

**EXPLANATORY MEMORANDUM TO**  
**THE TRADE MARKS (AMENDMENT) REGULATIONS 2022**  
**2022 No. XXXX**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by the Intellectual Property Office, an Executive Agency of the Department for Business, Energy and Industrial Strategy and is laid before Parliament by Command of Her Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

**2. Purpose of the instrument**

- 2.1 The statutory instrument will amend the Trade Marks Act 1994 (TMA) in order to render it compliant with an obligation contained in the UK-EU Trade and Co-operation agreement (TCA), in regard to provisions surrounding well known trade marks (WKMs). The statutory instrument will amend the TMA to provide protection for owners of WKMs to prohibit use of a conflicting trade mark for dissimilar goods and services; this is in addition to the protection already provided for similar goods and services. The statutory instrument will also provide parity of treatment for UK nationals and nationals of third countries, signatory to the Paris Convention.

**3. Matters of special interest to Parliament**

*Matters of special interest to the Joint Committee on Statutory Instruments*

- 3.1 None.

**4. Extent and Territorial Application**

- 4.1 The territorial extent of this instrument is the United Kingdom.
- 4.2 The territorial application of this instrument is the United Kingdom.

**5. European Convention on Human Rights**

- 5.1 The Parliamentary Under-Secretary of State in the Department for Business, Energy and Industrial Strategy, Lord Callanan has made the following statement regarding Human Rights:

“In my view the provisions of the Trade Marks (Amendment) Regulations 2022 are compatible with the Convention rights.”

**6. Legislative Context**

- 6.1 This SI is made pursuant to s.31 of the European Union (Future Relationship) Act 2020. Article 240 of the TCA provides that, for the purpose of giving effect to protection of WKMs, each party shall apply the World Intellectual Property Organization’s Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks (WIPO JR). The WIPO JR was adopted by the Paris Union for the protection of industrial property and the World Intellectual Property Organisation

in 1999 and builds on the provisions of the Paris Convention (an international treaty to which the UK is a party) for the protection of Industrial Property relating to the protection of WKMs. The Paris Convention (Article 6*bis*) contains a basic requirement to protect WKMs and this was implemented via s.55 and 56 of the TMA. The WIPO JR is not in itself legally binding on Paris Union members. Its status is that of a recommendation that each Member State may consider the use of the provisions as guidelines for the protection for WKMs. The effect of Article 240 TCA is to make the WIPO JR legally binding on the UK (and on the EU).

- 6.2 For these purposes, the relevant provisions of the WIPO JR are Articles 3 and, in particular, 4. These provisions state owners of WKMs (whether registered or unregistered) should have protection against conflicting trade marks which are identical, imitate or are likely to be confused with the WKM, in relation to not only similar goods and/or services but also dissimilar goods and/or services where it would be likely to damage the owner's interests or where certain other conditions are fulfilled. The WIPO JR provides that there should be measures under domestic legislation to refuse, invalidate or prohibit the use of conflicting trade marks in such circumstances.
- 6.3 The relevant provisions in the TMA regarding prohibition of use of trade marks are s.10 and 56. S.10 provides remedies for infringement where a trade mark is registered, so this would apply where a WKM is registered. S.10(3) and (3A) provide a remedy in a case of unauthorised use of a conflicting sign in relation to dissimilar goods or services where the trade mark has a reputation in the UK and the use of the conflicting sign takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark. This provides substantial compliance with the requirements of the WIPO JR so far as the protection of registered WKMs is concerned. S.56 confers specific protection on WKMs, whether registered or unregistered. As noted above, this was enacted to implement Article 6*bis* of the Paris Convention and allows for an injunction to be sought by owners of WKMs against the use of a conflicting trade mark, which is similar or identical to the WKM, in relation to similar goods and services where the use is likely to cause confusion, but not in relation to dissimilar goods and services.
- 6.4 As currently enacted, the remedy provided in s.56 may only be exercised by owners of WKMs who are connected with a Convention country. The same is true where the holder of an unregistered WKM seeks to oppose the registration of a trade mark under s.5(1) to (3A) TMA or apply for the invalidation of a conflicting trade mark under s.47 TMA, where the action is based upon the WKM being an "earlier trade mark". This is because the definition of "earlier trade mark" in s.6(1)(c) includes a trade mark which is "entitled to protection under the Paris Convention or the WTO agreement as a well known trade mark", which references the definition in s.56(1). S.55(1)(b) defines "Convention country " in a way which excludes the UK. There is accordingly a disparity in treatment of UK and third country nationals who own an unregistered WKM. This means that UK nationals with unregistered WKMs who do not live or have 'real and effective industrial or commercial establishments' in a Convention country currently need to rely on the common law tort of passing off in order to oppose, invalidate or prohibit the use of a conflicting trade mark used in relation to similar and/or dissimilar goods and/or services. The tort of passing off is only available where the proprietor of the mark has goodwill in the UK and where there has

been a misrepresentation leading to damage in relation to the goodwill. By contrast, the current provisions may be relied on by a non-UK owner of an unregistered WKM where the mark has a reputation in the UK (which does not require the mark to have been used in the UK) and does not require proof of misrepresentation.

