

UNITED KINGDOM

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This chapter forms part of:

LUXURY LAW
Law Over Borders Comparative Guide 2022

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1. TRADE MARK

1.1 Sources of law

The Trade Marks Act 1994 (TMA) is the main source of law for trade marks in the UK. The TMA is supplemented by secondary legislation such as the Trade Mark Rules 2008. The Manual of Trade Marks Practice sets out useful guidance which is applicable to the UK Intellectual Property Office (UKIPO) working practices.

Prior to the end of the transition period following the UK's departure from the European Union on 31 December 2020 (Brexit), the Trade Mark Directive 2015 (the Directive) and EU Trade Mark Regulation 2017 (the Regulation) also applied to the UK. They remain relevant to the UK because any EU case law that was established prior to the end of the transition period remains a binding precedent.

For the time being EU and UK trade mark law are, to all intents and purposes, consistent. The UK has not diverged from the Directive and there has been no major new trade mark legislation from the EU. This is likely to change over time. At an anecdotal level, it appears that the UK is taking a stricter approach to descriptiveness and distinctive character. There is insufficient data at present to determine whether this is a significant long term change or the product of a large number of new examiners and staffing pressures due to Covid and the impact of Brexit.

The UK is a common law jurisdiction. This means that case law is very important for trade marks in terms of determining the meaning of legislation and a variety of procedural matters.

The UK is a party to the Madrid Protocol. It is also a signatory to the Agreement on Trade-related aspects of Intellectual Property Rights, 1994 (TRIPS). TRIPS is relevant for all IP rights.

Passing off. Passing off is the UK's closest equivalent right to *unregistered trade marks*, unfair competition or related disputes such as parasitic copying.

Passing off is a common law cause of action which offers some protection for business or product names, logos or trade dress (known in the UK as 'get up'). In order to rely on passing off it is necessary to show that:

- there is goodwill in the relevant sign claimed;
- there has been a misrepresentation by a third party who has misused that goodwill; and
- as a result of that misrepresentation there must be damage.

The goodwill must be specific. For example, a famous brand must be able to show goodwill that has been established through trade. Whilst a house brand may be well known, it may be harder to show that a newer sub-brand, packaging or product get up would possess goodwill.

A misrepresentation requires a 'deception'. This is a higher threshold than a 'likelihood of confusion' and requires a level of action on the part of the alleged infringer. Although it is not necessary to prove an intention to deceive, this evidence can be very persuasive. Evidence of actual confusion is not necessary but, again, can be persuasive depending on the type and context.

1.2 Substantive law

Any valid trade mark can be used against the use of an identical or similar sign

for identical or similar goods and services. Where there is no double identity, it is necessary to prove that there is a likelihood of confusion.

If the trade mark has a reputation, it is also possible to rely on the mark against the use of an identical or similar sign for identical, similar or dissimilar goods and services provided that it is possible to prove that there has been:

- unfair advantage; or
- detriment to the:
 - distinctive character; or
 - repute of the sign.

This is broadly analogous to free-riding, blurring and tarnishment.

The “aura of luxury” is a particularly relevant consideration when it comes to selective distribution agreements. The key case in this area is *Coty Germany GmbH v Parfümerie Akzente GmbH* (Case C-230/16, ECLI:EU:C:2017:941), an EU case which pre-dates Brexit. Coty builds on another EU case, *Copad SA v Christian Dior Couture SA and others* (Case C-59/08, ECLI:EU:C:2009:260), which established that the quality of luxury goods is not simply their material characteristics but also the “aura of luxury” which comes from luxury goods’ allure and prestigious image.

The EU court in Coty found that luxury brands can restrict distributors in selective distribution agreements from selling through third party websites and platforms such as Amazon, provided that this restriction was necessary in order to preserve the aura of luxury.

1.3 Enforcement

The UK consists of three different legal jurisdictions:

- England and Wales;
- Scotland; and
- Northern Ireland.

The same intellectual property rights apply across all through jurisdictions, however the court procedure for enforcement can vary. References to “UK law” are for simplicity but with the warning that there can be local differences in enforcement both in relation to trade marks and other relevant rights.

The limitation period in the UK is six years from the date on which the relevant infringing act occurred. If an infringement is ongoing, the six year period runs from the date that the infringing event ceased. However, it is only possible to claim damages for the six years preceding the date on which the claim form was issued.

