Internal Company Emails: Should the Inclusion of Trade Marks Be Regarded as Use in the Course of Trade Or a Private Matter?

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Introduction

In order for a trade mark infringement action to be successful the claimant must show that the defendant’s use of a sign identical or similar to the registered mark was use in the course of trade. Section 10 of the Trade Marks Act 1994 states that “A person infringes a registered mark if he uses in the course of trade a sign…” Due to trade mark law being harmonised across all Member States of the E.U. and the 1994 Act being the statute through which the U.K. implemented the harmonisation Directive 2008/95, guidance from Europe has been sought previously. In Arsenal v. Reed 1 the Court of Justice of the European Union (CJEU) held that the phrase “in the course of trade” meant that the use took place “in the context of a commercial activity with a view to economic advantage and not as a private matter.” 2 Furthermore, the CJEU placed great emphasis on the specific subject matter of a trade mark being more than its ability to signal trade origin but as encompassing its wider economic functions resulting in a broad definition being given to use in the course of trade and in an economic context. More recently this issue has been revisited in the context of trade mark infringement in the virtual world. In OCH-Ziff v. OCH Capital 3 one aspect of the trade mark infringement action was the use made of the “OCH” sign by OCH Capital’s employees in internal company emails. At the point in time when this decision was made this particular aspect of the case was overshadowed by the issue of whether or not initial interest confusion

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2 Ibid at paragraph 40.
3 OCH-Ziff Europe Ltd. v. OCH Capital [2010] EWHC 2599 (Ch).
could form part of the confusion rationale and provide the basis for an infringement action under Article 9(1)(b) of the Council Regulation 207/2009/EC, which is the provision relating to Community trade marks and is identical in all other respects to Article 5 Directive 2008/95 and Section 10 Trade Marks Act 1994. Initial interest confusion is where a consumer encounters the defendant’s sign and initially confuses it with the claimant’s registered trade mark but that this confusion is resolved prior to any purchase taking place. Whilst this is an extremely important issue it is a pity that it overshadowed another vitally important aspect that was argued during this case which concerned the use of a sign made in emails. Arnold J. had to once again grapple with whether such use could constitute use of a sign in the course of trade. In making his decision Arnold J. drew a fine line between what is use in the course of trade and what amounts to being a private matter. The result is that the legal distinction between the corporate and private realms has been defined in such a way as to pose further questions which go to the heart of the issue of trade mark use and raises queries about the way in which the law seeks to apply traditional legal tests and reasoning to new situations created by advances in technology. This may raise concerns for companies who have embraced this new technology especially those that are large scale enterprises employing a myriad of workers for whom email has become a major mode of communication. This article will re-evaluate the notion of use in the course of trade and chart the impact that recent case law concerning trade marks on-line has had on the boundaries of this definition before drawing conclusions as to the effectiveness of current legal tests.
In *OCH-Ziff v. OCH Capital* one of the actions for infringement concerned the use made of the “OCH” sign by OCH Capital’s employees in internal company emails. As a matter of pure convenience some staff had taken to referring to OCH Capital simply as “OCH” in their emails. Drawing inspiration from the CJEU ruling in *Google France v. Louis Vuitton*[^4], Arnold J. held that the use made of the sign in internal staff emails was a private matter and not use in the course of trade. The CJEU in *Google France v. Louis Vuitton* held that the use of a sign made by an internet search engine was not use in the course of trade and Arnold J. perceived the key step in that reasoning as being that the CJEU arrived at this decision on the basis that the referencing service provider does not itself use the sign in question because it does not use the sign “in its own commercial communication.”[^5]

“It is clear from these authorities that purely internal use of a trade mark by its proprietor is not “genuine use” of that mark. It seems to me that the underlying rationale for this is that internal use is not “use” of the mark as a trade mark at all. To use the language of the Court of Justice in *Google France*, it is not use as part of (or even preparatory to) a commercial communication with a third party. Thus Google’s use of the signs complained of in the *Google France* case was neither infringing use, nor use that would suffice to maintain a trade mark registration for those signs.”[^6]

Therefore Arnold J. concluded that OCH Capital’s uses of the sign “OCH” in internal emails did not constitute use within the meaning of Article 9(1)(a) at all and even if it did that such

