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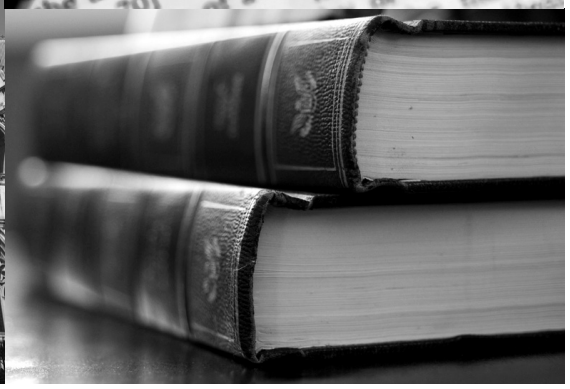
GUIDE TO UK TRADE MARK DISPUTES

An overview of the legal process



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Guide to Trade Mark Disputes

This guide contains an overview of the legal process for trade mark cases in the High Court of England and Wales

1. INTRODUCTION

1.1 The Courts

In the majority of cases, trade mark litigation in the English jurisdiction takes place before a Judge in the Chancery Division of the High Court, usually in central London (at the Royal Courts of Justice on the Strand). Appeals from decisions made by Judges sitting in the High Court are heard by the Court of Appeal, which is located in the same building as the High Court, on the Strand in London.

1.2 The Legal Team

Trade mark litigation requires specialist lawyers. In the UK, the legal profession is split between solicitors, who take instructions direct from the client and who prepare the case, and barristers (or advocates), who are the trial lawyers who argue cases in front of a Judge. In a substantial trade mark litigation case, the team will usually consist of two solicitors and two barristers, although often (as the case nears trial) it may become necessary to use additional administrative staff for certain tasks (such as organising documents for the Judge).

1.3 What will it cost?

Innovate Legal has a flexible approach to costs. In our initial consultation with you, we would give you an estimate of the costs involved, based on the particular requirements of your case. This estimate would be reviewed on a regular basis. A proportion of the legal fees incurred may be recovered by the winner of a Court case from the losing party (see assessment of costs, section 3.14, below). There are also the client's own costs in terms of personnel and management time that should be factored in when attempting to estimate the real cost, but these costs cannot be recovered from the other side. Further details of Innovate Legal's approach to case handling and costs are available on the last page of this Guide.

2. BRIEF OVERVIEW OF THE LAW

2.1 Registered trade marks

Disputes can arise over the right to use a registered trade mark on goods or in relation to services. For example, a trade mark owner may wish to prevent a third party from using a similar sign on goods that could give rise to confusion amongst the public. A successful legal claim for *infringement* of a registered trade mark may entitle the trade mark owner to an injunction (or restraining order) and possibly damages.

2.2 Trade mark infringement claims

The legal test that the Courts usually apply in deciding whether or not there has been an infringement of a registered trade mark involves an examination of the registered trade mark and a comparison with the sign, symbol or logo that has been used on the goods that are said to infringe. At the trial, the Court will focus on whether there is any *likelihood of confusion* on the part of the consumer, if a similar offending sign to the trade mark is used on the same or similar goods for which the mark is registered. Alternatively, where a third party has used an *identical* sign on goods that are identical to those for which a trade mark has been registered *(counterfeits)*, it is possible to use the Court's summary (abbreviated) procedures to obtain an injunction and damages.

2.3 Revoking a registered trade mark

One of the standard defences for a company that has been sued for trade mark infringement is to claim that the mark should not have been registered. When registering a trade mark, the proprietor must fulfil certain criteria to ensure, for example, that the mark is not descriptive or misleading in any way. In a Court case, the trade mark registration can be revisited by the Judge and declared invalid or revoked, if it does not comply with the statutory criteria.

2.4 Unregistered trade marks

There is a special form of legal claim that can be used to protect unregistered signs that have built up brand recognition and goodwill. It is called a 'passing off' claim. The law of passing off coexists with the law relating to registered trade marks.