## **7. Policy background**

### *What is being done and why*

- 7.1 A trade mark is a sign which distinguishes the goods or services of one undertaking from another. Trade marks predominantly take the form of words or logos or a mixture of both. Trade marks can be registered (through the UK Intellectual Property Office) or unregistered.
- 7.2 A WKM is a sign that is considered reputable and that the relevant section of the public knows of, for example, McDonalds or Nike.
- 7.3 The statutory instrument will make the necessary changes to the TMA to render the UK compliant with its undertaking in Article 240 of the TCA to apply the WIPO JR. Specifically, it amends s.56 of the TMA to extend protection for WKMs, registered or unregistered, against conflicting trade marks which are similar or identical to the WKM, to cover use in relation to dissimilar goods and/or services. The amendment follows the approach taken in s.10(3) and (3A) TMA. Additionally, the statutory instrument will provide parity of treatment for UK and third country nationals regarding the WKM provisions in the TMA (i.e. those where opposition/invalidation actions are based upon the WKM being an “earlier trade mark” as defined in s.6(1)(c) TMA).
- 7.4 The preamble of the WIPO JR refers to “the implementation of certain international harmonized common principles and rules in industrial property law”. The current disparity of treatment for UK and third country nationals is not in keeping with the intent of the WIPO JR, which is to promote harmonised common principles of treatment of WKMs across all countries signatory to it. In view of this we see no basis for retaining disparity in treatment of UK nationals in UK trade mark law and the statutory instrument therefore amends the TMA to provide a harmonised standard of treatment to owners of WKMs for persons connected with a Convention country and for UK nationals/persons domiciled or having an establishment in the UK.
- 7.5 The Intellectual Property Office (IPO) has considered alternate options for addressing the commitment undertaken by the UK under the TCA but there were no viable alternatives. The UK has a legal obligation to offer protection for WKMs against conflicting trade marks, in relation to similar or dissimilar goods and services, by refusal, invalidation and prohibition of use (see paragraphs 6.1 to 6.3 for further information). The statutory instrument will provide parity of treatment for UK and

third country nationals signatory to the Paris Convention. These measures can only be implemented by introducing amendments to the TMA.

### ***Explanations***

#### ***What did any law do before the changes to be made by this instrument***

- 7.6 The TMA provides protection for WKMs in relation to unauthorised use, invalidation and grounds of opposition based upon Article 6*bis* of the Paris Convention.
- 7.7 Current provisions of the TMA relating to prohibition of use are contained in ss.10 and 56. See paragraphs 6.3 and 6.4 for a detailed analysis of these provisions. In summary, s.56 allows all owners of WKMs (excluding UK nationals who are not domiciled or have ‘real and effective industrial or commercial establishment’ in a Convention country other than the UK) to prohibit the use of a conflicting trade mark which is likely to be confused with their trade mark for similar goods and/or services. By contrast, s.10 allows owners of registered trade marks (which includes WKMs which are registered) to protect their trade mark against a conflicting trade mark for similar and dissimilar goods and/or services. There are no provisions in the TMA conferring a right on owners of unregistered WKMs to prohibit the use of conflicting trade marks in relation to dissimilar goods and services to the standard recommended under the WIPO JR (compliance with which is required under Article 240 of the TCA). In such circumstances the owner of the WKM would need to rely upon the common law tort of passing off to prohibit use in relation to dissimilar goods/services. In order to establish passing off it is necessary for the proprietor of the WKM to have goodwill in the UK and for there to be a misrepresentation causing damage to that goodwill.
- 7.8 Additionally, there is disparity between the treatment of UK and third country nationals who own unregistered WKMs. Please see paragraphs 6.4 and 7.4 for further information. The current drafting of the TMA limits the WKM provisions to nationals, persons domiciled or those with a “real and effective industrial or commercial establishment” in a Convention country, which is defined in such a way that it excludes the UK. On this basis, UK nationals who own an unregistered WKM are treated less favourably than third country nationals signatory to the Paris Convention.

#### ***Why is it being changed and what will it now do?***

- 7.9 As referred to in paragraphs 6.1 and 6.2, Article 240 of the TCA requires that each party “shall apply” the WIPO JR. In order to render the UK compliant with this undertaking, the statutory instrument amends the TMA, specifically provisions regarding prohibition of use of WKMs and parity of treatment of UK and third country nationals who own unregistered WKMs. This change will provide owners of WKMs further protection for prohibiting the use of conflicting trade marks for

dissimilar goods and services, as well as providing parity of treatment for UK nationals and nationals of third countries, signatory to the Paris Convention.

