



# Should the Use of a Trade Mark Come at a Higher Price?

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Over the last decade or so it has been said that trade mark registers have become “cluttered”<sup>1</sup> and that the large number of registered trade marks has wrongly closed off language to others.<sup>2</sup> This has led to calls to remove the unused “deadwood”<sup>3</sup> from the register. In the United States, there is a requirement to file an affidavit of use either at filing or, for an intent to use application, slightly later, and again at renewal.<sup>4</sup> This has meant that trade mark specifications are usually much narrower in the United States than in the European Union (or the United Kingdom), but still there has been a concern that many “fraudulent” claims of use were being made.<sup>5</sup> This led to Congress passing the Trademark Modernization Act 2020 which made it easier for the United States Patent and Trademark Office (USPTO) and third parties to remove marks from the register where they have never been used in commerce or have ceased being used. In the European Union, *SkyKick*<sup>6</sup> toughened up the rules on applications made in bad faith<sup>7</sup> so that in some cases a mark can be invalidated if at the time of filing the applicant had no intention of using the mark in trade.<sup>8</sup>

<sup>1</sup> G. Von Graevenitz, R. Ashmead, C. Greenhaigh (2015) *Cluttering and non-use of trade marks in Europe* (UK IPO August 2015).

<sup>2</sup> See B. Beebe and J. Fromer (2018) “Are we running out of trademarks? An Empirical Study of Trademark Depletion and Congestion” 131 Harv LR 948.

<sup>3</sup> Von Graevenitz, *supra* note 1, p 71.

<sup>4</sup> 15 USC §1058.

<sup>5</sup> B. Beebe and J. Fromer (2019) “Fake Trademark Specimens: An Empirical Analysis” 120 Columbia Law Forum No. 7.

<sup>6</sup> C-371/18 *Sky v. Skykick*, EU:C:2020:45, [81].

<sup>7</sup> Regulation (EU) 2017/1001, Art. 59(1)(b); Directive (EU) 2015/2436, Art. 4(2).

<sup>8</sup> Albeit it seems in the UK at least the scope of the rule is narrow: *Sky Ltd v. Skykick UK Ltd* [2021] EWCA Civ 1121 at [104] to [125].

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These developments, along with the long-standing rules allowing for revocation or expunging in cases of non-use (or abandonment),<sup>9</sup> still place the burden upon third parties to remove the deadwood. These are buttressed in the EU by rules requiring trade mark owners to prove use of their older marks before they can be enforced in opposition or infringement proceedings.<sup>10</sup> In reality, however, if a trader undertakes a trade mark search and finds that the relevant mark is registered, the most likely response is not that the trader spends money revoking the earlier mark, or takes the risk and applies to register hoping use will not be established; rather a new mark is devised and the whole process starts again. Indeed, in the EU the differences in language and the not very onerous requirements to establish genuine use means that even a reasonable internet search might not turn up actual use.<sup>11</sup>

So once a mark has been registered (and provided any renewal fee is paid) it is likely to stay on the register in relation to every good and service even where it has become old and unused. The costs of this approach are carried by third-party traders and not the owner of the unused (or more likely, partially unused mark). At best these other traders are deterred from using these marks even though they would (if challenged) lawfully be able to do so, and at worst, threats are made against them by covetous trade mark owners based on what is on the register even if the mark is no longer enforceable.<sup>12</sup>

There are many ways in which these deadwood marks could be removed from the register but unless there is a sufficient burden to retain the mark falling on the trade mark owner (or possibly trade mark offices) any remedy will only be of very limited effect. One idea might be that the evidential burden supporting the affidavit of use filed at the USPTO could be made stricter and likewise a positive requirement could be introduced for EU trade mark owners to prove use upon renewal. In both cases, the number of examiners would have to increase and with it the cost of renewal.

Another idea is to make the system more expensive but not impose additional evidential burdens. The application fees and the renewal fees at the European Union Intellectual Property Office (EUIPO) and the USPTO are currently scaled in terms of the number of Nice Classification classes the mark covers, but what if the fee is based on each good or service instead?<sup>13</sup> A system of this sort would increase the costs on trade mark applicants and owners, probably significantly. But many, although not all of course, would limit their registrations so they more closely reflect their actual use of the mark. And why should the fee for a trade mark protecting one good cost the same as a mark which covers ten goods in the same class and so is 10

<sup>9</sup> Regulation (EU) 2017/1001, Arts. 58; Directive (EU) 2015/2436, Art. 19; 15 USC §1127.

<sup>10</sup> Regulation (EU) 2017/1001, Arts. 47; Directive (EU) 2015/2436, Arts. 17 and 44.

<sup>11</sup> In the US, under the Trademark Modernisation Act 2020 it is necessary for a petitioner to undertake a “reasonable investigation” to see whether a mark was used before the new procedures can be involved.

