

INTELLECTUAL PROPERTY IN THE FASHION DESIGN INDUSTRY

TRADE MARKS





Foreword

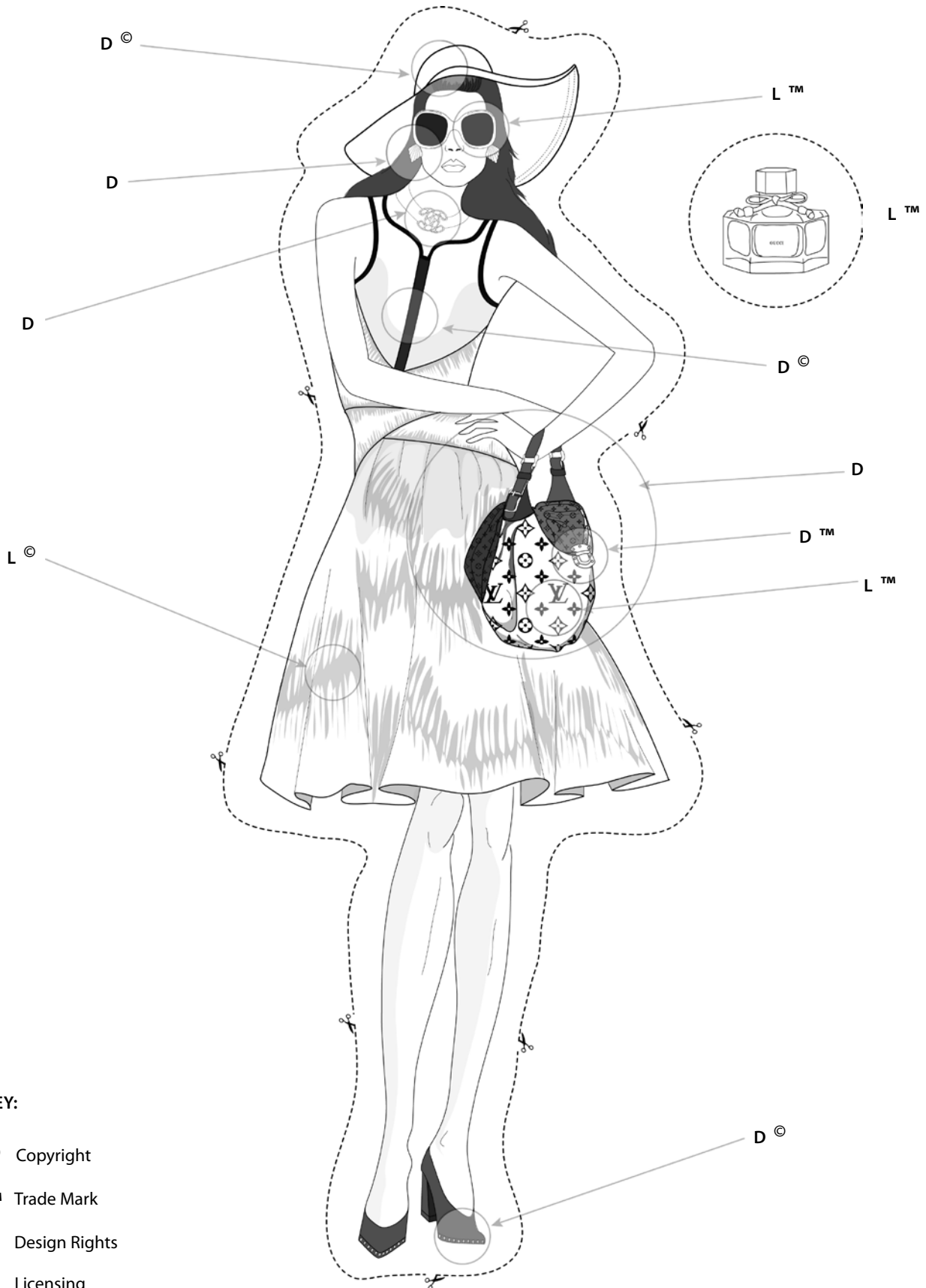
The Centre for Fashion Enterprise has worked with London's emerging fashion designers since 2003. During that time it has become obvious that sound legal advice at an early stage is paramount, and the partnership with the legal firm Olswang has helped us to stem the flow of lost financial opportunity through identifying and securing the designers' assets. The financial ramifications of not understanding the key legal issues to a fashion designer in business are clear to see across the industry – which is the reason why we wanted to work with the Intellectual Property Office to produce an "Intellectual Property Guide for the Fashion Design Industry" for non legal fashion professionals. It includes clear guidelines relating to Design Rights, Trade Marks, Copyright and Licensing with a roadmap on why to use these.

Small designer businesses are operating within a global environment where, according to Chris Donegan in his July/August 2011 article in *Spears, Brand and Intellectual Property* (IP) experts estimate that over 80% of the value of typical Fortune 500 companies is represented by IP. This includes brands, trade-marks, copyrights and patents.

Understanding and managing IP has been an active basis of trade and business for decades and is now a mainstreamed activity. Small and medium enterprises and talented individuals can more readily benefit through royalties and IP revenue streams from their ideas and inventions through a better understanding of the "tools of the trade".

