

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Fifth Delegated Legislation Committee

DRAFT TRADE MARKS (AMENDMENT)
REGULATIONS 2022

Wednesday 26 October 2022

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Sunday 30 October 2022

© Parliamentary Copyright House of Commons 2022

This publication may be reproduced under the terms of the Open Parliament licence, which is published at www.parliament.uk/site-information/copyright/.

The Committee consisted of the following Members:

Chair: DAVID MUNDELL

- | | |
|---|--|
| † Barker, Paula (<i>Liverpool, Wavertree</i>) (Lab) | † Nichols, Charlotte (<i>Warrington North</i>) (Lab) |
| † Britcliffe, Sara (<i>Hyndburn</i>) (Con) | † Onwurah, Chi (<i>Newcastle upon Tyne Central</i>) (Lab) |
| Cryer, John (<i>Leyton and Wanstead</i>) (Lab) | † Russell, Dean (<i>Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy</i>) |
| † Djanogly, Mr Jonathan (<i>Huntingdon</i>) (Con) | † Stevenson, Jane (<i>Wolverhampton North East</i>) (Con) |
| Docherty-Hughes, Martin (<i>West Dunbartonshire</i>) (SNP) | Twigg, Derek (<i>Halton</i>) (Lab) |
| † Green, Damian (<i>Ashford</i>) (Con) | † Wheeler, Mrs Heather (<i>South Derbyshire</i>) (Con) |
| † Henderson, Gordon (<i>Sittingbourne and Sheppey</i>) (Con) | † Whittaker, Craig (<i>Treasurer of His Majesty's Household</i>) |
| † Holloway, Adam (<i>Lord Commissioner of His Majesty's Treasury</i>) | Jonathan Finlay, Foeke Noppert, <i>Committee Clerks</i> |
| † Loder, Chris (<i>West Dorset</i>) (Con) | |
| † Morden, Jessica (<i>Newport East</i>) (Lab) | † attended the Committee |

Fifth Delegated Legislation Committee

Wednesday 26 October 2022

[DAVID MUNDELL *in the Chair*]

Draft Trade Marks (Amendment) Regulations 2022

2.30 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Dean Russell): I beg to move,

That the Committee has considered the draft Trade Marks (Amendment) Regulations 2022.

The regulations were laid before the House on 19 July. It is a pleasure to serve under your chairmanship, Mr Mundell.

Intellectual property has played a vital role in the UK economy. A well-balanced and effective IP system supports our citizens in their creativity and ingenuity. It helps ensure that great ideas can be turned into great businesses. The draft regulations relate to a special type of intellectual property: well-known marks. This is a particular branch of the UK's trademark system.

A well-known mark is one that is considered reputable, and which the general public commonly knows about; examples are Rolex and Coca-Cola. Trademark law gives special protection to these marks in the light of the recognition that they receive and their reputation, irrespective of whether they are registered in the UK.

The UK protects well-known marks through a combination of trademark legislation and common law. The changes in this statutory instrument are technical amendments to the trademark legislation, namely the Trade Marks Act 1994. The amendments will further clarify the robust protection afforded to well-known marks in UK law.

The main impetus behind the changes is the need to ensure that the UK delivers on its obligations in the EU-UK trade and co-operation agreement. It is important to share some extra context. It was the UK that sought these robust provisions in the TCA. The TCA places a binding commitment on both parties to apply an international standard for well-known marks: the World Intellectual Property Organisation's joint recommendation on the protection of well-known marks. That set of international standards was adopted in 1999. The UK was a strong proponent of that standard-setting document, and contributed a member to the committee of experts that led on its preparation between 1995 and 1997.

The SI makes two changes to the Trade Marks Act 1994. First, it will give holders of unregistered WKM the right to prohibit the use of a conflicting trademark on dissimilar goods or services. That measure builds on provisions we already have to stop the use of a conflicting trademark on the same or similar goods or services. To give an example, under the new, amended law, a holder of an unregistered well-known mark, such as the famous Rolls-Royce brand, could rely on well-known mark provisions if its name was unjustly used not only on cars and similar goods, but on sports equipment or even domestic cleaning products. I have not bought a Rolls-Royce

bar of soap, but perhaps they exist. The new remedy applies where such use is likely to damage Rolls-Royce's interests or takes unfair advantage of the distinctive character or repute of the Rolls-Royce mark.