[^4]: *Google France Sarl v. Louis Vuitton Malletier SA C-236/08*.
[^5]: Ibid at 56.
[^6]: *OCH-Ziff Europe Ltd. v. OCH Capital [2010] EWHC 2599 (Ch) at 65.*
By basing his decision on the jurisprudence in *Google France*, Arnold J. was drawing an analogy between the technologies of internet search engines and email. In *Google France* the issue was the use of adwords. Internet search engines such as Google operate on the basis of users typing search terms into the search engine, such terms are commonly called keywords, and the search engine will display a list of results that most closely correspond to that keyword. These are called the organic links. However, search engines obtain their revenue through advertising where advertisers can purchase a keyword as an adword, which if typed into the search engine by a user, will trigger a web listing for the website in the sponsored link section of the search results, for the website of the advertiser who has paid for that adword. More than one advertiser can purchase the same adword and because the advertiser is charged on a ‘cost per click’ basis he who pays more per click will have his listing appear in the most prominent position within the search results. Bearing in mind this complex business model the CJEU held that it was the party who selected the keyword identical to a registered trade mark as an adword and whom was responsible for the content of the website that would appear once a user had clicked upon the sponsored link in the search results who was the party using the sign in the course of trade. The question of infringement would be determined on the content of that website.

The search engine was seen as little more than an information storage and retrieval system. It is for this reason that it was deemed as not using the sign in question in its own commercial
communication. However, email is a system of electronic mail and therefore is a method of communicating information between parties and is not an information storage system. It is not an electronic version of index referencing cards but is based upon connecting human participants in much the same way as the postal service. It is due to this notion found in Google France of the search engine not using the sign in its own commercial communication which has led to the distinction being drawn in OCH-Ziff v. OCH Capital as regards internal and external emails. The idea is that if an email is sent from one employee to another within the same company and thus remains an internal email, the company has not communicated this information to the outside world and therefore has not used the sign in the course of trade in much the same way as the internet search engine operator. The result is that the legal test for trade mark use, and potential liability for an infringement, hinges upon the identity of the email recipient. This focuses on the identity of the participants and not the wider context in which the exchange of information is taking place. OCH-Capital’s use of the “OCH” sign was taking place in work emails and concerned trade in a commercial context. Albeit the emails were not directed to third parties Arnold J. concurred that this was presumably a mere accident rather than design on the part of OCH Capital’s employees. It is all too easy to make mistakes, especially in relation to the virtual world where a slip of the hand on the computer mouse and an inadvertent click on the wrong button can result in replying to all and not just one email, or forwarding the wrong message. A mere click of the wrong button could now mean the difference between infringement liability and none. In evidence Mr. Ochoki stated that following the commencement of infringement proceedings he had instructed all his staff to refer to OCH Capital by its full name in all emails whether internal or external. However, it appears that old habits die hard as even he on at least one occasion failed to abide by this rule.
A test which focuses on whether the email is internal or external and whether the recipient is part of the internal company network or an external party poses further difficulties. It is not always straightforward to determine whether an email is internal or external. Most people have more than one email address and it is common practice for employers to have a policy that employees must use their own personal email accounts for all matters that are not strictly work related. For example if an employee at a company composes an email containing a sign identical to a registered trade mark and sends this to a fellow employee at the same company at his or her company email address this would fall within Arnold J.’s definition of a private matter and be a purely internal company email. However, what if that same email composed by the same employee was sent to the same recipient but sent to their personal email address would this alter the outcome? Furthermore, what if the employee who composed this email sent it to their personal email address, perhaps forwarding it to themselves at a personal email address that was easier to check on a mobile device, would this prevent it from being an internal company email? Unlike physical postal addresses in the real world, emails may be sent to different addresses, home or work, but they can be received by the person from the same physical location by using the same electronic device. Added to which, with the advent of mobile phones and tablets with email and internet technology, these messages can be sent and received at any time in any physical location, thus making it even more difficult to determine whether the communication was a purely work related matter by reference to office hours and the physical surroundings of where it was read. Perhaps it is better to focus on the relationship between the email sender and recipient and the meaning that the parties placed on the use of that sign and what they both understood the sign to mean in the context of that particular use.
Prior to Google France\textsuperscript{7} the CJEU had looked at the issue of use of a sign in the course of trade. There have been numerous cases perhaps most notably Arsenal v. Reed.\textsuperscript{8} Here the CJEU focussed on the economic context in which the use was taking place. Within a commercial context it has consistently been maintained that purely descriptive use has always been permissible and it is due to this that spare parts for trade marked goods are able to be accurately described so as to be effectively marketed. Descriptive use was central to the CJEU ruling in Holterhoff v. Friesleben\textsuperscript{9} where once again the use of a sign took place within a commercial context. A contract between two jewellers described the certain cut of the precious gems that were being sold by using the trade marks “spirit sun” and “context cut” in order to accurately describe the product in terms both parties understood. The jeweller offering the gems for sale was not the trade mark proprietor and nor was he attempting to gain any advantage by his use of the marks. There was no confusion as to the trade origin of the goods and the marks had been used purely as a descriptive aid. Therefore, the CJEU held that this was a private matter between the two parties. This could provide a basis for the decision in OCH-Ziff v. OCH Capital\textsuperscript{10} in that the parties to the email were using the sign “OCH” purely as an easy means to describe their own company OCH Capital. Neither the sender or recipient intended to use the trade mark sign as a trade mark and between sender and recipient there was no confusion as to the meaning attached to this use of the sign. What Holterhoff shows is that both context and meaning are important factors when determining the issue of use whereas the test found in OCH-Ziff v. OCH Capital based on Google France