The primary evidence is a witness statement which is verified by a statement of truth (think of it as an ‘affidavit lite’). The witness statement must be given by someone with personal knowledge of the facts and matters set out in the statement and is commonly supported by documentary evidence in the form of exhibits.

In most cases, any witness who provides a witness statement would be expected to give oral evidence at trial. The court has become more flexible about the way in which this evidence can be delivered. After the pandemic it is expected that evidence will return to being primarily in person but giving evidence via video link remains possible in some circumstances.

There are three main routes for bringing proceedings in the UK. They range from the IP Enterprise Court (IPEC) for smaller claims, to the Shorter Trials Scheme (STS) for cases where tight case management is desirable, to the High Court (for the largest claims). In IPEC, the statements of case, namely the Particulars of Claim, Defence and any Counterclaim or Reply can stand as evidence in chief including the relevant annexes. For this reason, the statements of case must be verified with a statement of truth by someone with first-hand knowledge of the facts detailed in the relevant document.

In some limited circumstances it may be possible to provide survey evidence and/or expert evidence. Both have been discouraged by the courts and have somewhat gone out of fashion but they may be available in a larger case, particularly if there is a potential public policy or precedent setting aspect to the dispute.

A trade mark can theoretically be enforced against use of each of the following:

- a domain name - whether this is possible will depend on the use on the associated website;
- a trade name - again this will depend on the relevant use;
- other distinctive signs such as a product name or packaging; and
- a hashtag or, in some circumstances, a metatag in each case depending on the relevant use.

In most instances, using a third party trade mark as a keyword in online advertising is permitted. The exception to this is if the ad which results from the use of the trade mark as a keyword would create consumer confusion.

Social media enforcement. If a trade mark is used on social media in the course of trade it is likely to be possible to prevent this use. Often infringement on social media is associated with more wide ranging infringement.

Comparative advertising and other procedural issues. The UK allows comparative advertising. The UK law stems from the EU's Comparative Advertising Directive (CAD) (implemented in the UK as the Business Protection from Unfair Trading Regulations 2008). In some circumstances, it is lawful to advertise in comparison to another business and to use that business' trade mark in order to do so. In order for the advert to be lawful, the comparison must be with another product which has the same purpose. It is important to retain evidence to justify why the products are objectively comparable.

Parody is not a defence to trade mark infringement. Whether or not a parody is trade mark infringement depends on the standard criteria for trade mark infringement set out above. In practice, most parodic trade mark use is at a fairly *de minimis* level and it may not be worth taking legal action or the online takedown process may be sufficient.

It is very common to sue for both trade mark infringement and passing off as part of the same case. In practice, if trade mark infringement is established, passing off is usually established as well.

It is important to refrain from threatening trade mark infringement unless there are good grounds. When a threat of infringement is made, it gives rise to a potential counterclaim for 'groundless threats'. This can be an issue particularly

if an injunction is threatened or suppliers or customers are also threatened with trade mark infringement resulting in loss of business. For this reason, it is particularly important to seek UK legal advice before making a threat of trade mark infringement which applies, or could apply, to the UK. This issue does not apply to passing off.

In order to be valid, any assignment must be in writing and signed by the assignor (i.e. the person or legal entity who is transferring the trade mark). No other formalities are required but in practice, the assignee usually signs the assignment as well. It is important that the assignment clause is clear and unambiguous. Typically, this is phrased as “X hereby assigns Y”. These requirements for assignment of rights apply to all IP rights assignments in the UK.

Luxury brands are currently looking at creative ways to expand their trade mark portfolios including the potential for registering less standard signs such as product shapes or colours. The UK can be a good testing ground for these sorts of applications as it is much less expensive than the European Intellectual Property Office (EUIPO) both in terms of the relevant UKIPO fees and, most significantly, in terms of the evidence of acquired distinctiveness. In the EU, this is required for all 27 member states. Proving acquired distinctiveness in the UK is a more straightforward task.

2. COPYRIGHT

2.1 Sources of law

The Copyright, Designs and Patents Act 1988 (CDPA) is the main source of law for copyright law in the UK. As with trade marks, some EU legislation remains relevant to the extent that it was applied prior to Brexit.

The UK is a signatory to the Berne Convention for the Protection of Literary and Artistic Works (revised, Paris, 24 July 1974).