Secondly, the SI will amend a nuance in existing trademark law. Current well-known mark provisions are targeted at nationals of third countries, but exclude those of the UK. Historically, UK-based individuals and businesses have been able to rely on alternative provisions in common law and in the 1994 Act to enforce their rights. For example, where they hold a registered mark, they can seek recourse through the tort of passing off. However, we are taking this opportunity to extend the well-known mark provisions to ensure that the new remedy, and the existing well-known mark provisions in the 1994 Act, include the UK.

The changes will render the UK fully compliant with obligations in the EU-UK TCA. However, the benefits will extend further: they will place the UK in the best position to negotiate protection for the well-known marks of British companies in future trade agreements. I have detailed the benefits that the changes will bring to holders of well-known marks, through the new remedy for unregistered mark holders, and the harmonisation of the well-known mark provisions so that UK nationals can enjoy the same benefits as those provided to third-country nationals.

As for the practical implications of the regulations, the impact on the number of cases taken to the Intellectual Property Office tribunal or the courts is anticipated to be modest. During policy preparation for the instrument, research into tribunal cases before the Intellectual Property Office found that there were approximately 12 similar cases a year dealing with well-known marks, and just a fragment of those would ever be expected to reach the courts. That is primarily due to the specific characterisations of well-known marks, and the niche nature of those IP rights.

We do not mistake the importance of these changes, and I hope colleagues will not either. Even putting important international obligations aside, stakeholders have confirmed that the provisions are a welcome addition to trademark law. With that in mind, the Intellectual Property Office will prepare guidance to ensure that businesses that fall within the scope of these changes can manage any impact or, where appropriate, can make the most of the new remedies.

To conclude, the regulations make changes to a niche area of trademark law, but are an important development for the UK's trademark system. They will ensure the effective protection of unregistered well-known marks, and that the UK meets its international commitments. I commend the instrument to the Committee.

2.36 pm

Chi Onwurah (Newcastle upon Tyne Central) (Lab): It is a great pleasure to serve under your chairship, Mr Mundell. I thank the Minister for setting out what the instrument will do. I will try not to repeat what he said, but there are aspects that I want to highlight. The Minister was right to point out the importance of robust and effective trademark legislation.

I start by celebrating our Great British businesses. I thank and congratulate scientists, artists and creatives for creating some of the world's most iconic brands and trademarks, which are recognised across the globe. They

are the very imagery of Britain. Whether we are talking about Newcastle's famous Greggs logo, world-renowned brands such as British Airways, Royal Mail, Jaguar Land Rover and Rolls-Royce, or one of the UK's 5.5 million small and medium-sized enterprises, we must protect the intellectual property and trademarks of our Great British brands.

Trademarks, and especially WKMs, are an important but often overlooked form of property. We often forget that many of our assets are in intangibles, IP branding and trademarks, rather than bricks and mortar. Investment in brands drives the allocation of resources in our economy, increases competition and pushes firms to innovate. Investment in brands and intangibles has increased in the last 15 years, especially in advanced economies such as ours. Much of our success at home and abroad is down to those intangible business assets.

The contribution of trademarks to our economy is significant. According to analysis from Kantar, British brands contributed £205 billion to the economy in 2021, a significant proportion of which is attributable to trademarked imagery, signs and branding. It is absolutely right that our UK legislation should be fit for the purpose of protecting our intellectual property.

As the Minister set out, the UK already possesses highly effective well-known mark legislation. The draft statutory instrument will remedy a compliance issue that has emerged in the last few years, following the ratification of the TCA. As a result of that issue, the owner of an unregistered WKM would not be able to prohibit the use of conflicting marks on dissimilar goods or services, and there is a disparity in the treatment of UK and third country national signatories to the Paris convention.

