

The Art of Trade Mark Litigation

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Overview of today's Seminar

- **General Principles of Strategic Litigation**
- **Real Examples in Practice**

General Principles of Strategic Litigation

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Introduction

- **“Black Letter” TM law & theory**
- **academic structure to the subject**
- **few, if any, actions are fought as a matter of principle to advance TM jurisprudence**
- **today’s seminar will deal with the practical aspects of real litigation**

Commercial Litigation

- **Commercial Litigation is a tool of trade: it can be viewed as a way of establishing/maintaining market share/presence (*c.f.* criminal, admin.)**
- **TM Litigation equates to conflict between parties over trading rights in signs**
 - *ex parte* matters (registration issues against the registry / competitors at large)
 - *inter partes* matters (oppositions, infringement, &c. actions against a TP/TPs)

Normal TM Litigation

■ Normal approach:

- have a TM
 - spot an infringer
 - sue!
- very simple, and often works
- supplemented by the use of various litigation tactics

Litigation Tactics

- **Litigation Tactics are usually procedural in nature, *e.g.*:**
 - **interim applications, *e.g.*:**
 - interim injunction
 - security for costs
 - stay
 - **Requests for Clarification and Further Information**
 - **without prejudice negotiations / open offers – positioning on costs**

Problems with Normal TM Litigation

- can go horribly wrong, because not thought of the consequences, *e.g.* the TM is invalidated or revoked
- often not the best commercial solution for the client
- might well amount to negligent advice

Tactics *vs.* Strategy

- **procedural tactics *vs.* overall strategy**
- **strategy is looking beyond the horizon to anticipate what might happen and planning for it**
- **the difference between cutting down a tree for the timber, and re-planting for future needs: destructive *vs.* constructive**

Strategic Litigation

- **considering at the outset the merits of one's case, and the strength's of any possible attack**
- **avoid creating problems, minimizing risk, defusing any potential counterclaims**
- **to place one's client in the best possible position to further its commercial objectives in the market place as a whole**

Essentials for Strategic Litigation

- thorough knowledge of “Black Letter” law
- thorough knowledge of procedure: if working on the edge, need to know accurately where is the edge
- appreciation of the areas of uncertainty in the law

Black, Grey and White Letter Law

- **Black Letter:** settled law, often part of the *ratio decidendi* of a judgment
- **Grey Letter:** unsettled law, *e.g. obiter dicta*, foreign law, junior court's ruling, legal writings – leads to incremental changes
- **White Letter:** assumed settled or sacrosanct, but actually untested – leads to seismic shifts

TM Litigation: basic tools

- **registration: absolute, relative**
- **infringement: TMA 1994 s 10(1), (2) & (3); ss 55/56**
- **cancellation:**
 - **invalidation: absolute, relative**
 - **revocation: non-use, generic, deceptive**
 - **rectification: TMA 1994 s 64(1), (4) & (5)**
- **TM threats: TMA 1994 s 21**
- **passing-off**
- **malicious falsehood**
- **copyright/design right**

Commercial Objectives

- **identify clearly the commercial objectives**
- **no certainties, only probably results, and so an overall plan with fall-back positions**
- **no common solution, each must be hand-crafted to the individual circumstances**
- **illustrate general principles in a number of common contexts**

Pre-Action Matters

- **General letter alerting the other side to one's claim**
 - beware of threats (TMs, designs, patents)
 - termination of any relevant licence
- **Formal Letter before Action**
- ***ex parte* applications**
 - Freezing Orders
 - Search and Seizure

Litigation choices

- **registry/patent office**
 - **UK or European**
- **courts**
 - **UK or pan-European jurisdiction**

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Real Examples in Practice

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Case I: *ex parte*: Absolute Grounds

- simplest scenario, only the client and the registry, no obvious TPs
- but actually TPs must be taken into account to define the commercial context: not purely an academic exercise in procuring a registered TM