Wendy Malem MBA FRSA FCSD
Director, Centre for Fashion Enterprise

WHAT DESIGN RIGHTS MUST
THERE BE IN MY DESIGN WORK
THAT I SHOULD KNOW ABOUT?



**INTELLECTUAL PROPERTY IN
THE FASHION DESIGN INDUSTRY**
TRADE MARKS

6	INTRODUCTION
10	Trade Marks
10	What Is A Trade Mark?
12	Registering Trade Marks
16	Benefits of Registration
16	Trade Mark Infringement
17	Co-Existence
17	Commercialising a Trade Mark
18	Passing Off
19	Trade Marks Useful Resources
19	Other Useful Resources

The fashion industry is an Intellectual Property (IP) intensive industry, continually generating and commercially exploiting creative ideas and innovations. Whilst IP is largely intangible, it is similar to any other types of physical property in that under the law, it has a legal owner and therefore can be sold, bought, licensed or damaged.

This series does not include a section on patents. Patents are registered intellectual property rights which protect certain new inventions. Obtaining patent protection is costly and the standard for obtaining patent protection is very high. Patents rarely arise in the context of fashion design, therefore we have focussed on Trade Marks, Design Rights, Copyright and Licensing in this guide. However, an example of where they might arise is in relation to an inventive process in the manufacture of fashion, for example, a process for creating a particular wash on denim. If you consider that patents might be relevant to you, we recommend that you should seek advice from a firm of patent attorneys or intellectual property lawyers specialising in patents.

The Hermès Kelly bag, the latest Westwood creation, the Stella McCartney collection in H&M: some last a season, some a lifetime and others just a few weeks. All are creative work the Nike 'swoosh' logo, all are the resulting from someone's intellectual effort or distinctive brands attracting goodwill through use and all are at risk of being copied, in whole or in part.

This creative IP output from the fashion industry directly generated £6.6 billion of GVA (Gross Value Added) to the UK economy in 09/10¹. However, data analysis by the Centre for Fashion Enterprise estimates that amongst small and medium-sized designer enterprises (SMEs) IP leakage (or monetary losses) is somewhere in the region of £100,000 per year. Businesses lose out as a result of copycats and wrongful trademark ownership, which can restrict a designer's ability to trade in some overseas territories under their existing brand name. As a business matures, this figure could grow to an estimated £500,000 in lost revenues including loss of licensing opportunities. Therefore, the fashion sector is capable of generating further significant economic returns if IP is considered, protected and commercialised at an earlier stage. Some of these issues are explored in this series of papers including:

- Counterfeiting – a copy bearing the trade mark of the copied designer. Usually of inferior quality to the original.
- Knock-offs – producing garments that copy the design and style of another product, but without using the trade mark.
- Passing off – using an unregistered mark, characteristic, or get-up of another company in order to trade on the good will (reputation) of the company.

By offering IP protection through copyright, design rights and patents, innovation is encouraged, as the creator or owner of the IP rights is rewarded with exclusive rights to commercially exploit their ideas and inventions. The creator is thereby incentivised to continue innovating. Equally the enforcement of IP rights is essential to prevent counterfeiters and copycats cannibalising their sales which will also deter people from investing the time and capital in creating new and innovative works.

Within the fashion industry it has also been argued that to some extent the opposite is true. The very fact that fashion designs are copied is one of the drivers of the continued reinterpretation of styles and collections. Fashion designers innovate to stay ahead of the copiers. For example, if a collection is likely to be copied on the high street within 6 (sometimes within only 2) months, the designer needs to invent something new to stay ahead.

In the face of the culture of copying on the high street and the existence of counterfeiters it is difficult to see how any designer can protect their brand, image and designs. Yet, legitimate trade not only continues but also thrives, leading some economists to conclude that sometimes counterfeiting can have positive outcomes for fashion brands:

- Firstly, elite shoppers of a much-copied brand, such as Chanel, will continue to seek out new, genuine items to differentiate themselves from the crowd clad in fake outfits and so may change their wardrobes more regularly.
- Secondly, the imperfect copies create their own market, which enhances the status of those products in the real market. A real YSL bag is clearly more aspirational than a fake. So amongst casual consumers of designer products, purchasing the "real thing" can add considerable status benefits. Brands follow the trends and therefore produce similar items for elite consumers.

Whichever argument holds true, it is undeniable that every level of the fashion industry, from haute couture to supermarket clothing ranges, is to some extent reliant on designers taking inspiration from the work of others to reinterpret styles and re-visit old ideas in new colours, fabrics and configurations. It is this ability to imitate, borrow and reinvent that keeps the fashion industry so vibrant. The fashion cycle begins at the catwalk shows, from which ideas and inspiration filter through the industry until mass-produced, budget friendly alternatives hit the high street chains and market stalls. And with some high street retailers investing in the latest manufacturing and inventory technologies, this cycle is reducing so that they can introduce new ranges within weeks rather than months.

As with any industry, counterfeiting can be seen as a good sign for a business. It demonstrates that a copied work or brand has considerable value. But this is only if the designer/brand owner has the resources to challenge, litigate and stay one design step ahead of the criminals. For emerging designer businesses with limited resources, it can be more challenging to protect and enforce their IP rights and therefore they do not enjoy the 'positive' aspect of copying and counterfeiters.