3. THE LEGAL PROCESS

3.1 Before starting a claim - the obligation to consider alternatives to litigation

Since the introduction of reforms to the English civil justice system in 1999, any potential litigant is supposed to make genuine efforts to reach a compromise with the opposing party, without resorting to the Courts. This could be done (for example) by means of preliminary exchanges of letters between solicitors, in which possible routes to settlement are explored. Alternatively, the parties might meet for discussions, on a *without prejudice* basis.

3.2 The timetable to trial

If the parties cannot agree to settle the matter out of Court, a relatively simple trade mark claim will follow the timetable set out below. The timeline assumes that no special *interim applications* (see section 3.6, below) are made at any stage of the proceedings.

Procedural stage	***Timeline***
Issue and service of claim	Start
Exchange of statements of case	4-8 weeks
Case Management Conference	8-14 weeks
Disclosure of documents	14-24 weeks
Witness Evidence	24-40 weeks
Expert Evidence (if any)	24-40 weeks
Trial	40-60 weeks
Judgment	44-68 weeks

Any appeal is typically heard approximately 9 months after a first judgment, with the appeal judgment following 3-4 weeks after the appeal hearing.

3.3 Starting a claim

Legal proceedings are initiated with a document called a *claim form*. The claim form should contain a concise statement of the nature of the claim that is being disputed and specify the remedies that the person pursuing the claim (the *claimant*) seeks from the Court. The claim form must be taken to an office at the Royal Courts of Justice and a fee (depending on the value of the claim) will need to be paid.

In a claim for trade mark infringement, it will be the trade mark proprietor who will usually be the claimant. The claim form must be "served upon" the opposing party (usually, the *defendant*) with another document, a statement of case, containing a summary of the reasons in support of the claim. Sometimes, it is necessary to effect service of a claim outside the Court's jurisdiction of England and Wales and occasionally it may be necessary to obtain the Court's permission before doing so.

If a claimant is petitioning the Court to revoke a registered trade mark, the statement of case will contain a summary of the reasons why the claimant says that the trade mark is invalid: the *Particulars of Objections* to the validity of the trade mark in question.

3.4 Statements of case

Statements of case are relatively short documents, often between 2-8 pages in relatively simple trade mark cases. They are intended to mark out the parameters of the case that is being advanced by each party. They are usually exchanged in the first 2-3 months of a case. Statements of case must be certified by a statement of truth signed by someone with appropriate authority. They are public documents that can be obtained from the Court's records by third parties not directly involved in the litigation.

Following the service of a claim, the defendant has a relatively short time to prepare its own statement of case, known as the *defence*, although the time for service of the defence is usually extended by agreement reached via an exchange of letters between the solicitors. If invalidity of a trade mark registration is to be pleaded as a defence to a trade mark infringement claim, the defendant will need to serve Particulars of Objections (see above).

3.5 The Case Management Conference

Following the exchange of statements of case, the parties will usually agree on a timetable for the rest of the case up to the trial. Deadlines are usually agreed in advance for *disclosure of documents* (see below), the service of evidence (*witness statements and experts' reports* – see below) and of course the trial itself. Once the parties have agreed on the timings for the various stages of a case, the deadlines are recorded in a draft order of the Court which is submitted to a Judge for approval. If, however, the parties are unable to agree on how the case should proceed, there will be a *Case Management Conference* before a Judge in open Court. This is usually a relatively short (1-2 hour) hearing and it is usually the first time that the Judge gets to see the papers in the case and to comment on it.

