 442

<sup>34</sup> D Bainbridge, Intellectual Property (8<sup>th</sup> edn, Longman Pearson, 2010) 382

<sup>35</sup> In this situation it may be better to keep the relevant information as a trade secret and not obtain a patent

## Copyright

We will now briefly examine copyright to determine if it can help a firm protect its brands. Copyright as Hart, Fazzani and Clark put it is; *'the right to prevent other from copying or reproducing your work...Copyright protects the expression of an idea, not the idea itself'*<sup>36</sup>. Copyright is a right that arises automatically from the moment of creation of something that qualifies for copyright protection. Copyright covers such intellectual property as literary, artistic, dramatic or musical works.

In terms of a brand, copyright can help to protect a number of marketing aspects that are used to promote the brand. For example; the music used in an advertisement or the broadcast of that advertisement. If the company that holds these copyrights does not grant a license for the third party to use then there are grounds for infringement that would help the firm protect its brand.

Primary infringement will come when the acts of a third party are done without a licence and are governed by S.16-21 of the Copyright, Design and Patents Act 1988 (CDPA). Secondary infringement is dealt with in s.22-26 CDPA and this relates to persons dealing in infringing copies. There must already be an act of primary infringement for secondary to come about.

In relation to brands it should be noted that although copyright can protect a brand's rights in many ways Parker comments on the subject of such things as cartoon characters that; *'The concept of Mickey Mouse, viewed as a character or brand, to the extent that it is protected by law at all, is protected not by copyright but by trade mark law'*<sup>37</sup>. This suggests that in terms of a brand there is more protection offered in trade mark, passing off and patents than in copyright.

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<sup>36</sup> T Hart, L Fazzani, S Clark, Intellectual Property Law (5<sup>th</sup> edn, Palgrave Macmillian, 2009) 151

<sup>37</sup> Parker N, 'The fuel of interest: the incentive powers of copyright' (2007) Entertainment Law Review 18(1), 7-12, 9



## Conclusions

Lom has stated; *'Trademarks, industrial designs and other objects of intellectual property protection can be powerful tools'<sup>38</sup>* and as we have seen this is the case. The use of trademarks, passing off, copyright and patents are vital tools to the protection of a company's brands and its image. Lom goes on to say that *'trademarks and other intellectual property rights must be; 'transformed from mere legal concepts and enforceable rights into commercially valuable assets that can be achieved primarily by putting them to work as tools for creating and developing a brand value'<sup>39</sup>*.

Furthermore, Yelnik comments that; *'It should not be surprising that trade-mark owners are interested in protecting their marks not least because of the monetary and skills investments involved in the creation and advertisement of this aspect of intellectual property'<sup>40</sup>*. This is true and as we have seen a great deal of intellectual property law has developed for these trade marks and brands to be protected. It would seem that intellectual property in the UK is well equipped to aid a company to protect its brands.

**Adam M. Waite LLB – June 2012**

## About 'AWICS'

'AWICS' provides a full range of management consultancy and training services, principally to those who are involved in public services including social housing.

Our mission statement is 'Independence, Integrity, Value'. We therefore provide management consultancy and training from an independent standpoint that is designed to help the client to achieve their objectives. We are passionate about working with the utmost integrity. We believe that we offer the best value for money that is available today!

And we publish the popular free e-newsletters for public services and housing – the 'Public Services News' and the 'AWICS Housing News'. We are big enough to make a difference – but are small enough to care!

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<sup>38</sup> Helen Lom, 'Branding: How to Use Intellectual Property to Create Value for Your Business?' (World Intellectual Property Organization) <<http://www.wipo.int/sme/en/documents/branding.htm>> accessed 20 May 2012

<sup>39</sup> Helen Lom, 'Branding: How to Use Intellectual Property to Create Value for Your Business?' (World Intellectual Property Organization) <<http://www.wipo.int/sme/en/documents/branding.htm>> accessed 20 May 2012

<sup>40</sup> Yelnik A, 'Commercial value of trade marks: do current laws provide brands sufficient protection from infringement?' (2010) European Intellectual Property Review 32(5), 203