

IPO's proposed changes to UK Opposition procedures - issues for brand owners

The IPO is proposing to introduce a new “fast track” opposition procedure and are inviting comments from users of the system. The proposed changes give rise to a number of issues for brand owners:

FOR	AGAINST
Quicker and cheaper to oppose in some cases	More costly application procedure with greater risk of opposition
Stronger presumption of validity for registered marks	Limitation of grounds available to defend applications
Less over-crowded register	More mechanical and less “real world” assessment of conflicts

Stated reasons for proposed changes

The UK IPO wants to improve access to the trademark opposition system for SMEs. The consultation paper suggests that SMEs are discouraged from opposing conflicting trademark applications as they are concerned about the cost of proceedings, the time diverted from their business activities and the possibility that a “big player” on the other side will seek to increase cost and delay.

Changing opposition landscape

Until 2007 the IPO formed the first line of defence for brand owners, by preventing new applications from proceeding if earlier confusingly similar marks were revealed by the official search. Although the IPO claim that few applications were ultimately refused on these grounds, trademark applicants were certainly put to a great deal of extra expense in dealing with the citations.

Since 2007 the official search has not been used to block new applications and instead the owners of similar marks revealed by the search have merely been notified of the publication of potentially conflicting new applications. This then enables the owners of earlier rights to file opposition to attempt to prevent registration of the later application.

The current position

This has certainly made the application process easier for applicants, who have not had to engage in protracted legal argument with the IPO over earlier registrations which may no longer even be valid or of interest to their owner.

However, there appears to be a feeling at the IPO that the pendulum may have swung too far the other way and that not enough potential opponents are coming forward to defend their earlier rights. This has an effect not only on the individual rights holder involved, but potentially also on the overall integrity of the UK trademark registry, where previously the perceived strictness of examination and difficulty of getting past earlier conflicting rights lead to a high presumption of validity for registered marks.

The introduction of the requirement to prove use has undoubtedly limited the number of potential oppositions as owners are no longer able to oppose using an older registration for an unused mark, purely in order to avoid the dilution of a merely paper right. However, there may still be a degree of apathy amongst brand owners, which is unlikely to be changed by a reduction in official fees and the introduction of a streamlined procedure.

Proactive approach to brand management

It is vital that trademark owners take advice from a trademark attorney when they receive a notification from the IPO concerning a new, potentially conflicting application. A number of factors need to be taken into account when considering opposition, including the degree of similarity of the marks and the goods and services on the register, the degree of any commercial competition in the market and the distinctiveness, importance and uniqueness of the earlier mark.

If there are sound commercial reasons to act based on these criteria then the decision to oppose should be a formality. The question of cost and administrative burden for the brand owners must, of course, be considered, but depending on the scope of the potential opposition there is much that can be done under the present system to manage both these issues.

Need for change?

Under the current system, where the potential opposition concerns similar marks and similar goods (under Section 5(2) of the Trade Marks Act 1994) brand owners and their representatives should consider at the outset whether evidence of use of the earlier mark really adds anything significant to their case. It is always difficult for advisors to recommend taking a less than whole-hearted approach in contentious proceedings, due to ever-present litigation risk and the understandable desire to do everything to achieve the desired result. However, it is perfectly reasonable for owners and their representatives to agree a “budget” approach when the circumstances dictate this.

It is equally hard for representatives to recommend a decision from the papers rather than a hearing, particularly if the other party elect to make oral submissions. However, once again a cold assessment of the strength of a case versus the cost of attendance at a hearing can lead to a perfectly reasonable conclusion to present the case in writing only. This is the way that CTM oppositions have always been conducted by OHIM.

Taking both of these steps in the appropriate circumstance will substantially reduce the cost of UK opposition proceedings, limiting attorney work to the drafting of the notice of opposition and a detailed statement of grounds, a brief review of the counterstatement and any evidence filed by the applicant and written legal submissions to the hearing officer. The strictly limited scale of costs awarded in IPO proceedings means that there is no significant additional costs liability to bear in mind.

Arguably many of the benefits of the proposed fast track are already available to brand owners today, through sensible case management.

Fast track pitfalls?

It is far from clear from the evidence provided by the IPO thus far, that any amendment to the opposition process would suddenly lead to a flood of oppositions from hitherto

frustrated SMEs. However, the amendment is clearly designed to encourage opposition and brand owners have to be prepared for the proposals to make the application process more costly and difficult for their new marks, as a flip side to any increased access to protect their existing registrations.

The fast track proposals also raise important legal concerns for applicants who might be forced to artificially narrow their defence by the prohibition of evidence. It must be presumed that the majority of fast track cases will concern “likelihood of confusion”, which the CJEU has confirmed repeatedly is a compound test taking into account “all relevant factors” including the nature of the market and the reputation of the marks involved as well as the details recorded on the register. There is no requirement for parties to lead evidence on these external factors under current procedures, but they remain absolutely free to do so.