

An Accurate description of Services as a Defence to Infringement



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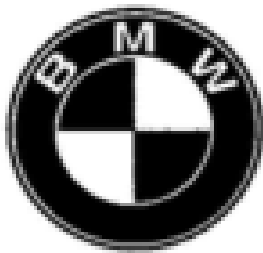
A recent decision of the English Court of Appeal considered a defence alleging informative use of a third party's trademark.

The Facts

BMW is a well-known manufacturer of motor vehicles. BMW owns the following trademarks:

(1) A Community Trade Mark in the letters BMW (“the BMW Mark”), registered in association with, among other things, “maintenance and repair of cars, motors, engines and parts of these goods; cleaning of automobiles; installation services”.

(2) A Community Trade Mark (“the Roundel”), a design mark as shown below:



The Roundel is registered in association with, among other things “maintenance and repair of cars, motors and engines and parts of these goods; cleaning of automobiles; installation services”.

Technosport London Limited, (“Technosport”) is a company dealing in the repair and maintenance of cars, mostly BMW motor cars and Minis. Although Technosport specialises in the repair and maintenance of BMW motor cars, it has no formal connection with BMW other than as purchaser and user of BMW manufactured spare parts.

Technosport owned a van used for short trips around the area where its premises were located. The rear of the van carries the words *TECHNOSPORT – BMW* as shown below:



Technosport also used the marks of BMW in other ways which became non-relevant as the litigation between the parties progressed.

The Action

When Technosport refused to cease using the BMW marks an action was brought by BMW for trademark infringement. The action proceeded to trial. Technosport asserted by way of defence that its use of the BMW marks “did no more than accurately convey the message that Technosport was a garage specialising in the maintenance and repair of BMW cars”.

BMW succeeded with the majority of its claims but not the claim relating to the use of “Technosport BMW” as shown above. The trial judge said BMW had not presented sufficient evidence to show that use of these words conveyed to the average consumer the implication that Technosport was an authorised BMW dealer.

The Appeal

BMW appealed to the English Court of Appeal. Neither the relevant European Directive and U.K. Trademark Regulation entitle the proprietor of a trademark to prohibit a third party from using the mark to inform the public they carry out the repair and maintenance of goods covered by that trademark or that they are specialised in the repair and maintenance of such goods, unless the mark is used to create the impression there is a commercial connection between the other undertaking and the trademark proprietor, and in particular that the reseller’s business is affiliated to the trademark proprietor’s distribution network or there is a special relationship between the two undertakings.

In addition it was also established that a *risk* that the average consumer may believe that the services come from the same or economically linked undertakings constitutes a likelihood of confusion.

[The court](#) said the trial judge had lost sight of the need to consider the use of the BMW marks in their full context. If he had he done so, the judge would inevitably have had to conclude that the use of the Technoport BMW signs was more than informative use and carried the risk it would be understood as misleading use. As a result the appeal was allowed.

The Canadian Position

There do not appear to be any previous decisions directly on point and the wording of the Canadian Trademarks Act is substantially different. However the Act provides that

20. The right of the owner of a registered trade mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this Act who sells, distributes or advertises wares or services in association with a confusing trade mark or trade name, but no registration of a trade mark prevents a person from making

(b) any bona fide use, other than as a trademark,

(ii) of any accurate description of the character or quality of...the services,

in such a manner as is not likely to have the effect of depreciating the value of the goodwill attaching to the trademark.

In this context depreciation includes lowering the value of the goodwill associated with the trademark and disparagement or tarnishing the trademark.

In a case involving similar facts in Canada the issues would be whether the defendant's activities were an accurate description of the character or quality of its services and whether they depreciated the value of the goodwill attached to the trademark.

Comment

This can be an issue of some concern for brand owners with a network of authorized dealers or the like who provide services to the brand owner's customers. If an unauthorized party holds itself out as being authorized the integrity of the network will be put in issue.

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These comments are of a general nature and not intended to provide legal advice as individual situations will differ and should be discussed with a lawyer.

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