

Commercial

Intellectual Property Advice

Protecting your Brand from Competitors

The brand of a business is increasingly one of its most valuable assets. If you have developed a unique product and a loyal customer base, your competitors could attempt to leverage this to their advantage by promoting their products in ways confusingly similar to your own. These competitors may be initial market entrants seeking to capitalise on your brand's identity and strong market reputation. This potential problem is compounded by the current digital climate which so easily enables a company to reproduce the graphics for a logo and advertise to a worldwide audience.

In this scenario you may or may not have grounds to bring a claim for trademark infringement. One historic case dealt with the well known brand *Wagamama* as a chain of restaurants that had built up a strong reputation and market following. A competitor in the restaurant industry called *Rajamama* opened and *Wagamama* sued to protect the integrity of its name which was registered as a trademark. *Wagamama* was successful in its claim as the judge determined that the two names were likely to cause confusion to the public. *Wagamama Ltd v. City Centre Restaurants PLC, [1995] FSR 713 (Ch. D.) (Eng.)*

The degree of similarity that is likely to cause public confusion is a factual question and will depend on the circumstances of the individual case. In the case of a registered trademark that has been copied or only slightly altered and used by a competitor you will have a fairly straightforward case for infringement and you can stop the use of the copycat logo through mediation or a court action. However, where the case is in more of a grey area, you must proceed with caution on communicating an intention to enforce your rights or else you risk exposure to liability under the unjustified threats regime.

The unjustified threats regime is fairly controversial but currently provides that a threat of IP infringement without legal grounds may give rise to liability and a forced retraction, or an injunction against further threats and possibly damages for any harm caused by the threat. The current legislation is based on the case of *L'Oreal (UK) Ltd v Johnson & Johnson ([2000] EWHC Ch 129)*. In that case the court commented on the need to discourage IP rights holders who were "willing to wound but afraid to strike".

What about the case of a similar product or service that is marketed to your customer base in a way which implies a connection with your brand and its quality? The rise of social media and web-based advertising has pushed this scenario to the forefront of concerns about brand management. Damage to your brand can ensue and you need to know how to respond to it. Should you and your legal advisors determine that a claim of 'passing off' or infringement is the most appropriate response, you will need to prove several points to succeed in court:

- 1) You must establish that your brand has a reputation for providing the goods or services that you market and the goodwill you have built up in your client base. The territory where you market your business is important.
- 2) You must show misrepresentation by your competitors to the public that has led or is likely to lead to confusion between your brand and theirs. This does not have to be intentional.
- 3) Finally, you must show damage to your business which can include diversion of sales, reputational losses, lost opportunities for expansion and the erosion of goodwill.

In a successful suit for 'passing off' the court may grant an award from a specific set of remedies. These can include injunctions to restrain competitor(s) from further dealings, or search and seizure orders requiring the handover and destruction of infringing property and monetary awards to compensate you for losses.

Without the above factors to support your claim you will risk exposure to liability if you threaten a groundless trademark lawsuit. This is against the backdrop of a current review by the UK government of the unjustified threats regime due to concerns about the fairness and ambiguity of the relevant legislation. Criticisms of the law as it stands are that there is much uncertainty as to what constitutes a threat, and that different intellectual property rights have varying degrees of protection. It is anticipated that the proposed legislation will clarify instances where it would be acceptable to threaten an intellectual property claim. The possible effect is to encourage parties to communicate before bringing lawsuits and to settle proceedings without resort to litigation.

A copy of the proposed legislation can be obtained here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/469934/LC_Draft_Bill_Oct_2015.pdf

Please contact 3HR Corporate Solicitors for further advice on protecting your brand. We can help you with issues related to intellectual property including trademarks and design rights, as well as general corporate and commercial law concerns.

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