

Trade mark infringement – an overview

JAMES & WELLS
**CHAMPIONS
OF INNOVATION.**

Introduction

A trade mark is a word, logo or other sign which indicates the origin of goods or services to which it is applied to the consumer. Because consumers often seek out goods or services by reference to a particular trade mark, a trade mark is an important business asset.

Trade marks can be registered to obtain maximum protection against their use by other parties (although unregistered trade marks can also be protected in some circumstances). This information sheet deals with rights in, and infringement of, registered trade marks.

Infringement generally

The Trade Marks Act 2002 sets out certain acts which, if done without the authorisation of a registered trade mark owner, will infringe a registered trade mark. These are use of:

- A sign *identical* to the registered trade mark on or in relation to *identical* goods and/or services to those covered by the registration;
- A sign *identical* to the registered trade mark on or in relation to *similar* goods and/or services to those covered by the registration, if such use would be likely to deceive or cause confusion; or
- A sign *similar* to the registered trade mark on or in relation to any *identical* or *similar* goods and/or services, if such use would be likely to deceive or cause confusion;
- A sign *identical* or *similar* to the registered trade mark in relation to any goods and/or services which are *not similar* to those covered by the registration, where the registered trade mark is well known in New Zealand and use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark.

Use as a trade mark

To amount to infringement, the allegedly infringing sign must be used “as a trade mark”. This includes use on goods themselves and in advertising or promotional material.

Questions may arise as to whether a sign is used “as a trade mark” in circumstances where a defendant claims its use would not be taken by the consumer as showing a connection with the origin of the goods. For example, use of the words “Mother Care” in the title “Mother Care/Other Care” of a book has been found not to infringe a registered trade mark for “Mothercare” because the words were used descriptively and would not be seen by the average consumer as a trade mark. The more descriptive the registered trade mark, the more likely a defence of this kind may be available.

Comparison of the trade marks

Unless an infringer uses an *identical* mark in relation to *identical* goods/services to those covered by the registration, it is necessary to assess whether the allegedly infringing use is likely to deceive or cause confusion.

This will require an overall assessment of the two marks, including their look, sound, and meaning, the nature of the goods/services they will be used on, the kind of customer likely to buy or use them, and the usual trade channels for the relevant goods/services.

The Court will take into account that consumers are likely to have an imperfect recollection of trade marks. Therefore, even where there are some differences, the Court may still find that two trade marks are confusingly similar.

Defences to trade mark infringement

The Trade Marks Act 2002 sets out a number of defences to trade mark infringement. These include:

- Use in relation to genuine goods (eg. parallel imports or use of the mark to sell second hand goods);
- Use in relation to spare parts or accessories;
- Where a trade mark has been used continuously before both the application date of the registered mark and any use of the registered mark by the trade mark owner;
- Use for comparative advertising;
- Use in accordance with honest practices of a name or place of a business or to describe the character or quality of goods and services; and/or

- Use of a registered geographical indication.

Whether or not these defences will succeed will depend on the facts in each case.

In addition, even if a defendant has a good defence to registered trade mark infringement, other intellectual property rights may be infringed. For example, where a mark is used in accordance with honest practices to describe a spare part, there may also be a case for copyright, patent or design infringement or a breach of consumer protection legislation such as the Fair Trading Act.

Counterclaim for invalidity/revocation

It is possible in trade mark infringement proceedings to counterclaim for a declaration that the trade mark is invalid or should be revoked. If successful this will be a complete defence to a trade mark infringement action.

The grounds for a declaration of invalidity/revocation include:

- As at the application date, use of the registered trade mark was likely to deceive or cause confusion (including as a result of another party's prior use of it);
- The registered trade mark is not capable of distinguishing one party's goods/services from those of another;
- The registered trade mark owner is not the true proprietor of the trade mark (usually because someone else was using the trade mark on the same goods /services in New Zealand before them);

- The registered trade mark was applied for in bad faith (eg a distributor has registered a manufacturer's trade mark or an ex-employee has registered a trade mark used by their employer); and/or
- The registered trade mark has not been used by its owner for a period of 3 years since registration.
- An order requiring erasure, removal or obliteration of the offending trade mark; and/or
- Delivery up of articles which feature the infringing trade mark for destruction.

Nature of legal proceedings

Proceedings for infringement of a registered trade mark may only be brought after the trade mark has completed the application process and is registered on the Trade Marks Register.

However the proceedings may then claim damages relating to any infringement occurring from the "deemed date of registration" of the trade mark, which will be the application date.

Trade mark infringement proceedings are generally brought by the trade mark owner. However a licensee may request the owner to bring proceedings against an infringer, and commence such proceedings in its own name if the owner does not do so. In such circumstances the owner will need to be joined either as a plaintiff or a defendant but will not be liable for any costs unless it advances/defends the proceedings.

A number of remedies are available to a trade mark owner for infringement. These include:

- An interim or permanent injunction prohibiting ongoing use of the infringing trade mark;
- Damages or an account of profits earned by the infringer through using the infringing trade mark;

Interim injunctions, which can be sought early on in legal proceedings and remain in force until the trial of the action, are commonly sought for trade mark infringement because of a concern that irreparable harm will be done to the trade mark owner if the infringer is allowed to continue using the infringing sign until the trial of the infringement action. For more information on interim injunctions see our information sheet entitled: "[Interim Injunctions](#)".

Other causes of action

It is quite common for trade mark infringement proceedings to be combined with a claim for "passing off" and/or breach of the Fair Trading Act 1986.

For information on these types of actions see our information sheet entitled: "[Fair Trading in NZ FAQs](#)"

Unjustified proceedings

Any person against whom trade mark infringement proceedings are brought may apply to the court for a declaration that the proceedings were unjustified and may seek damages for any loss suffered as a result of the proceedings. It is a defence to an unjustified proceedings claim to show that the defendant has in fact infringed the trade mark in question. The defendant must also show actual damage arising as a result of the proceedings (for example by removing products from sale in response to the proceedings).

Criminal proceedings

Certain types of trade mark infringement are also criminal offences - generally activities relating to counterfeit goods.

Any person convicted of an offence under the Trade Marks Act is liable to a maximum fine of \$150,000 in respect of any one transaction or maximum imprisonment of five years.

Disclaimer

The above is provided for general information purposes only and does not take the place of specific legal advice. For more specific advice on all aspects of intellectual property law please contact us.