- 7.10 Without this action, the TMA will remain non-compliant with the undertaking provided by the UK under the TCA.

## **8. European Union Withdrawal and Future Relationship**

- 8.1 This instrument does not trigger the statement requirements under the European Union (Withdrawal) Act 2018.
- 8.2 This instrument does relate to the implementation of the TCA and will ensure full compliance with this international agreement by amending the TMA.

## **9. Consolidation**

- 9.1 No consolidation of the TMA is planned at present. Unofficial consolidated text of this legislation will be publicly available for free on the gov.uk website.

## **10. Consultation outcome**

- 10.1 Cabinet Office guidance is to consult only on issues that are genuinely undecided. These legislative changes are necessary to the trade mark system to ensure compliance with the TCA, therefore a full formal consultation was not held on this point. However, an informal consultation was carried out seeking views on the proposals. The IPO held informal discussions with the judiciary and representative stakeholder groups (both domestic and international) with expertise in trade mark law, to get feedback on the approach taken and the legal drafting of the statutory instrument.
- 10.2 The consultation responses were positive with all respondents in favour of the proposed changes.

## **11. Guidance**

- 11.1 Detailed guidance will be made available at least three weeks before the changes come into force.

## **12. Impact**

- 12.1 There is no, or no significant, impact on business, charities or voluntary bodies.
- 12.2 There is no, or no significant, impact on the public sector.
- 12.3 A full Impact Assessment has not been produced because the impact of the statutory instrument is estimated to fall below the threshold required for a full assessment. A de minimis assessment has therefore been conducted. The statutory instrument will remedy an unforeseen compliance issue caused by the ratification of the TCA, which would otherwise mean owners of unregistered WKMs would not be able to prohibit conflicting marks used on dissimilar goods or services as well as provide parity of treatment for UK and third country nationals signatory to the Paris Convention. The SI is expected to have minimal impact on the number of WKM cases brought to Court, as we estimate only one additional case every fifty years or so would be brought.
- 12.4 The IPO is unable to determine the number of unregistered WKMs that exist as there is no legal requirement to register a trade mark. However, research into existing IPO

tribunal cases which dealt with similar WKM issues found that in the last ten years there were 121 relevant opposition and invalidation cases (approximately 12 cases a year). Only a third of these, around 4 cases a year, were for unregistered WKMs. The remaining cases were ancillary claims brought by owners of registered WKMs who already have measures in the TMA to prohibit use of conflicting trade marks for similar and dissimilar goods and/or services. There are only a small number of additional cases going to tribunal and in turn an even smaller number would be appealed in Court.

- 12.5 Further, the IPO have identified three key points on the prevalence of unregistered WKMs and why any impact of the proposed legislative change would be limited:
- We believe most WKMs are registered due to the financial value of their branding to the business, therefore the majority of those who own WKMs will not use the additional remedy as they are able to prohibit the use of a conflicting trade mark under existing provisions within the TMA.
  - Some owners of unregistered WKMs may be disincentivised to rely on the WKM provisions in the TMA because doing this would highlight their lack of trade mark registration to the general public.
  - The number of unregistered WKMs is expected to have dwindled over time with globalisation of trade via the internet and the increase in EU trade marks being registered in the UK. The reason for this increase is that all EU trade marks were transferred over to the UK when the UK left the EU, meaning most WKMs are likely to already be registered in the UK.

### **13. Regulating small business**

- 13.1 The legislation applies to activities that may be undertaken by small businesses.
- 13.2 No specific action is proposed to minimise the regulatory burden on small businesses because the statutory instrument does not create any new requirements for small businesses and does not affect how these businesses register a trade mark.

### **14. Monitoring & review**

- 14.1 The approach to monitoring of this legislation is to assess the changes made in the course of normal departmental business.
- 14.2 As this instrument is made under the European Union (Future Relationship) Act 2020, no review clause is required.

### **15. Contact**

- 15.1 Cassie Ireland at the Intellectual Property Office (telephone: 01633 814661 or email: [Cassie.Ireland@ipo.gov.uk](mailto:Cassie.Ireland@ipo.gov.uk)) can be contacted with any queries regarding the instrument.
- 15.2 James Porter, Divisional Director for Policy and Legal, at the Intellectual Property Office can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Lord Callanan, Parliamentary Under-Secretary of State (Minister for Science, Research and Innovation) at the Department for Business, Energy and Industrial Strategy can confirm that this Explanatory Memorandum meets the required standard.