Designers should also keep in mind the following points:

- Misuse (infringement) of the IP of others can be damaging and costly.
- IP rights are geographically territorial, so a designer needs to check that a right is available for use in all territories in which they intend to do business, including the need to consider the IP issues before embarking on overseas fashion shows or PR activity.
- Ownership of rights that have demonstrated a commercial return is useful in convincing investors, venture capitalists or banks to the commercial value of a company.
- Protecting IP also enables designers to safely access new markets through licensing, franchising, entering joint ventures or other contractual arrangements (including overseas manufacturing, marketing and distribution) with other companies.

This guide is based on the prevailing law in the UK in 2011, which is aimed at enlightening the trade and students on the issues relating to IP in the fashion industry. It is a framework to support the earlier consideration, protection and exploitation of IP within the design and commercialisation process. The guide sections are:

- Trade Marks
- Registered Design and Design Right
- Copyright
- Licensing

Alongside the Trademark, Design Rights, Copyright and Licensing Guides, two toolkits have been developed as resources for fashion entrepreneurs. These cover the following themes:

- How a small business can develop an IP Strategy.
- How a small business can approach Licensing Opportunities.

The purpose of this collection is to provide relevant and topical resources for business planning and tuition in order to improve the commercial return from IP developed within the industry, from smarter ways of operating and from individual talent.

START

1

SELECT A BRAND NAME

CHECK - IS IT AVAILABLE?

YES

REGISTER IT AS A TRADE MARK™!

Your brand is now protected as a registered trademark

Choose another so your name's protected!

NO

4

NO

These agreements make you come across as professional and show that you know the value of your designs.

MYTH

Non Disclose Agreements make me look suspicious & create bad blood with manufacturers

Good! This will avoid any problems in the future about who designed your collection.

YES

DO YOU AGREE TO SIGNING COPYRIGHT OR COLL...

NO

Unless you have a...

YOU'RE DISCUSSING YOUR LATEST COLLECTION WITH MANUFACTURERS, LICENSEES OR POSSIBLE PARTNERS.

DID THE MANUFACTURERS SIGN A NON-DISCLOSURE AGREEMENT BEFORE YOU STARTED THE TASK?

YES

Good! You have accidentally design right protection or given away important information

You need to ensure you don't give secrets away!

NO

YOU MAY WANT TO REGISTER IT AS A DESIGN...

IS YOUR DESIGN NEW AND INDIVIDUAL?

YOU'VE GOT A SIGNATURE DESIGN YOU PLAN TO USE SEASON AFTER SEASON

7

YOU'VE SUCCESSFULLY REGISTERED YOUR PRINT OR DESIGN. THIS MEANS THAT YOU CAN ENFORCE THAT PARTICULAR PROTECTION YOURSELF AS LONG AS YOU HAVE AN AGREEMENT IN PLACE.

If your work creates the same overall impression as someone else's work you may be infringing.

NO

YES

Well Done! Your design is original & will not infringe anyone else's Copyright or Design Rights.

2

YOU HAVE DESIGNED YOUR LATEST COLLECTION

ARE YOUR DRAWINGS ALL ARCHIVED, DATED + MARKED ○?

YES

Good! Your archive drawings are in order to be licensed in the future. Creates a record of your designs, and can deter people from copying.

Go back to archive, date and copyright your work!

NO

DO YOU HAVE VALID AGREEMENTS IN PLACE THAT YOU OWN THE RIGHTS IN THEIR / COLLABORATIVE WORK?

YOU'VE GOT OTHER DESIGNERS / EMPLOYEES / FREELANCERS WORKING WITH YOU ON THE DESIGN OF THE COLLECTION.

3

Without an agreement, they may own the work and have a right to claim it!

NO
Always create designs using your own creativity. You could be infringing copyright if you use a "substantial amount" of the print. There are no rules that say that you are safe after a set number of changes.

MYTH
I have made 3, or 5, or 7 changes to the print I've licensed. I can still use the variation can't I?

5

YOU'VE DESIGNED A GREAT TEXTILE PRINT & YOU WANT TO LICENSE IT FOR BAGS AND OTHER PRODUCTS.

HAVE YOU DECIDED HOW LONG YOUR LICENSEE CAN USE THE DESIGN, WHAT THEY CAN USE IT FOR, AND IN WHAT COUNTRIES?

You need a valid license in place to set out the rights you are giving in case there are any license issues.

HAVE YOU GOT A PROFESSIONALLY DRAFTED LICENSE IN PLACE FOR ALL PARTIES TO SIGN?

NO

6

IF YOU'VE ALREADY LICENSED YOUR DESIGN, YOU CANNOT USE IT AGAIN AS THE ORIGINAL IS NO LONGER VALID.

Good Work! You can now make extra profits from your design licensee without doing any more work!

YES

CONGRATULATIONS!

ONCE YOU'VE COMPLETED STEPS 1-7 YOUR BUSINESS SHOULD BE IN GOOD SHAPE TO PROTECT AND SUCCESSFULLY EXPLOIT YOUR INTELLECTUAL PROPERTY!