2.2 Substantive law

The CDPA has a closed list for copyright eligible works. Broadly speaking, the works must be literary, dramatic, musical or artistic. The definition of artistic works under CDPA is very narrow. The only types of three dimensional artistic works that are protected are sculptures and ‘works of artistic craftsmanship’.

EU law has a much more expansive approach to the identification of a copyright work. The main criteria is that the work must be the author’s own intellectual creation (*Infopaq International A/S v Danske Dagblades Forening*, Case C-5/08, ECLI:EU:C:2009:465).

Prior to Brexit, the EU court handed down a key case, *Cofemel - Sociedade de Vestuário SA v G-Star Raw CV* (Case C-683/17, ECLI:EU:C:2019:721), which established that in order to qualify as a copyright work, there must be an original object and an expression of intellectual creation and a closed list approach is not appropriate. For present purposes, the main takeaway is that protection of three dimensional works using copyright law in the UK is complicated. To the extent that copyright protection is available, it is more likely

to be available for a more creative work than an industrial work. This is an important issue for luxury brands, particularly for more heritage designs where design right protection has expired.

A brand name or tagline is very unlikely to be sufficiently original to qualify as a literary work but advertising and marketing copy is more likely to be protected.

Moral rights are automatically protected but can be waived by contract. The main moral rights are the attribution right and the right to object to derogatory treatment. There are very few cases involving moral rights. On the rare occasions where an infringement is proven, the amount of damages at stake is typically very low.

An employer is automatically the first owner of any intellectual property rights, including copyright, which are created in the course of the employee's duties to the business. The line on this can be a bit grey so the statutory position is commonly supplemented in an employment contract.

In all other circumstances such as freelancers, photographers, shareholders, consultants and similar, unless a contract states otherwise, the creator (commonly known as the 'author') of a copyright work is its owner. There will be a licence in place but this will be limited to the purposes for which it was created. In some circumstances, it may be possible to argue that the business owns the equitable title to the copyright work but this is a challenging and expensive argument. It is far better to ensure that the works are assigned by contract and that if there is any doubt about historic copyright ownership that a confirmatory assignment is signed by all relevant parties. It is possible to assign "future copyright" i.e. the rights to copyright works which have not yet been created.

In most instances, copyright protection lasts for the life of the creator (and any joint creator) plus 70 years from the end of the year in which the last author died. This means that on every 1st January a variety of works fall into the public domain.

2.3 Enforcement

Copyright protection in the UK arises automatically on creation. There is no UK copyright register.

A copyright notice is not required in the UK but it is commonly applied. The main benefit of a copyright notice is to identify the copyright owner and deter infringement.

Copyright infringement can be direct or indirect. It is not necessary to prove actual copying. If the copyright work and alleged infringement are sufficiently similar and the infringer would have had access to the work, the burden shifts onto the infringer to prove, on the balance of probabilities that they did not copy the work.

Copyright can be used to invalidate or oppose a trade mark or a registered design. In each case, it is necessary that the relevant work is sufficiently artistic.

Copyright can be used to prevent infringement on social media, provided such use is without the copyright owner's permission. In practice, it is usually only enforced against another someone selling infringing products.

The defences to copyright infringement in the UK are very narrow. For example, fair dealing for the purposes of criticism or review would cover a news story about a new fashion collection but would not enable a third party to launch a rival collection and garner PR about the same without running the risk of a copyright infringement claim.

There is a very limited defence to copyright infringement for the purposes of parody, caricature or pastiche. This exception that is designed to facilitate freedom of expression. It does not mean that it is possible to rely on a parody defence to sell clothing or similar products that would otherwise infringe copyright.

In practice, the main defence to copyright infringement is that the work (or at least a substantial part of the work) was not copied.

(See Section 1. Trade Mark for more details on the limitation period and formalities for assignments.)

3. DESIGN

3.1 Sources of law

Designs are one of the most useful and complex areas of law in the UK. As a result of Brexit, there are four different types of design which are potentially applicable in the UK:

- The first are UK registered designs (UK RD) which are governed by the Registered Designs Act 1949 (RDA). The RDA was substantially amended following the Community Designs Regulation 2002. This was the EU regulation that introduced a pan-EU registered design and ensured that all EU member states offered national registered designs which were consistent with EU law.
- The second and third are continuing and supplemental unregistered designs. These unregistered designs concern Community unregistered design right (CUDR). This is a complicated issue - the key takeaway is that to all intents and purposes CUDR continues to apply in the UK, for these purposes, let's call it Continuing CUDR or CCUDR.
- The fourth type is UK unregistered design right (UK UDR). This is a particular type of right which pre-dates CUDR. It is found in the CDPA and has a lot in common with copyright law.

