

## Importance of co-existence Agreements and consent to registration clauses confirmed by UK Courts

### 1. Introduction

1.1 In a recent decision, the Chancery Division of England & Wales<sup>1</sup> ruled that consent to registration in a co-existence agreement between two parties was a bar to one of the parties to the agreement subsequently being able successfully to oppose a trade mark application of the other party.

### 2. Background

2.1 The parties concerned, Omega Engineering and Omega SA have had a number of disputes concerning their respective OMEGA trade marks in the past. Omega SA makes and sells watches, while Omega Engineering as their name suggests are principally engaged in engineering equipment. However, as this equipment included clocks, or time displays, the engineering company wished to include within the scope of their marks *"instruments and apparatus intended for a scientific or industrial application in measuring, signalling, checking, displaying or recording heat or temperature and having the provision to display the time of day."* ('excluded goods.')

2.2 As a result of the disputes, the parties drew up a co-existence agreement in 1983, one of the terms of which stated that the watchmaker undertook not to object to the use or registration of OMEGA in the UK by the engineering firm in respect of the 'excluded goods.'

2.3 Fast forwarding to 2007, the engineering firm applied to register OMEGA in Class 14 in the UK for the excluded goods only. The watchmaker opposed on a number of relative grounds based on its earlier OMEGA rights for identical and similar goods and claiming a likelihood of confusion.

2.4 Understandably, the engineering firm were annoyed by this opposition as it appeared to be a blatant breach of the relevant term of the co-existence

<sup>1</sup> [Omega Engineering Inc v Omega SA \(2010\) EWHC 1211 \(Ch\)](#)

agreement not to object to the registration by the engineers for the excluded goods. The engineering firm sought to dismiss the opposition because the watchmaker had consented to the registration of the trade mark and Section 5(5) of the UK Trade Marks Act 1994<sup>2</sup> precluded the watchmaker from opposing.

2.5 The Hearing Officer in the opposition held that Section 5(5) did amount to a bar to opposition on relative grounds and would apply to the watchmaker's opposition because the co-existence agreement amounted to consent to the excluded goods.

### 3. The Appeal

3.1 The Court decision arises from an appeal by the watchmaker to the courts against the dismissal of their opposition.

3.2 The watchmaker contended that if the co-existence agreement amounted to consent of anything, it was to the excluded goods but only in Class 9 and not Class 14. It also tried to rely on a decision of the Court of First Instance (CFI) of the European Community<sup>3</sup> arguing this had found that a co-existence agreement was irrelevant to a consideration of the relative grounds objection arising under the corresponding Article of the Community Trade Marks Regulation. They also argued that because the Secretary of State had exercised his powers to require objections to registration based on relative grounds to be raised by proprietors of the earlier rights (and no longer by the Registry of its own motion) the reason for section 5(5) existing had fallen away and so should be treated as having been impliedly repealed.

3.3 The engineering firm responded, issuing a staunch defence and also brought proceedings for breach of contract arguing filing of the Opposition was a breach of the co-existence agreement by the watchmakers. The engineering firm sought summary judgement.

<sup>2</sup> The section states: 'Nothing prevents the registration of a trade mark (on relative grounds) where the proprietor of the earlier trade mark or other earlier right consents to the registration'

<sup>3</sup> Case T90/05 Omega SA v OHIM (2007) ECR II-145

#### 4. Judgment

4.1 In his judgment, Mr. Justice Arnold found in favour of the engineering firm and dismissed the appeal as the Hearing Officer had correctly ruled that the 'excluded goods' were those recited in the co-existence agreement, irrespective of the class they were in.

4.2 He also distinguished the CFI decision by stating that it was wrong to rule that a co-existence agreement was irrelevant to the assessment of a likelihood of confusion. The existence of an agreement between the parties with very explicit terms relevant to the points being argued in the opposition was an unavoidable and relevant fact.

4.3 The judge also dismissed the claim that Section 5(5) had been repealed, ruling that the continued existence of this section was consistent with the subsequent legislation in the UK and was also in harmony with the requirements of the European Trade Mark Directive.

4.4 As a result, the judge ruled that it would be unjust if a party could successfully oppose a trade mark application to which they have previously consented by way of an agreement.

#### 5. Comment

5.1 This decision clearly demonstrates the importance of adherence to co-existence agreements. The UK courts will not permit a challenge to the use or registration of another's mark if the parties have already signed an undertaking agreeing to such use or registration.

5.2 Since such agreements are typically made binding on all successors in title, licensees and assigns of the parties, when acquiring any rights, or disposing of them, it is vital as part of the due diligence process to ensure that the agreement is communicated to all relevant parties who need to know of any limitations concerning the trade mark so that inadvertent breach of such agreements can be avoided (and unnecessary proceedings are not commenced).

5.3 Co-existence agreements can be hugely valuable tools in reaching settlement of trade mark disputes and can

save the parties thousands of pounds compared to resolving the dispute in Registry and/or Court proceedings. This decision also demonstrates how important it is to draft such agreements carefully and with a view to the commercial use of the marks by the parties, both at the time of settlement and with an eye to the future.

5.4 If you require a review of any co-existence agreements you may have entered into, please do not hesitate to contact HLBBshaw.

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