The SI proposes amending the Trade Marks Act 1994 to achieve two objectives. The first is to ensure our compliance with article 240 of the TCA, which applies the World Intellectual Property Organisation's joint recommendation concerning provisions for the protection of well-known trademarks. Regulations 4 and 5 of the SI amend the 1994 Act to achieve that. The second objective is to ensure that UK owners of WKMs have access to the same protections as third-country nationals, so the SI will provide parity of treatment for UK and third-country nationals regarding WKM provisions in the TMA. Labour recognises that the current disparity of treatment for UK and third-country nationals is not in keeping with the intent of the WIPO's joint recommendation, which promotes harmonised common principles of treatment of WKMs across all country signatories. Regulation 3 of the SI seeks to resolve that legislative gap.

In order to protect and support our great British businesses and organisations, and to ensure that domestic law adequately implements the trade and co-operation agreement, the Opposition will not vote against the statutory instrument. However, we have important questions that I hope the Minister can answer.

First, it is disappointing that the Government did not provide further detail in their assessment for this instrument, or cite examples of issues that the SI will resolve, though the Minister did as he was speaking. I am sure that he will have been busy with his party's political discussions, debates and changes, shall we say, but legislative scrutiny must come first.

I have consulted industry on this draft legislation, and I am pleased to say that I have not been made aware of any negative reactions. I am also pleased that the de minimis assessment suggests that there will be

“no, or no significant, impact”

on businesses, charities, voluntary bodies or public sector organisations. However, if there was even one case of a body being impacted by this legislative hole, that would be one too many. Research into IPO tribunal cases dealing with similar WKM issues found that in the last 10 years there were 121 relevant opposition and invalidation cases, a third of which—about four cases a year—concerned unregistered WKMs. I understand that only a small number of additional cases are going to tribunal and, in turn, an even smaller number would be appealed in court. However, given that information, will the Minister consider producing a further assessment of the impact of this amendment on well-known marks?

I am concerned about the time that the Government have taken to identify and address the issues dealt with in the SI. The explanatory memorandum gives no indication of how long the IPO or Government have been aware of them. The Government have often boasted about how global Britain is, yet the international harmonised and common principles in the field of well-known trademarks have existed since 1999, so I am slightly confused. The explanatory notes indicate that the compliance issue that followed the signing of the TCA were unforeseen, but I think the Minister indicated that the matter was considered to be already covered by common law. I would like to understand which it is, and why it has taken 22 months for this SI to be brought forward. Can the Minister take us through whether the issue was foreseen? Was there separate legal advice that said, “Actually, common-law provisions are not enough”? What was the process?

The Government's own short assessment of the need for and impact of the SI admits that there are IPO tribunal cases that illustrate a knowledge of the gap following, and even prior to, the TCA. I therefore ask the Minister whether he intends to make a retrospective assessment of the impact of the legislation. As for the IPO tribunal cases that the Government are aware of, does the Minister have an assessment of the income lost in legal fees and costs in those cases, and of the impact on the organisations? Would he perhaps like to take this opportunity to apologise to them for their being caught in this loophole?

Both sides of the House can agree on the importance of the long-term future and health of the UK's great British brands and well-known trademarks. The SI remedies a small hole in our legislation, but the Government's reckless Retained EU Law (Revocation and Reform) Bill could blow a gigantic hole in it. Can the Minister provide assurances that the Bill, in scrapping a potential 2,400 laws, will not undermine the SI, directly or unintentionally?

On the issue of support for our trademarks and fantastic intellectual property, there is disharmony between foreign-based attorneys and firms, which can act before the IPO, and UK trademark attorneys, who cannot act in the same way in the European Union. What steps is the Minister taking to address that disparity, and to support trademark attorneys and companies in this country?

[Chi Onwurah]

Labour's industrial strategy commits to a closer relationship between the state, businesses, civil society and trade unions. That will enable the next Government—a Labour Government—more rapidly to identify and patch legislative holes such as the one we are discussing. It will ensure that we have a legislative policy framework, including for intellectual property, that businesses can trust, and under which they can prosper.