3.2 Substantive law

UK registered designs (UK RD). UK RD protects the shape and appearance of the whole or part of a product which is visible in normal use. An application to register a design must be made within one year of the design first being made available to the public (the 'grace period').

The UK RD must be renewed every five years up to a maximum term of 25 years. There are substantial economies of scale so, broadly speaking, the more designs that are registered in relation to a particular product category, the less expensive each design becomes.

Logos, graphic symbols, user interfaces and similar can all be registered as designs.

The examination process does not consider whether or not the design is valid but simply assesses whether or not the relevant formalities have been complied with. UK RD are typically registered within a couple of weeks. They can be very helpful in infringement proceedings and in online enforcement.

Continuing community unregistered design right (CCUDR). CCUDR protects the shape and appearance of the whole or part of a product. It arises automatically when a CCUDR is first made available to the public and lasts for three years. It is the key IP right for the fashion industry.

The main difficulty with CCUDR is that it depends on the means by which it was first made available to the public. There is an ongoing query as to whether a design being first made available at London fashion week after Brexit might mean that it is not protected in the EU and vice versa for Paris Fashion Week and the UK. For now, the safest solution is to make any new designs simultaneously available online by publishing the collection on a website or social media at shortly before any catwalk show. There was a reference to the EU court on this point in 2019 but the parties appear to have reached a settlement and the reference has been withdrawn (*Beverly Hills Teddy Bear Company v PMS International Group*, Case C-728/19).

UK unregistered design right (UK UDR). UK UDR protects the shape or configuration of the whole or part of a product. Unlike UKRD and CCUDR, it does not protect surface decoration. UK UDR is a very versatile right which lasts for the shorter of 15 years from first creation or 10 years from first marketing.

In order to be eligible for UK UDR, the article made to a particular design or the relevant design document must have been made by a “qualified person”. In practice, this means that they must be a national, resident or corporate entity registered in the UK, EU or a limited number of countries which offer the UK reciprocal protection (notably Hong Kong and New Zealand). It is sufficient for a company who meets the relevant criteria to instruct an individual who is not a qualified person to create the UK UDR.

First ownership of CCUDR and UK UDR is governed by the same approach as copyright. In other words, the first owner is the creator unless they are an employee or the rights have been assigned.

3.3 Enforcement

The main defence is that there is no infringement of the relevant design or the design is not valid. The test for infringement for UKRD or CCUDR is that the alleged infringing product produces the ‘same overall impression’ as the relevant design.

The test for UK UDR is that the infringing product is ‘substantially the same’ as the relevant design.

It is necessary to prove copying for both types of unregistered design. Copying is not a requirement for registered designs.

It is wise to maintain a list of all registered designs on the main company website via a link at the bottom of each page of the website.

Any type of design can be used to oppose or invalidate a trade mark and to

invalidate a registered design. UKRD is particularly useful in online takedowns as they are quickly granted and clearly set out the relevant right claimed. However, when using designs it is important to be careful that a groundless threat is not being made. If this is the case, there is a significant risk of a counterclaim in response to a takedown. There is also the risk of proceedings being commenced to invalidate the design.

The same issues that apply to comparative advertising for trade marks apply to designs. There is no parody defence for designs.

UKRD and CCUDR do not apply in relation to the repair of a component part of a complex product in order to restore a product's original appearance.

It is common to bring proceedings for design infringement together with other rights. This might mean a combination of different designs, such as UK UDR and CCUDR, or could include passing off, copyright infringement and similar rights.

(See Section 1. Trade Mark for more details on the limitation period and formalities for assignments.)

4. RIGHT OF PRIVACY, PUBLICITY AND PERSONAL ENDORSEMENT

4.1 Sources of law

There is no law of image rights in the UK. Protection against use of a person's image is achieved via a patchwork of passing off, privacy law, data protection law (a photograph or other identifying image is personal data) and, less commonly, trade mark infringement.