FINISH

WHAT IS A TRADE MARK:

A trade mark is a symbol used to distinguish the goods and services of one company from those of its competitors and is commonly known as the “brand”.

It is distinct from other intellectual property (IP) rights such as copyright and design rights in that its essential purpose is to identify the origin of a product. Using a jacket as an example:

- The trade mark refers to the brand of jacket, e.g. Chanel.
- Copyright protects any 2-dimensional graphic print on the fabric of the jacket.
- Design right may protect the appearance and shape of the jacket (or part of it).
- Finally a patent, which covers the function, construction or operation of a product, might apply to an innovative fastener on the jacket or a new type of material.

The other IP rights mentioned above are covered in the remaining papers in this series.

Trade marks can consist of words, letters, numerals, logos, pictures, drawings, shapes, colours or a combination of one or more of these.

Trade marks are usually thought of as brand names or logos, but they can also consist of unusual subject matter such as a single colour, the 3-dimensional shape of a product or its packaging, sounds, an olfactory sign (smell or scent), a moving image, a hologram, a taste or a texture of a product.

The essential requirement is that the average consumer will perceive the trade mark as a “badge of origin”, i.e. as indicating the goods/services come from a particular commercial source.

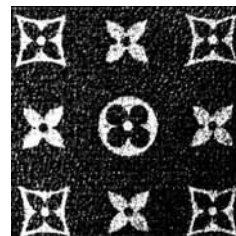
Within the fashion industry, YVES SAINT LAURENT, DOLCE & GABBANA and PRIMARK and the signature Gucci double-G logo are examples of well known trade marks. Distinctive styles such as the Louis Vuitton print and Burberry check are also registered as trade marks.

Case Study 1

Examples of different types of trade mark



Owner – Burberry
Type – Distinctive Print



Owner – Louis Vuitton
Type – Distinctive Print



Owner – Gucci
Type – Logo

Paul Smith

Owner – Paul Smith
Type – Stylised Word

In the fashion industry it is common for designers to trade under their own name. Generally, names can be registered as trade marks. Since trade marks are granted on a first come, first served basis, it is important for designers who wish to use their name as a trade mark to register their name to do so as soon as possible, particularly if they have a common name. A trade mark registration for a name exists independently from the designer and can be transferred to a new owner. It is therefore important for designers to control carefully such a trade mark, as the Elizabeth Emanuel case study demonstrates.

Case Study 2

Elizabeth Emanuel – who owns your name?

Elizabeth Emanuel's profile was boosted when she was chosen to design Lady Diana Spencer's wedding dress. Following this success she set up a company called Elizabeth Emanuel plc (EE plc), to which she assigned her design and sales business including goodwill and an application to register the ELIZABETH EMANUEL trade mark, which was subsequently registered. EE plc was transferred to a new owner, Frostprint Ltd, which was then renamed Elizabeth Emanuel International Ltd (EE Ltd). Although initially employed by the new company, Emanuel resigned after one month.

EE Ltd later assigned the ELIZABETH EMANUEL trade mark to Oakridge Trading Ltd, which applied to file a divisional application for the mark. Emanuel challenged the application on the ground that consumers would be deceived into thinking that she continued to be involved in the business.

Her objection was dismissed. When Emanuel referred her complaint to the European Court of Justice, they too rejected it, saying that even if a consumer was deceived into thinking Emanuel still worked for the business, the characteristics and qualities of that product remain guaranteed by the undertaking now in ownership of the trade mark. As a consequence, while Emanuel can continue to trade and use her name to indicate that she is behind any business venture (such usage would be permitted under the 'own name' defence), she is precluded from registering her own name as her brand.

Key point: *If you want to trade under your own name and protect it as a trade mark you should ensure you retain ownership of the trade mark. You can consider licensing it to your company rather than assigning it in order to retain control.*

A good trade mark reflects the corporate image and represents the quality, reputation and character of the company and the brand. A trade mark owner will generate "goodwill" by using a trade mark which can inspire consumer loyalty to its brand. This gives trade marks a value to the company above the cost of registration or the cost of the designs and products to which they are applied and can make them a valuable and tradable commodity.

Case Study 3

Value of fashion brands

Fashion brands are among the most valuable in the world. In 2011, these six were the most valuable apparel and luxury clothing brands, with Louis Vuitton valued at over US \$23 billion.*

Louis Vuitton	\$23,172
H&M	\$16,459
Gucci	\$8,763
Zara	\$8,065
Hermés	\$5,356
Cartier	\$4,781

*Statistics from Interbrand.com for 2011.

REGISTERING TRADE MARKS:

While it is possible to accrue unregistered rights in a brand, registered trade marks offer more certain protection.

When applying for a trade mark, a designer should identify what they want protection for, namely: (1) the mark (2) the territory and (3) the goods and/or services.

Trade mark searches:

Before applying for a trade mark, it is best practice to obtain a trade mark clearance search to ensure that there are no earlier registered trade marks or unregistered rights which might prevent a fashion designer from registering his/her proposed trade mark or which a fashion designer might infringe by using his/her proposed trade mark.

Solicitors specialising in intellectual property and trade mark attorneys can provide full clearances searches.