3.6 Interim applications

The Case Management Conference is the ideal time to bring matters before the Court such as a defect in the other side's statement of case, or an order may be sought for an expedited trial date. However, there are many other types of procedural interim applications that can be made to a Judge at any point during the life of a case. An application to the Court should only become necessary if the parties cannot agree on a pragmatic way forward. It is important to note that substantial interim applications to the Court can become expensive, if they take up a great deal of Court time and barristers need to be instructed to handle the advocacy (as they often do). Even relatively short applications of 1-2 hours can become very time-consuming, since barristers need to be briefed in advance and everyone then has to attend for the argument before the Judge.

3.7 Interim awards of costs

The costs of a one-off interim application before a Judge are usually assessed immediately after the hearing and ordered to be paid within a short timeframe (usually 14 days). This "pay as you go" element to litigation is very important to bear in mind, particularly if an interim hearing becomes a hard fought battle with evidence served by both sides that requires the attention of the full legal team. For example, if a party chooses to contest an interim application (see above), the costs associated with that specific aspect of the case are likely to be summarily assessed after the Judge has given his decision. The costs of each side to a contested interim hearing in a trade mark case can be £10,000 – £20,000, or even higher in some cases.

3.8 Disclosure of documents

The *disclosure* process involves reviewing and collating all of the documents (including electronic documents such as emails) in the possession of a party for their relevance to the issues of dispute in the case, in accordance with the Court's rules on disclosure. Logistically, disclosure involves searching for documents and compiling a *List of Documents*, usually in date order. The list must then be certified as to the search that has been carried out and the completeness of the search. On the deadline set in the Court's timetabling order (see above) the parties exchange lists with each other. Once lists have been exchanged, it is then usual to request copies of all of the documents on the other side's list.

3.9 Witness statements

Facts are proved at trial by means of evidence from witnesses. This evidence takes the form of written *witness statements* that are exchanged between the parties, usually approximately 1-2 months before the trial. Unless excused from attendance by the opposing party, a witness who makes a statement must attend at the trial and attest formally to the truth of their statement (their *"evidence in chief"*). The witness may then be questioned on their statement by the opposing party's barrister (*"cross examination"*) and frequently the Judge will also have questions of his own. Witness statements are supposed to be expressed in the witness's own words, but because certain formalities must be complied with (in terms of format and style), solicitors usually draft them, following interviews with the witness either face-to-face or on the telephone. The production of witness statements is normally an iterative process, involving the production of a draft, amendments from the witness, the production of a revised draft and eventually a final version that the witness is happy to sign off on, with a statement of truth as to the contents.

3.10 Expert and survey evidence in trade mark cases

Trade mark cases rarely require input from expert witnesses (such as brand consultants) on issues such as consumer confusion. An application can be made to the Court to use expert evidence, but it may be difficult to persuade the Court to allow it into the case. In order to use consumer survey evidence at the trial of a trade mark case, it is good practice to seek an Order in advance from the Court by means of an *interim application* (see section 3.6 above), setting out the proposed scope and methodology of the survey that a party wishes to conduct.

3.11 The trial

Unless the trial is speeded up (or expedited), trade mark cases tend to appear in the Court's diary approximately 1 year in advance of the trial (after the case management conference - see above). There will usually be a number of meetings of the entire legal team in the weeks leading up to trial. The barristers will begin preparing their skeleton arguments, which are summaries of the evidence and the law relied upon by each side. These must be submitted to the Judge a few days before the start of the trial, together with the trial bundles, which are files containing all of the documents in the case, including for example the statements of case, important disclosure documents and witness statements. The Judge will often allocate a day for pre-reading the skeleton arguments and the trial bundles, so that he will be reasonably familiar with the issues by the time the trial starts.

At the trial itself, there is no jury. The trial is heard before a single Judge. The barristers essentially take it in turns to present the legal cases of their respective clients to the Judge. Trials generally take place in public, unless confidential documents containing market sensitive information are being discussed, in which case the Judge may order the trial to continue behind closed doors to the exclusion of the general public. The witnesses will be called to give evidence. They will be required to take an oath and then answer questions put by the opposing side's barrister in cross examination.