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Potentially Distinctive TM

- early application, no evidence of use
- the mere application deters TPs to some extent
- wide specification: some of which clearly not descriptive (UK vs. CTM system on bad faith on width of specification; acquired distinctiveness issues (art. 112 Reg 207 of 2009 national conversion)), but might be of little practical value when considering enforcement)
- delay: OHIM, BoA, CFI, ECJ vs. TMR, AP/ChD, CA, HLs
- point of law needed if to go to ECJ (note use of art 119 ECJ Rules of Procedure: reasoned orders for “clearly inadmissible” or “clearly unfounded” appeals)
- white letter law: date by which acquired distinctiveness needs to be acquired is the date of the decision by OHIM, not the filing date

Case II: *inter partes*: Relative Grounds

- **opposition/cancellation action at OHIM**
- **inter-dependant matters: consistency of pleaded positions (use of alternative, fall-back, positions)**
- **effective dates of cancellation (invalidation, revocation, rectification: UK vs OHIM)**
- **proxy for an infringement action**

Potentially Conflicting Marks

- use of an non-registered indicium that might conflict with a registered TM: issue of liabilities and damages
- earlier right is weak (historical low sales, but recent sales large), therefore cancellation action weak
- need to minimize exposure to damages (limitation period)
- attack allegedly infringed TM: built-in potential points of law, *e.g.* issue of bad faith based upon old art 5 qualification requirements, and relevant date when considering passing-off
- cross-appeals from BoA to CFI, justiciability of appeals: new point of law that can be taken to the ECJ separately if needed

Case III: Threats

- **TMA 1994 s 21: action for unjustified threats of issuing TM proceedings**
- **Various exceptions, *e.g.* for TMs used in relation to services**
- **Commonly misunderstood, and often subject to fads, *e.g.* joining solicitors**

CI's case weak against a poor Df

- Powerful CI, but weak case on the merits, against a poor Df
- Therefore, CI wants an early knock-out blow, not a trial on the merits, *i.e.* financial oppression to dissuade the Df
- Engineer a trap, lure the Df into making an application that it will lose
- Sue (multiple causes of action), and get CC that includes a threats action against CI's sols [CI's position is protected, as sued shortly after the threats]
- Successfully resist the joinder of the solicitors to the threats action, as such a joinder would be an abuse of process: result, Df ordered to pay interim costs

Case IV: infringement actions

- **TM commonly coupled with passing-off, sometimes with s 56**
- **various types of TM infringement action: different legal and evidential burdens**
- **often the CI has not thought about the consequences, and not checked its own position**

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Df's position weak, or Cl poor

- Df's case weak on merits, and maybe poor, and so wants to settle on best terms
- therefore, must persuade Cl to accept less now as that gives certainty
- exploit weaknesses in Cl's approach/case
- *e.g.* TM often vulnerable to revocation for non-use, and often Cl's sols not advised on this
- LBA might contain threats (note U/Ts), so sue Cl and legal advisers to create a conflict
- LBA might implicitly impeach Df's title to some g/w, therefore can sue for malicious falsehood
- Cl's title to TMs, or even its ability to own property
- Cl to start in the registry (and so be protected on costs) and then sue in High Court, alleging issue estoppel, &c.

Michael Edenborough

- MA (Natural Sciences) (Cantab), DPhil (Biophysics) (Oxon)
- All areas of IP law and practice, in particular patents, trade marks, copyright and designs. Over 70 reported cases since 2000, of which two thirds were appeals or JRs.
- Appeared often before the GC/CJ (over 30 appeals or Art 267 references) and in the EPO (both legal and technical Boards of Appeal).
- Acted “off-panel” for the Comptroller-General of Patents (*Yeda*, HLs, CA, PatCt), the Registrar of Trade Marks (*General Cigars* and *Land Securities*, both appeals to the ChD), and the UK government (*adidas*, ECJ).
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