Online searches can be carried out on the UK IPO website (for UK trade marks), OHIM (for Community trade marks) or WIPO (for International Registrations) which can give an indication as to the state of the trade mark register, but these are not designed for full clearance searches.

What can and can't be registered:

In order for a trade mark to be registrable, it must be graphically represented and be able to distinguish the goods/services of one source from those of other sources. Trade marks cannot be registered if they:

- describe goods or any characteristics of them, for example, marks which show the quality, quantity, purpose, value or geographical origin of goods (for example, "SHIRT" or "SILK" are not likely to be registrable for clothing);
- have become customary in the fashion industry (for example, generic terms such as "WELLINGTON" for boots or "MACKINTOSH" for rainproof coats).
- are not distinctive (for example, laudatory statements like "THE BEST QUALITY");
- are three dimensional shapes, if the shape results from the goods themselves, has a technical function or adds value to the goods (for example, a simple button);
- are specially protected emblems (e.g. country flags or state emblems, the Olympic rings);
- are offensive (no swear words!);
- are against the law, for example, promoting illegal drugs; or;
- are deceptive, i.e. there should be nothing in the mark, which would lead the public to think that your goods have a quality that they do not (e.g. flying carpets).

Case Study 4

Descriptive and non-distinctive trade marks

Marks must not describe the goods for which they are being registered. Words that have been refused registration include SHIRT & SHOE GROUP and EVER-SO-SOFT, both for clothing, because they were considered too descriptive. However, words can be descriptive of other goods. For example while EVER-SO-SOFT was disallowed for clothes, it was successfully registered for footwear, as softness is not a characteristic typically associated with shoes.

Where a mark is descriptive, it will also be in danger of not being distinctive enough, which is also a ground for refusing registration.



The mark SHOE LACE (above) was opposed on the grounds of being non-distinctive (amongst others) for footwear, clothing and headgear. It was argued that the mark simply consisted of indications which designated fastenings for footwear. However, the UKIPO said that the presentation of the logo element of the mark was unusual, that it had its own peculiar get-up, and that as the logo element was larger than the word element, the mark as a whole had distinctive character.

Key point: *Make sure that any business name or slogan that you want to use doesn't describe your goods/services, and is distinctive. Although you can use a descriptive term, you won't be able to register it as a trade mark unless you have been using it to such an extent that it has acquired distinctiveness, i.e. consumers have been educated to perceive the mark as indicating the source of the goods and/or services rather than simply as a descriptive term. The more descriptive the mark, the more difficult it will be to show it is distinctive because of your use.*

Case Study 5:

FCUK and SCREW YOU – immoral trade marks?

French Connection UK registered the acronym FCUK as a trade mark in the UK in 1998. They used it extensively in store, on clothing, and in advertising. In 2004 Dennis Woodman, applied to have the trade mark invalidated by arguing that registration should not have been allowed since the mark was offensive. Woodman's application was refused, as was his appeal. It was held that 'the intrinsic qualities of the mark FCUK are not such as to render it objectionable. It is not a swear word even though it ... has been used to evoke a swear word'.

It is also worth noting that whether a mark is refused on the grounds of offensiveness can depend on the goods or services in relation to which you want to register that mark. For example, the mark SCREW YOU was accepted in the UK for condoms and various alcoholic and non-alcoholic beverages; but was not accepted by OHIM in relation to sunglasses, clothing and footwear (amongst other goods). This was because the latter goods would be marketed to the general public, and it was held that the words SCREW YOU would inevitably offend some members of the public; while purchasers of, say, condoms would be less likely to be offended.

Key point: *Trade marks which could be deemed offensive to the audience your goods or services are aimed at may be refused registration. Such refusal could cost your business the time and money of creating new branding and filing a new trade mark application. Possibly offensive words are therefore normally best avoided.*

**INTELLECTUAL PROPERTY IN
THE FASHION DESIGN INDUSTRY**
TRADE MARKS

Registration Territories:

Trade marks are national/territorial rights. When devising a trade mark filing strategy, designers should think about filing applications in countries where they wish to trade both now and in the future.

Given the costs of registration, designers may consider prioritising territories according to their budget. They can expand their trade mark portfolio as their business and export prospects grow. However, cases of speculative trade mark registration are common, particularly in the Far East, and can be costly to resolve. Therefore, where budget allows, designers should take advice about possible “defensive” registrations in such territories.

This paper is focused on the UK. In order to obtain registered trade mark protection in the UK, a fashion designer has the following options:

1. UK national trade mark – A UK trade mark registration will only cover the UK and can be obtained by filing an application at the UK Intellectual Property Office (UK IPO);
2. Community trade mark (“CTM”) – A CTM covers the entire EU and can be filed via the Office for Harmonization of the Internal Market (OHIM); or
3. International Registration (“IR”), designating the UK – An IR can be an economical way to apply for protection in a number of different territories by filing a single application via the International Bureau of the World Intellectual Property Organisation (WIPO) or a national trade mark office. An IR provides a bundle of national registrations in the specific countries designated in the application. An IR requires a base application or registration, such as a UK or CTM application or registration.