2.46 pm

Dean Russell: I thank the hon. Lady for her excellent speech and excellent questions. I will do my best to cover as many as I can; I hope to cover most of them, but if I do not, I assure her that I will follow up in writing.

From my experience of working in the digital field and, partly, in branding, I know how much effort, time and money goes into these things. This is also an issue of trust. I believe that the hon. Lady used to work at Ofcom, so she understands the importance of this industry; she has a weight of experience, and that came through in her speech.

As I detailed, a well-known mark is a niche but special form of intellectual property. It is important to highlight that the provisions are not just about safeguarding exclusive or luxury names; they apply to all known well-known marks, including those of everyday services or goods, such as Google or Coca-Cola. The changes are highly technical, but stakeholders confirm that they represent a welcome addition to trademark law.

I will again summarise the benefits that the changes will bring to holders of well-known marks: there will be a new remedy for unregistered mark holders where their mark is being used on dissimilar goods or services, and harmonisation of well-known mark provisions to ensure that UK nationals can access the same benefits as those provided to third-country nationals.

In yesterday's debate on the regulations in the other place, a question was asked about what exactly a well-known mark is and whether that might change over time. This is not an exact science. We have deliberately resisted enshrining a definition of a well-known mark in legislation, because it has developed over time in case law. The judiciary uses discretion and considers a variety of factors when determining whether a mark is well known. In the High Court decision in *Hotel Cipriani SRL v. Cipriani (Grosvenor Street) Ltd*, Mr Justice Arnold, as he then was, referenced the six criteria cited in the WIPO joint recommendation, which forms the basis for the test of whether a mark is well known. The criteria include the degree of recognition, the use of the mark, how the mark is promoted or enforced, and the value associated with the mark.

I will now endeavour to respond to the excellent questions raised. One was about compliance, and why the issue was not addressed sooner. The UK already has

extensive provisions in place for well-known marks, and they work well. They are provided through a combination of the Trade Marks Act 1994 and common law—in particular, the tort of passing off. The technical amendments in the regulations top up those provisions, so that all possible permutations of conflict between marks are covered, as suggested by the joint recommendation. The need for these changes was not identified until after the TCA; we seek to implement them as soon as possible, once they are approved.

The hon. Lady asked about the 121 cases referred to in the explanatory memorandum. That is the number of cases that have been through the Intellectual Property Office's tribunal in the past 10 years relating to well-known marks, and that have made use of existing provisions. That equates to approximately 12 cases a year. Of those, approximately four per year involved unregistered marks, and so would fall into the group of cases, involving well-known mark holders, in which use could be made of the new remedy. Based on those numbers, the changes are expected to have a modest impact; we expect approximately one additional court case every 50 years. I will double-check that, but I think it is not bad. We will of course monitor the impact of the change in the usual way.

On whether a detailed impact assessment has been produced on these changes, it is estimated that the impact will fall below the threshold required for full assessment. The statutory instrument will remedy unforeseen compliance issues caused by the ratification of the TCA. As mentioned, the changes are expected to have a modest, practical impact, and a minimal impact on the number of cases brought to court.

Finally, a concern was raised about foreign IP practitioners taking work away from UK attorneys. I reassure the hon. Lady that the IPO has a close working relationship with the Chartered Institute of Trade Mark Attorneys and will consider the issues that it raises, together with the Ministry of Justice, which leads on legal services policies.

I reiterate the hon. Lady's excellent point about the importance of the creative industries. I echo her point that the creative industries and creators are very much the lifeblood of the UK; we are known around the world for our films, creative industries, artists and musicians, and I feel strongly that we have to make sure that we support them. I hope that my answers have been helpful to the Committee. I will follow up in writing if I have missed anything. As was noted, the regulations make changes to a very specialised area of law, and will play an essential role in our meeting our international obligations and ensuring effective protection for unregistered well-known marks in the UK. I hope that the Committee will support the regulations; it sounds as though it will.

Question put and agreed to.

2.52 pm

Committee rose.