

Doing time for trade mark infringements

The threat of litigation is not the only way of enforcing rights in your brand: Trading Standards and the courts can sometimes help too.

Wendy Grey explores different ways of enforcing your brand.



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I specialise in brand clearance, trade mark registration and the management of complex disputes.

It is an all too common assumption that when it comes to trade mark law there are unlikely to be severe penalties: that the worst that can happen is that you are forced to stop using the name and brand, and, if you're really unlucky, that you'll have to pay some money to the wronged party.

However, the criminal courts are, in exceptional cases, willing and able to give out unlimited financial penalties, and even have the power to imprison people. Two previous cases highlight the potential serious consequences of failing to comply with court orders or infringing another party's rights.

The first case involved a party failing to comply with a court order in a trade mark case before the High Court. This was trade mark infringement and passing off proceedings brought by the claimants, Juul Labs Inc and Juul Labs UK Ltd against the defendants, Mr Wilson and co-defendants Quickjuul Ltd and others (all parties involved were in the 'vape' business – almost as far away from many of your activities as it's possible to get – but the legal principles are the same). The proceedings were found in favour of the claimants, and a court order was issued directing Mr Wilson to take down an offending website and transfer ownership of the domain to the claimants.

Mr Wilson failed to comply with the order and actively took steps to obstruct its implementation. Following several hearings, the court found Mr Wilson was in contempt and 'guilty of serious, flagrant and contumacious breaches of the order'. It considered a fine was not a sufficient sanction in line with the seriousness of Mr Wilson's failure to comply and obstructive behaviour. Despite Mr Wilson's age (66), ill health, and eventual compliance with the court order, the court felt it was more than justified to sentence Mr Wilson to two months in prison.

Another example of the courts intervening with strong penalties was seen in a case of two individuals who were producing

counterfeit clothing and accessories, all of which were imitation products bearing Cancer Research UK's well known 'Race for Life' branding.

While at the point of Trading Standards' intervention the stock found had a street value of £10,000, in all other aspects it was a small-time operation run by the two individuals simply producing the goods with a screen printing machine in a garden shed. However, the courts saw fit in this instance to give out a hefty confiscation order of £75,000. This scale of penalty should serve as a deterrent to others, including those that may see a charity as an easy target for such crimes.

One frustration is that the relevant provisions around counterfeiting – to be found at s.92 of the Trade Marks Act 1994 – focus on the production and sale of goods. There is no direct equivalent that criminalises the delivery of 'counterfeit' services. However, in the cases of blatant 'offending' behaviour, Trading Standards and the CPS will often find a legal 'peg' on which to hang the case. For example there are provisions in the Charities Act around 'false' fundraising and, in some instances, the law around ordinary commercial fraud may be relevant.

The above two cases show the courts are willing to address serious flagrant acts that are contrary to law, including breaches of court orders or infringement through producing or selling counterfeit goods. It also serves as a handy reminder that simply ignoring an order or failing to act will not see a matter go away. If you should ever be on the receiving end of a claim of infringement it should always be addressed and appropriate legal advice sought from your usual Bates Wells contact.