Registration Classes:

A trade mark will only provide protection for the goods/services listed in the application. For administrative purposes, goods and services have been classified into 45 classes and a full list is available at <http://www.ipo.gov.uk/types/tm/t-applying/t-class.htm>

Those most relevant to the fashion industry are detailed below:

Class 3:
Fragrances

Class 9:
Includes: Sunglasses; mobile phone cases; iPod/iPad cases

Class 14:
Includes: Watches and jewellery

Class 18:
Includes: Handbags, rucksacks, purses, luggage, leather goods, umbrellas, clothing for animals

Class 23:
Yarns and threads, for textile use

Class 24: Includes: Textiles; bed linen; table linen; rugs; tow

Class 25:
Includes: Clothing, footwear, headgear

Class 26:
Includes: Lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers; dressmakers’ articles; badges

Class 35:
Includes: Retail services

Class 40: Includes: Tailoring, clothes alteration services

Depending upon what materials are used in manufacture and whether the designer intends to diversify into other product areas (e.g. home furnishings), other classes may be appropriate.

Registration process:

Applying for a trade mark is usually done by filing an application with the relevant trade mark registry and paying an application fee (see below as to costs). A designer can do this directly or appoint a solicitor or trade mark attorney.

The trade mark is examined to ensure that the application complies with all the necessary formalities and that the mark is inherently registerable as a trade mark (i.e. it does not fall within one of the categories of marks that cannot be registered, as set out previously). The trade mark office will issue an examination report setting out any objections to application and will provide a deadline for responding to any such objections.

Once the application is accepted, it is advertised in the official trade marks journal. For UK and Community trade mark applications, the trade mark registry reviews the trade mark register to check for potential conflicts with existing marks. If any are found, the prior trade mark owner will be notified and has the right to oppose any application once it has been advertised. Once the application is advertised, third parties have a period of 2-3 months to oppose the application they believe it conflicts with an earlier trade mark or right.

It is important to note that oppositions can prevent the registration of a trade mark.

They have no bearing on whether the trade mark owner is allowed to use the trade mark; an earlier rights holder will need to commence court proceedings to stop infringing trade mark use (see trade mark infringement section below). If an opposition is filed against his/her application, a designer should seek advice from a trade mark attorney or solicitor who will be able to prepare arguments to defend the opposition. A designer may also wish to enter into negotiations with the opponent to try to settle the

opposition amicably, for example by deleting certain goods or services from the application. See below for further information below about co-existence.

If no oppositions are filed or any oppositions are successfully overcome, the mark will be registered and a certificate of registration will be issued. Once the mark is registered, the owner can use the ® symbol or the abbreviation "RTM" (registered trade mark) after the trade mark. While there is no obligation to do so, it is helpful to indicate to others that it is a registered trade mark. Before a mark is registered, you may only use the "TM" symbol to indicate you are using it as an unregistered trade mark. Although this symbol has no legal significance in the UK, it signifies to third parties that the designer is using the sign as a trade mark. Using ® or "RTM" for a mark that is not registered is an offence.

Once registered the owner of a trade mark will likewise be notified if another party attempts to register a potentially conflicting mark and will have the opportunity to oppose such marks.

Case Study 6:

Trade mark oppositions

So Couture!

The Pretty Dress Company London Ltd (PDCL) made an application to register the mark SO COUTURE! (above) in 2010. The registration was opposed by another fashion company whose trade mark portfolio included the marks "SO...?" and "SO ...? CHIC", and who argued that PDCL's mark was similar to their marks and that this was likely to cause confusion in the minds of the public.

The UK Registry considered the way the applicant's mark "SO COUTURE!" would look and sound to an average, reasonably informed and observant

consumer. It was held that "SO ...? CHIC" in particular had a high degree of similarity in concept, look and sound with the applicant's mark, due to the fact that each mark uses punctuation; that each mark begins with the word SO; the fact that the second word of each begins with C; and that the words 'couture' and 'chic' both evoke high fashion.

These similarities, and the fact that the goods in question were identical (dresses), contributed to the opposition's success. SO COUTURE! was refused registration on the grounds of likelihood of confusion.

Key point: *If you are considering registering a mark, you should consider whether it is similar in look, sound or concept to anyone else's mark (and try to avoid this by using trade mark clearances searches – see 'Trade mark searches' above). If you inadvertently register a mark that is similar to another mark, the owner of that mark may oppose your registration, causing you delay and expense and may ultimately result in your mark being refused registration. Once your mark is registered you should also monitor the trade mark register (via a watch service of notices you may receive from the Registry) for marks that may conflict with your earlier registration and which you may want to challenge.*

Cost of Registration:

The trade mark office charges an official filing fee which will depend on the number of classes covered by the application. If you engage a solicitor or trade mark attorney, they will charge you additional costs, which will be higher if the mark faces objections or is opposed (see above).

Once the mark is registered, a renewal fee must be paid every ten years, and the cost of this is based on the number of classes covered by the registration.

Duration of Registration and renewal:

Trade marks can last forever, provided that the renewal fees continue to be paid and the mark continues to be used for all the goods/services covered by the registration.

The initial period of protection for a UK registration is 10 years. A UK trade mark registration can be renewed up to 6 months before the tenth anniversary of the initial registration. The UK IPO contacts the trade mark owner within three months of the renewal date, if the trade mark has not already been renewed. If an application to renew is not received or the fee is not paid by the renewal date, the trade mark expires.