4.2 Substantive law

Whether a claim for passing off is possible depends on whether the relevant person can claim goodwill in their likeness. This can be very challenging to prove. For example, Rihanna was able to prove that her likeness had goodwill in relation to fashion in a case against Arcadia but the bar for proving a false endorsement remains very high.

It is theoretically possible to assign goodwill to a company that trades under a person's likeness. This might enable a claim for passing off to be brought by a company. In practice, claims for false endorsement are brought by individuals.

Data protection and privacy law are personal rights which cannot be assigned.

A claim for trade mark infringement will be limited to the particular image that has been registered as a sign. It can be challenging to register an image of person as a trade mark in the first place so in practice, this route is rarely relied on. A trade mark may be assigned or licenced and does not need to be owned by the relevant individual.

4.3 Enforcement

Proving goodwill and misrepresentation in a false endorsement case can be challenging. If an image is "doctored" it may be easier to succeed.

See the trade marks section for more details on the requirements for passing off, limitation period and formalities for assignments.

5. PRODUCT PLACEMENT

Product placement in the UK means a company paying a TV channel, producer or distributor to include a product in a TV show. This type of placement is permitted in the UK but remains relatively rare in practice. It is not permitted on the BBC at all due to the rules which govern the BBC licence fee.

If product placement appears in a TV show, a logo must appear at the start and end of a programme and any advertising breaks to alert a viewer that the TV show includes product placement. The script cannot be changed to integrate the product and must be editorially justified.

Use of a product as a prop, without payment, is permitted without a notification being added. It may be possible to prevent the use of a product as a prop if it might imply a false endorsement or, less easily, qualify as a design infringement.

The product placement would be governed by contract. If the TV show failed to follow the product placement laws, they would be obliged to pay any fine that the regulator, Ofcom, decided to levy.

Product placement in film and international TV shows is permitted without any notification being required.

Luxury brands must approach product placement with particular caution as it can damage their “aura of luxury”.

6. PROTECTION OF CORPORATE IMAGE AND REPUTATION

Corporations may be able to bring a claim for passing off in response to a false endorsement. It may also be possible to bring a claim for defamation or malicious falsehood in limited circumstances.

It is common to include a non-disparagement clause in sponsorship contracts or with celebrities and influencers. This gives rise to a claim for contract infringement.

As explained in relation to trade marks, it is possible for luxury brands to enter into selective distribution agreements and prohibit the re-sale of their products on specified platforms which might damage their aura of luxury. Broadly speaking, the more that a luxury brand restricts online sale, the easier it is to prevent online resale.

The ‘exhaustion’ of rights (known in the US as ‘first sale doctrine’) is currently in a state of flux in the UK. When the UK was part of the EU, it was part of the EU exhaustion regime. This meant that when a right holder first authorised a product to be sold in the European Economic Area (EEA) (the EU plus Norway, Liechtenstein and Iceland), the right holder could not prevent a resale within the EEA unless the goods had fundamentally changed prior to resale (for example, if they had been repackaged). The UK is currently operating on the basis that the rights in goods that were first sold in the EEA are exhausted but there is no such reciprocal relationship in place for rights in goods first sold in the UK. This is one of many issues post Brexit which requires a resolution.

There are many recent developments in successful and scalable business models relating to the resale, rental and repair of luxury goods. The main issues

that arise concern ensuring that all goods involved are genuine and that any use of the trade mark or photographs are descriptive. By way of example, issues can arise when bidding on keywords or posting on social media.

There are various exceptions to infringement which can apply to spare parts, this is less of an issue for luxury brands, save for those in the automotive space.

Finally, in a contractual arrangement, liquidated damages are permitted but they must be a genuine pre-estimate of loss. If not, they will be void on the basis that they are a penalty clause.

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Rosie Burbidge leads the fashion and retail team at Gunnercooke LLP. She is an Intellectual Property law partner and author of the award winning *European Fashion Law: A Practical Guide from Start-up to Global Success*.

From IP strategy, trademark and design portfolio management to multi jurisdiction litigation, Rosie and her team will identify the optimum strategy and deliver it in a timely manner with clear practical and pragmatic advice.

WIPR's Influential Women in IP identified Rosie as a trailblazer in 2019 – since then she has been identified by Legal 500 and, more recently, Chambers and Partners as one of the top intellectual property partners in the UK.