

Silverman Sherliker's **Dennis Lee** on the complexities of brand registration

A brand, or just a mark in the sand?

It seems to have everything going for it: you have come up with the perfect brand, based on a catchy place name. But before you invest in design, marketing and PR, ask yourself this – will you be able to protect it, or are you just building up a brand on which your competitors can trade? In other words, is a geographical name registrable as a trademark?

The nature of registered trademarks is such that once your mark is registered, you enjoy exclusivity over its use in the classes of goods or services for which it is registered. You can then prevent others from using the name (or words similar or likely to be confused with it) for the same products.

But, in order to preserve the freedom for traders to indicate the geographical source of their goods or services, UK trademark law has maintained that a word which in its "ordinary signification [is] a geographical name" is essentially not registrable.

This approach was adopted by and expanded in the European Directive passed to harmonise trademark laws throughout the Member States and ratified in the UK by the Trademarks Act 1994. Article 3 of the Directive states that marks which include "indications [...] (designating the) [...] geographical origin [...] of the goods or service" are not acceptable for registration. However both the Directive and the 1994 Act contain a proviso that if the mark, through its use prior to application, has acquired a "distinctive character", then registrations shall not be refused simply because it contains a geographical name.

This raises a few immediate questions for start-up companies considering the use of a place name, and may send shudders down the spine of business owners who have been trading with such names but have yet to register them as trademarks. First, if the name is in its "ordinary signification" a geographical name, does that mean it is prima facie unregistrable, despite the fact that it was not intended to designate the geographical origin of the goods or services? For example, a firm called "Kendal" based in Northampton for interior design services rather than confectionery. What if the word used is not for its geographical signification at all; such as a name like "Kent", which could be a reference to the place or could be a name in its own right. Would a butcher named Kent, who happens to live in Kent, be prevented from registering "Kent's Butchers"?

Relying on the proviso may be one solution, but it actually adds more confusion to the rules. What extent of "distinctiveness" must the mark have acquired, and how do you establish that? Evidence of use perhaps? But the mere use of a name surely does not equate to distinctiveness in the public's eye. Must a survey be carried out?

It has always been accepted that the rationale behind this restriction is the need to preserve the freedom of others to use the name, but what is not clear is whether that need has to be an actual or hypothetical one. What if the geographical place in question is so small, or has such a small population, that it is impossible to envisage such a need? And

does the location the applicant is based in, or where its goods are manufactured, have any bearing on all this? The ECJ case of Windsurfing Chiemsee seems to provide some guidance to the approach of the courts and the UK Registry in the interpretation of these rules.

Riding the Chiemsee waves

The sports fashion company Windsurfing Chiemsee, based on the shores of the Bavarian lake of the same name, has various marks registered in the German Registry for the word "Chiemsee" in combination with other words, but not for the word "Chiemsee" alone. When two other companies started using the word on their clothing brands, Windsurfing brought legal actions against them for infringement of its registered trademark. The German Court reserved its judgment and referred the matter to the European Court for guidance.

The two companies argued that as Chiemsee is a geographical name, by virtue of Article 3(1)(c) it is incapable of registration. The European Court accepted this and stated that the principle behind the rule is to allow everyone to use geographical indications in the course of trade. But that does not mean all geographical names are unregistrable? A combination of the Chiemsee judgment and the UK Registry's historical practice gives us some indication on how to assess the acceptability of geographical names as trademarks.

● Does the place have a reputation for the goods or services?

When a place is already famous for the goods or services in question, a trademark application will most likely be refused. We will probably never see registrations for "Brighton Seaside Holidays", "Caerphilly Cheese" or "Savile Row Suits". And this reputation need not be an established one. Registration may also be refused if the nature and characteristics of the location means there is a potential, on a balance of probability, for it to become known for the relevant goods or services in the future.

It would follow that if the name, albeit a geographical name, was clearly used without any intention to indicate association to the place or the origin of the goods or services, the restriction would not apply. Fanciful names, such as "Hackney Mountaineering Gear" are obviously not adopted to benefit from any association between the place and the goods.

The reputation test is not affected by whether or not the goods are manufactured in the locality, or if the services are carried out there.

● Is the place known to the relevant market group for the goods or services?

Even if the name applied for is not associated by the general public with the products in question, it still does not mean it would be acceptable.

The test is what the relevant group of target consumers would perceive. If, for instance, Bristol is known among UK bonsai enthusiasts as a hub for bonsai nurseries, the name of the city would for this reason not be acceptable as a trademark for

this class of goods.

One possible way around this is if the applicant is able to show that, despite the actual or potential reputation of the place for the products among the relevant customers, no person other than the applicant would want to or be able to trade with such a name. For example, if the size (both area and population) of a certain Netherfield Square meant that only one bed and breakfast could actually ever exist, the applicant would have a much better chance of registering "Netherfield Square B&B". Similarly, if the applicant is the beneficiary of a Royal Charter or statute allowing it to monopolise the market for certain goods or services in a locality, then the Registry would not be able to envisage another party ever legitimately using that name, and the rationale for refusal would therefore not subsist.

● Population of the place

Prior to the Chiemsee case, the UK Registry would consider population figures in assessing geographical names. Even though less emphasis is now placed on this aspect, as a general rule even if the other criteria are satisfied, the name of a place with a population exceeding 10,000 would probably be refused.

● Natural produce and local services

Geographical names are generally not acceptable as trademarks for natural produce, even if the place has no reputation, or potential future reputation, for such goods. This principle is slightly relaxed if the place is very small, if not many people would have heard of it, or if the produce in question are processed goods.

Slipped through the net

Nonetheless, a quick browse through the UK trademarks database shows numerous registrations for geographical names. The majority are clearly fanciful names, but for the others, whether or not they have been accepted through satisfaction of the criteria discussed, or from the acquisition of "distinctive character", is unclear. Prior to investing too much in start-up costs for a new venture (including company incorporation, domain name acquisition, advertising, stationery, etc.) an entrepreneur would be best advised to reconsider the use of a geographical name if:

- the site has a reputation for goods or services;
- the site has no current reputation but a potential future one;
- the site has a population of over 10,000;
- the business involves natural produce;
- the business involves local services.

The UK Registry's expansion of the criteria for assessing trademark applications with geographical names in effect would result in a gradual relaxation of its rules. But in the long term whether this shift will continue, or is indeed desirable, remains to be seen. After all, if it had been registrable would Mr Formby have been singing about his little stick of Blackpool Rock?

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