<sup>12</sup> Even where threats provisions exist (*see* Trade Marks Act 1994, Sec. 21 to 21F) or threats are treated as acts of unfair competition this will only have a marginal effect as only the most determined would bring a claim on this basis rather than move on.

<sup>13</sup> One good is assumed here to equate to something which for the purposes of non-use cannot be further divided into any sufficiently distinct sub-categories: *see* T-126/03 *Reckitt Benckiser (ALADIN)* [2005] ECR II-2861 at [45 and 46].

times broader? For instance, in the *Sky* case<sup>14</sup> the English High Court extracted 23 goods from a longer list in Class 9 and if the fee for a class became the fee for a good it would be 23 times as expensive to register for those goods. In such a case, the mind of applicants and attorneys would be more focused as to whether a particular good is really wanted. It is also a system which can be phased in easily by applying it to each and every mark when it comes up for renewal.

The same list in *Sky* involved lots of duplication (“set-top boxes”, “digital set-top boxes”, “high definition set top boxes” as well as four other descriptions of forms of set-top box). It is suggested that “set-top box” (or set-top box for a television) would cover all these permutations and be an individual claim. If each of these seven variations of set-top boxes were claimed, there would be seven individual goods and so seven fees would apply. Each time a phrase is repeated it adds time and cost to third parties considering the scope of rights and so reducing this sort of duplication is in the wider public interest. So, if one phrase could be used for a particular good, then in general the trade mark system should encourage it alone being claimed by charging only one fee. This mechanism would also, therefore, mitigate one of the issues that has arisen since *IP Translator*<sup>15</sup> ended the use of class heading, namely that specifications have become very long because the same good or service is repeatedly claimed in different ways.

However, if a fee were based on each good or service claimed, there would be an incentive to use broader words rather than narrower words. For instance, a specification might claim “spirits” in Class 33 rather than brandy, gin, rum, sake, vodka, whisky, etc. It would be quite unfair for an applicant who claims rum and vodka to pay twice the fee of someone who claims spirits when the latter would cover both and more besides. So, for instance, a claim for spirits could cost eight times as much as a claim for rum alone.<sup>16</sup> As the costs would be steeply incremental (as each new goods or service would cost more) most applicants (and probably even those with the deepest pockets) would have an increased incentive to claim rum if that was all they were going to sell.

There would therefore need to be some form of database created to catalogue words and attach fees to them based on the goods or services perceived to be covered by those words. The EU has done some of the necessary work already with its Similarity tool<sup>17</sup> and the Nice Classification system provides another rough and ready starting point. However, a simple rule could be created that each good or service identified in the application<sup>18</sup> counts as one unless the word (or its synonym) is included in the database, in which case the higher fee attaches. Over time, as case law develops, the database would evolve, and the number of goods and services included within a particular word or phrase might change.<sup>19</sup> It may even be the case

<sup>14</sup> *Sky Plc v. Skykick UK Ltd* [2018] EWHC 155 (Ch) at [5].

<sup>15</sup> C-307/10 *Chartered Institute of Patent Attorneys*, EU:C:2012:361.

<sup>16</sup> This is a calculation based on the specifically listed spirits (but not liqueurs) in Nice Class 33.

<sup>17</sup> <https://euipo.europa.eu/sim/>.

<sup>18</sup> Conventionally, this is between semi-colons.

<sup>19</sup> This does present challenges in terms of broadening a trade mark’s scope of protection (e.g. “spirits” is perceived to be eight goods at filing and nine goods at renewal) and so disclaimers may need to be employed.

that litigation over fees between applicants and trade mark offices increases significantly as there are tussles over the whether one or more goods is covered by a word or phrase. These sort of fees cases would ultimately help the system to work itself to more precision and, to borrow the words of one of the great commercial lawyers, to “work itself pure”.<sup>20</sup>

In a more expensive system such as this the revenues for trade mark offices would increase as the cost to trade mark owners goes up and so it would almost certainly be self-funding. But the cost on third-party traders would go down, or put another way, the costs would be transferred from the public to trade mark owners. This would make applications and renewals for some trade mark owners who sell hundreds or even thousands of goods under a particular trade mark (for instance, supermarket home brands) very expensive indeed. However, most businesses use a trade mark only in relation to a small number of goods or services as the many non-use cases before trade mark offices demonstrate. The incremental cost to these businesses need not be significant if the fees are pitched right. But in any event, is a more expensive trade mark system for everyone really such a bad thing if trade mark registers move closer to reality in terms of recording marks which are used and enforceable?

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<sup>20</sup> Sir William Murray (the future Lord Mansfield) suggested in *Omychund v. Barker* (1744) 1 Atk. 21 at 33, 26 ER 15 at 23 (“the common law, that works itself pure by rules drawn from the fountain of justice”).