After the witnesses have give their oral evidence, the barristers will then make their closing speeches and argue out the legal issues, often with extensive intervention on the part of the Judge. Typically, trials of relatively simple trade mark cases tend to last 3-5 days. Once the trial is over, the Judge will adjourn the proceedings and retire to write his judgment.

3.12 Judgment

Once the Judge has written his judgment (which can take anything from 3-4 weeks to 3-4 months), he will first issue it (in draft) as a confidential document, with a request for typographical corrections. A date will then be scheduled for the Judge formally to hand down his judgment, which usually involves simply handing out photocopies to anyone who attends on the allotted date. The judgment is then a public document. There may then be a further hearing for the Judge to rule upon the practical consequences of his legal judgment, i.e. if a trade mark is found to be invalid, the Judge will issue an order that the trade mark be revoked.

If a trade mark is ruled to have been infringed, the Judge will have to consider what remedies to award the trade mark proprietor. The Judge will also rule on who should be awarded their legal costs, on the general principle that "loser pays" (see *assessment of costs,* below). Finally, the Judge will also decide whether to give permission for any appeal.

3.13 Appeals

If permission to appeal is given, there is a short, intensive period in which the appeal papers must be prepared and filed. The case will then essentially go fallow, with very little activity until 1-2 weeks before the appeal hearing is scheduled in the Court of Appeal's diary, which is typically 9-12 months after the order made by the first instance Judge. The barristers will again prepare skeleton arguments and submit them to the appeal Judges (Lords Justices) in advance of the appeal hearing.

An appeal hearing is usually shorter than the corresponding trial. The Court of Appeal's function is mainly to examine the correctness of the first instance decision on points of law, not on questions of fact. The Judge's findings of fact will ordinarily be left undisturbed by the Court of Appeal, unless there has been a major error by the Judge in the assessment of the evidence.

After the appeal hearing, the Court of Appeal will issue a written judgment, usually within 4-8 weeks. There is then a further possibility of an appeal on a point of law to the Supreme Court, although permission must first be sought from the Court of Appeal and this is rarely granted. The legal costs of any appeal (both to the Court of Appeal and the Supreme Court) are awarded to the winning party on the usual principle of "loser pays".

3.14 Assessment of costs

At the end of a civil claim such as a trade mark infringement case, the ordinary rule is that the Judge will order the loser to pay the successful party's legal costs. This does not mean that the winner will be reimbursed all of the money that it has spent on the case. In practice, the Court will usually order the loser to pay approximately 60-70% of the winner's costs. The precise sum of money to be paid over is then subject to a costs assessment. Often, the winning party will ask the Judge to make an order for an interim payment towards the final costs bill, before the formal costs assessment takes place. In our experience, the Judge will usually order a proportion (perhaps one third of the total bill) to be paid over to the winner immediately.

OUR APPROACH

Innovate Legal is a specialist Intellectual Property law firm with many years of experience of trade mark disputes and litigation

We offer a responsive and cost-effective service to our clients, in particular:

- we will formulate a case strategy in close collaboration with our clients and monitor and review it throughout the litigation process, so that the client's commercial objectives always remain paramount;
- we will endeavour to run cases as efficiently as possible with a small number of staff, making full use of non-legal personnel to carry out many of the administrative tasks involved in litigation;
- we offer a number of flexible billing arrangements as an alternative to invoicing time at hourly rates. We are happy to discuss these arrangements on a case-by-case basis. In particular, we are happy to negotiate fixed fees for pre-litigation preparative work and for certain stages of the litigation process, once it has started.

If you wish to arrange a meeting in order to discuss your requirements in further detail, please contact our Director, Dr Duncan Curley, by email at duncancurley@innovatelegal.co.uk.

Coverage of the topics highlighted in this Guide is not exhaustive and you are recommended to seek legal advice if you have a specific trade mark issue that may lead to a dispute. We are happy to answer any questions that you may have.

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