However there is a grace period of a further six months to renew, upon payment of the renewal fee plus an additional late renewal fee. During this time the trade mark cannot be registered by anyone else. After the six month grace period has elapsed, if the trade mark is still not renewed, the owner would need to apply to restore the mark if they wish to retain registration.

BENEFITS OF REGISTRATION:

A registered trade mark allows its owner to prevent others from using the same or confusingly similar mark for the goods/services and in the territory covered.

A registered trade mark also offers the following benefits:

- helps protect the brand identity by avoiding confusion with similar brands on the market;
- helps to deter counterfeiters or unscrupulous manufacturers from using the trade mark without permission;
- helps the brand owner to prevent third parties from taking unfair advantage of its reputation 'riding on its coat tails', causing damage by using an identical/similar mark in a way that will tarnish its reputation or will cause dilution in the marketplace;

- makes it easier for the brand owner to take legal action against infringers as it removes the need to rely on the common law defence of passing off which is expensive and more difficult to make out;
- allows the company to mortgage the trademark (the loan company retains a legal right to the ownership of the trade mark registration until the loan is repaid);
- allows Trading Standards Officers or Police to bring criminal charges against counterfeiters if they use a trade mark without permission; and
- it makes it easier to exploit the trade mark for profit through franchising or licensing arrangements.

TRADE MARK INFRINGEMENT:

Infringement:

Trade mark infringement proceedings are brought to object to a third party's infringing use of a conflicting trade mark. In the UK, it is an infringement of a registered trade mark to use in the course of trade:

1. A mark which is identical to the registered trade mark for identical goods/services
2. A mark which is identical or similar to the registered trade mark for identical or similar goods/services where there is a "likelihood of confusion", i.e. the public believe that the goods/services provided under the later mark originate from or are associated with the registered trade mark.
3. A mark which is identical or similar to the registered trade mark with a reputation in the UK (for UK trade marks) or EU (for Community trade marks), for identical, similar or dissimilar goods and/or services where use of the later mark, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the registered trade mark.

The tests for infringement are summarised in the table below:

Tests for infringement	Identical Goods / Services	Similar Goods / Services	Dissimilar Goods / Services
Identical Mark	Absolute Prohibition	Likelihood Of Confusion	Detriment or Unfair Advantage
Similar Mark	Likelihood Of Confusion	Likelihood Of Confusion	Detriment or Unfair Advantage
Dissimilar Mark	No Infringement	No Infringement	No Infringement

Case Study 7:

Counterfeiting -
Puma v Sports Soccer

Puma manufactures and retails, amongst its other sportswear ranges, a line of shoes called the Avanti range. This range carries the trade marks PUMA, a tapered flash device, and a logo comprising a leaping cat. In 2003 staff from Puma found shoes purporting to be from the Avanti range in one of Sports Soccer's shops, which were almost identical to Puma's own Avanti shoes and carried all these of the trade marks which Puma's Avanti shoes carried. A large number of Soccer World's shoes turned out to be counterfeit, as could be proven from the stitching and from the fact that not all their shoes carried genuine security tags (among other things). The evidence pointed overwhelmingly to the shoes being counterfeit. Puma won its case for trade mark infringement, since the goods in the case were identical (sports shoes), and the marks on Sports Soccer's goods were identical to Puma's - a clear infringement of Puma's trade mark rights.

Key point: *Where another person uses a mark which is identical to your mark, on the same goods for which your mark is registered there will be an automatic infringement. In addition to civil court proceedings, dealing with counterfeits can also amount to a criminal offence and there are procedures for counterfeit goods to be seized.*

CO-EXISTENCE:

Where a designer is involved in a dispute or a possible dispute with a third party (for example, as a result of a threatened trade mark infringement claim or trade mark opposition), the parties might discuss the possibility of resolving the dispute amicably. It may be possible for the parties to reach a commercial settlement where although there is a legal risk of conflict, the parties are able to agree a basis upon which they are prepared co-exist in the market and/or on the trade mark register.

Such a settlement is concluded by way of a co-existence agreement. The co-existence agreement sets out the parameters in which each of the parties can use and/or register their trade marks. For example, it might restrict the each party to certain territories, to specific goods/services and a particular style of branding.

While commercial settlement can be favourable to both parties and avoid the cost of escalating a matter to court proceedings, it is important that co-existence agreements are clearly and carefully drafted to avoid disputes arising in the future. Designers should therefore seek legal advice if they are contemplating settlement.

COMMERCIALISING A TRADE MARK:

Like all other forms of IP, a trade mark can be used to generate income, turnover or cash flow. This can be through:

- Selling
- Licensing
- Mortgaging

Selling a Trade Mark:

If a trade mark is no longer of use, one avenue for making a return on a trade mark is to assign it to another party in return for a fee, i.e. this is a sale of the trade mark. Such a sale may include any "goodwill" that the trade mark owner has accrued through use of the trade mark. If goodwill is included in the price to be paid will be higher. Once it is sold the former owner no longer has the right to use the trade mark, without permission from the new owner. A trade mark assignment must be signed by the seller of the trade mark. It is also important to record the new owner of the trade mark at the relevant trade mark registry.

