



"RELENTLESS" EROSION OF UK PASSING OFF LAW

In our September Newsletter we reported the case involving a dispute over rights in the HOTPICK/HOT PICKS trade mark (*Inter Lotto (UK) Limited v. Camelot Group Plc*). In an interim judgement the High Court decided that Lotto's common law rights in the name HOTPICK were sufficient to prevent Camelot's continued use of their registered trade mark HOT PICKS and that the common law protection afforded to users of trade marks under the law of "passing off" was unaffected by the provisions of the Trade Marks Act, 1994. The decision was upheld by the Court of Appeal subsequently and created an unusual situation since Camelot were then unable to enforce their registered trade mark rights against Lotto (although in theory they were still enforceable against third parties).

Although this case confirmed that common law user rights which were earlier in date would defeat a later trade mark registration, a different result has recently occurred in the case of *Hart v. Relentless Records Limited*, which also involved a clash of unregistered and registered trade mark rights, and another interim decision by the High Court.

In this latter case, the second claimant (Relentless Recordings Limited) was set up to trade as a record company in 1995 but its business operations were only marginal, being primarily confined to making and distributing small quantities of promotional records. Indeed the company had always filed dormant accounts at Companies House. The defendant company, Relentless Records Limited began operating in 1999, and obtained a registration of the trade mark RELENTLESS for sound recordings. The defendant's activities then attracted the attention of the first claimant, Mr. Hart who had co-founded the second claimant company, Relentless Recordings Limited. He took action for "passing off" against Relentless Records Limited; they counter-claimed for trade mark infringement.

During the trial it became apparent that the first claimant, Mr. Hart, had never personally traded using the name Relentless Records and that he had no sustainable claim to goodwill in the name. Accordingly that section of the claim was summarily dismissed. Because the second claimant was a dormant company, an order for security of costs was then made and not fulfilled, with the consequence that the second claimant's case was later struck out by the High Court.

The court's decision therefore only involved the counterclaim by the defendant for trade mark infringement; they had requested summary judgement and in reply the first claimant sought to challenge the judge's conduct of the case on the grounds of bias. He also attacked the defendant's registration of RELENTLESS as a trade mark on the grounds that it was too widely worded and argued that it was improperly registered since the joint claimants had common law rights in the RELENTLESS name at the time when the defendant's application was filed. An allegation of bad faith relating to the trade mark filing was also made.

In his interim decision the judge rejected the accusations of bias and indicated that the claimant had no realistic prospect of success in attacking the defendant's

CONTENTS

- Cover article: "Relentless"
Erosion of UK Passing Off Law
- Filing a Community Trade
Mark: Use of Class Headings
(overleaf)
- Community Trade Marks
- Why Register Now? (overleaf)
- Contact The D Young & Co
Trade Mark Team (overleaf)

mark. However the case was set down for further legal argument prior to a final decision on the defendant's counter-claim.

In passing, the judge commented that the law of passing off did not protect goodwill of a trivial extent (the implication being that the claimants had nothing more than this to rely on). Although enforceable property rights were created by simply putting marks into use prior to the coming into force of the trade mark registration system in the UK (which first occurred in 1876), since that date persons claiming user rights in trade marks sufficient to found a claim for "passing off" needed to establish something more.

This decision, albeit an interim judgement by the UK High Court, and in contrast to the HOT PICKS case, highlights the fact that unregistered trade mark rights only prevail over registered rights where there is substantial prior use and this is demonstrated to the satisfaction of the relevant Tribunal. In most cases, later registered rights will win out in the absence of a sustainable claim to goodwill. Due to these uncertainties in establishing common law user rights, trade mark owners are clearly better protected from the outset by obtaining trade mark registrations (whether in the UK or via the Community Trade Mark system) to reinforce their claims to exclusivity.



FILING A COMMUNITY TRADE MARK USE OF CLASS HEADINGS

A recent communication from the President of OHIM (No. 4003 of 2003) concerning the use of International class headings in lists of goods and services covered by CTM filings has caused some surprise among UK trade mark advisers.

It should be remembered that OHIM are keen to encourage use of the International class headings for such filings because it eases their translation costs; already CTM applications must be translated into each of the national languages of the 15 current EU Member States. When the 10 new members join in May 2004 this will impose an even greater translation burden.

The communication from OHIM suggests that filing applications using the whole class heading automatically provides coverage for all goods or services in that class. Equally the OHIM notification states that use of a particular general indication e.g. "data processing equipment and computers" in Class 9 would also cover "computer software" in that class even if not specifically mentioned, since the latter term is within the general description.

It is regrettable that OHIM are prepared to accept such broad claims as a matter of general principle; this makes it increasingly difficult for traders seeking to adopt a new mark to assess whether an existing CTM registration is a real conflict in commercial terms without making use enquiries to check on the precise field of business activity. By contrast, the US requirement that trade mark owners specify the precise field of use, although often frustrating, at least gives a clearer picture to those searching the database as to what prior rights owners are actually interested in.

It should also be remembered that the class headings set out in the International Classification are intended for guidance only (as is clearly indicated in the general remarks which preface the International Classification listing).

The statements from OHIM also run contrary to indications from the UK Trade Mark Registry and have yet to be tested in any form of court proceeding, either by way of infringement action or a request for revocation alleging non-use.

In this latter context, it is also noteworthy that there are some ambiguous statements towards the end of the OHIM notification which may be read as suggesting that use, for example, on "computer software" would be sufficient to maintain a CTM registration for "data processing equipment and computers" even if the proprietor cannot demonstrate use on this latter category of item.

It seems more likely that the OHIM notification intended to say that a mark covering "data processing equipment and computers" will be maintained for "computer software" if the owner of the mark could only show genuine use on those items - even if the term "computer software" was not separately mentioned in the original registration wording.

While the current position remains ambiguous, it is probably safer for applicants to include the precise goods of interest to them in their specification wording even if they also use the International class heading in the claim.

COMMUNITY TRADE MARKS - *Why register now?*

On 1 May 2004, the European Union will expand from 15 member states to 25.

Existing Community Trade Mark registrations (and applications filed before 1 May 2004) will automatically extend to cover the new member states. Equally, new filings made after 1 May 2004 will cover all 25 countries.

Registering a Community Trade Mark is, and will continue to be, the most cost-effective way of securing protection for trade mark rights throughout the European Union. Moreover, it is clear that a CTM registration has other advantages, relative to national rights:

Specifically, if a proprietor wishes to oppose another Community Trade Mark, filed later than his own mark, it is

far simpler to base an opposition on a single Community Trade Mark registration than to rely on individual national registrations (which may not, in any case, cover the complete territory of the European Union).

If an opposition is based on a valid Community Trade Mark, and is successful, the mark opposed will fail in all EU countries and the applicant will have no "fall back". By contrast, if an opposition is based on national rights in some, but not all of the EU member states, even if it succeeds, the Community Trade Mark owner has the option of converting his claim to national filings in the remaining countries.

Another important point is that when oppositions are based on national rights, the applicant for the Community Trade

Mark which is being challenged, often has the option to invoke the "proof of use" procedures. These are strictly applied by OHIM and there are many reported cases where the proof of use adduced by the prior rights owner is not considered sufficient to support the opposition.

By contrast, if the use requirement is invoked against an opponent's prior Community Trade Mark, it is only necessary to supply proof of genuine use in a single member state to satisfy this requirement. This follows from the Community Trade Mark's essential character as a unitary right.

For both these reasons, it makes sense to consolidate existing national holdings by filing a Community Trade Mark, even now.

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