

IP Update – EU Trade marks

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POSTED IN EUROPE, TRADEMARKS, UNITED KINGDOM



At the start of 2016 we highlighted the impending changes to IP law in the European Union (EU) and what to expect over the coming months when the new legislation is introduced. This article focuses on two of the amendments governing the use of a European Union trade mark (EUTM) and how the new laws will affect the use of EUTMs pertaining to company names.

Background

The legislation is an attempt to modernise, clarify and simplify EUTM laws as well as streamline the process for trade mark registration. The amending regulation, Regulation (EU) 2015/2424 (**Regulation**), entered into force on 23 March 2016 while Directive (EU) 2015/2436 (**Directive**) repeals the previous Directive 2008/95/EC with effect from 15 January 2019; its provisions largely mirror those of the Regulation. The Regulation directly applies to EUTMs; the Directive instructs member states how to amend their national trade mark rules to keep them aligned.

Use of a trade mark as a trading or company name

Before the implementation of the Regulation, a company who had a registered EUTM would face difficulty suing another company for trade mark infringement in a situation where the registered EUTM is contained in the offending company's name or trading name but the offending company does not affix the mark to the goods and services it provides. Article 9(3)(d) of the Regulation now prohibits "using the sign as a trade or company name or part of a trade or company name". Any such use without consent may infringe the proprietary rights of the registered EUTM.

This change is consistent with the removal of company names from the "own name" defence.

Own name defence

The "own name" defence has long been a feature of EUTM law. It establishes the principle that it is a defence to trade mark infringement where a party (including a corporation) uses its own name, provided it is in accordance with honest practices in industrial or commercial matters.

Article 12(a) of Council Regulation (EC) No 207/2009 (now superseded by the Regulation) set out the following:

"Community trade mark shall not entitle the proprietor to prohibit a third party from using in the course of trade... his own name or address... provided he uses them in accordance with honest practices in industrial or commercial matters."

Before implementation of the Regulation therefore, the position was that a defendant (legal or natural person) in trade mark infringement proceedings could avoid liability for infringement if it could show that it was honestly using its own name.

In the recent dispute concerning well known online fashion brand ASOS, the Court of Appeal held that ASOS could in fact rely on the own name defence to a trade mark infringement claim brought by Assos, a Swiss manufacturer of specialist high quality cycling clothing.

The majority in the Court of Appeal held ASOS' use had been in accordance with honest practices.

The amending Regulation makes it clear however that the own name defence is now only available to natural persons and not corporate entities. Article 12 of Council Regulation (EC) No 207/2009 has been replaced with the following from Article 12(1)(a) of the Regulation:

"An EU trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade... the name or address of the third party, where that third party is a natural person."

Again, this only applies where the use made by the third party is in accordance with honest practices in industrial or commercial matters. Honest use of a natural person's name may be a defence while the use

or a company name is not.

Therefore, legal entities will no longer be able to rely on the fact they are using their company name and as a result, they will have to ensure they carry out far more diligent and extensive clearance searches to ensure no third party rights are infringed.

In the UK, the “own name” defence has been an important defence for companies, particularly because control of company names is traditionally a lot more tightly enforced than in other member states.

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