Licensing a Trade Mark:

Trade mark licensing is a popular way for designers to exploit their brand. For example, a menswear designer might licence his/her trade mark to a third party to produce branded sunglasses or homeware. Licensing will also be relevant if the designer enters into a collaboration with another company (e.g. to design a limited range for a high street label) and each party will need to set out how the other can use its trade mark in the context of the collaboration.

A trade mark licence should be in writing and be signed by the trade mark owner in order to be effective.

Trade marks can be licensed for use by a third party on an exclusive basis which means only the licensee can use the trade mark, even to the exclusion of the trade mark owner. However, if the designer wants to enable itself and other licensees to make a particular use of a mark, it can grant a licence on a non-exclusive basis.

The licence can be limited or general. The licence agreement should set out the terms for the grant of the licence, including: (i) the mark that is licensed (e.g. words, logos) (ii) what uses the licensee can make of the trade mark (e.g. for men's shoes); (iii) which territories are covered (e.g. only in the UK); and (iv) how long the licence lasts (e.g. two years). The licence agreement usually also sets out quality control provisions to ensure that the licensee uses the mark in a way that does not damage the designer's brand.

The payment to the designer by the licensee, can take the form of a one-off fee, a royalty on sales or a combination of the two.

Mortgaging a Trade Mark:

Some finance companies will consider that the value of a trade mark is sufficient for it to be used as collateral against a loan. The finance company will retain a legal ownership right for the duration of the loan and ownership may transfer fully in the case of default.

Case Study 8:

Exploiting a trade mark

As well as using your trade mark yourself, you can exploit it further by licensing it to other parties. For example:

- Pierre Cardin has famously licensed his mark PIERRE CARDIN to many products, and has over 800 licensees globally.
- H&M is well known for inviting high end designers and celebrities such as Versace or Madonna to create limited edition collections for its shops. H&M is licensed to use certain trade marks of each of these designers during the period that their collections are on sale and only for those collections
- The Brazilian shoe company Melissa and Vivienne Westwood have each made use of the other's brand by co-creating a collection of shoes in Melissa's well known moulded rubber.

PASSING OFF:

The law of passing off can protect unregistered rights in a particular mark, style or get-up which are accrued over time and through use. In other words, it protects goodwill i.e. the attractive force that brings in customers.

In order to show that there has been passing-off, the following requirements must be satisfied:

1. Goodwill/reputation - The designer has traded using the particular mark, style, trade dress, get-up in trade and as a result the public associate it with the designer;
2. Misrepresentation leading to confusion - By using a similar mark, style, trade dress or get-up, a third party has misled consumers to believe that the it is associated with the designer;
3. Damage - As a result of the misrepresentation, the designer suffers damage.

Passing off cases turn on the evidence, particularly as to whether consumers are confused. As a result, they are more expensive and difficult to make out than trade mark infringement or registered design right claims. Therefore, where possible, designers are encouraged to register the distinctive and signature elements of their branding as trade marks and/or designs.

Case Study 9:

Westwood v Knight

In this case Vivienne Westwood claimed passing off (amongst other things) against Knight who used marks which emulated hers. For example, below is a Westwood logo to the left, with one of Knight's logos to the right.



Knight also used the mark RED PLANET, while Westwood uses RED LABEL and VIVIENNE WESTWOOD RED LABEL. The court found that Vivienne Westwood had a reputation in her logo and Knight's behaviour, taken as a whole, amounted to a misrepresentation which would lead consumers to believe that his goods were those of Vivienne Westwood. Vivienne Westwood would suffer damage as a result and therefore the passing-off claim was successful.

Key point: Passing off can offer flexible protection where a designer does not have a trade mark registration. It can be used to protect a brand's "get up" or styling as a whole, for example, where use of similar marks, colours, wording, styles or general feel evokes the brand and confuses customers into thinking that they are buying goods from that brand.

USEFUL RESOURCES:

Own-it (<http://www.own-it.org>)
May be subject to a download fee

Contract Template CT255A – Agreement to assign a trade mark

This agreement is for use when the owner (proprietor - Assignor) of a trade mark (or trade mark application) assigns it to another party (Assignee) in return for an agreed payment. The trade mark Assignor also assigns the goodwill of the business concerned in the goods and services under the trade mark. If the trade mark includes a logo or stylised element for which the Assignor owns the copyright and design right, these too are assigned. The Assignor also assigns the right to the Assignee to sue for past trade mark infringements. The Assignor agrees to do any further acts required so that the Assignee can become the registered owner of the trade mark.

Contract Template CT266A – Assignment of a licence or licence agreement.

This agreement is for use when a licensee of intellectual property (such as trade marks, patents and/or design rights) is assigns the licence to a third party. The template can also be used to assign a licence agreement as well as a licence. Before the licensee can undertake the assignment, the licensors permission must first be granted.

OTHER USEFUL RESOURCES

CFE IP Toolkits

- How a small business can develop an IP Strategy.
- How a small business can approach Licensing Opportunities

CFE IP Guides

- Copyright
- Design Rights
- Licensing

The Centre for Fashion Enterprise (CFE) is London's pioneering business incubator that supports and nurtures emerging fashion design talent.