\textsuperscript{7}Google France Sarl v. Louis Vuitton Malletier SA C-236/08.
\textsuperscript{8}Arsenal Football Club v. Reed C-206/01 [2003] R.P.C. 144.
\textsuperscript{9}Michael Holterhoff v. Ulrich Freiesleben C-2/00.
\textsuperscript{10}OCH-Ziff Europe Ltd. v. OCH Capital [2010] EWHC 2599 (Ch) at 65.
This is a pre-copyedited, author-produced version of an article accepted for publication in the European Intellectual Property Review following peer review. The definitive published version Alice Blythe, Internal Company Emails: Should the Inclusion of Trade Marks be Regarded as Use in the Course of Trade Or a Private Matter? [2014] E.I.P.R. 106-111 is available online on Westlaw UK or from Thompson Reuters DocDel service.

is based on context only. This is too simplistic a test for such a complex issue where so many other factors need to be considered.

Trade mark use and private use

To constitute an infringement the use must take place “in the course of trade” and be use “in relation to” goods or services. Use in relation to goods or services means that the use must be for the purpose of distinguishing goods or services as originating from a particular undertaking and it is for this reason that purely descriptive use has always fallen outside of the ambit of the infringement provisions and been permissible as seen in BMW v. Deenik and more recently in Robelco and Celine. In Robelco the questions referred to the CJEU were asking the Court to set out the limits to the reach of the trade mark Directive 2008/95. Article 5(5) of the Directive contains the infringement provisions. In brief Articles 5(1)(a), 5(1)(b) and 5(2) state that there will be an infringement where a sign is identical to the registered mark and is used in relation to the identical goods or services, where a sign is identical or similar to the mark and is used on identical or similar goods or services and there exists a likelihood of confusion, or where the sign is identical or similar to the trade mark and following Gofkid is used in relation to any goods or services and the use of the sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark. Interestingly Article 5(5) states,

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12 Robelco NV v. Robeco Groep NV C-23/01.
13 Celine SARL v. Celine SA C-17/06.
Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.”

This indicates that there is a limit to the scope of the Directive and that it will only cover use of a mark for the purposes of distinguishing goods or services as originating from a particular undertaking. Therefore it is only this type of activity that is deemed to be trade mark use and covered by the Directive. In Robelco the Court held that:

“…Article 5(5) of the Directive must be interpreted as meaning that a Member State may, if it sees fit, and subject to such conditions as it may determine, protect a trade mark against use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.”

The CJEU viewed Article 5(5) as being a very wide provision enabling a Member State to do whatever it wished and set its own limits in relation to any use which was not for the purpose of distinguishing the trade origin of goods or services and thus falling outside of the scope of the Directive.

Further clarification as to what amounts to distinguishing trade origin of goods or services can be found in the CJEU judgement in Celine. Here the CJEU show that what is necessary for the use to be deemed as falling within the ambit of use in the course of trade is that the

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16 Robelco NV v. Robeco Groep NV C-23/01 at paragraph 36.
17 Celine SARL v. Celine SA C-17/06.
use of the mark create the necessary link. Paragraphs 21 and 23 are the crucial parts of this judgement and read as follows.

“21. The purpose of a company, trade or shop name is not, of itself, to distinguish goods or services…The purpose of a company name is to identify a company, whereas the purpose of a trade name or a shop name is to designate a business which is being carried on accordingly, where the use of a company name, trade name or shop name is limited to identifying a business which is being carried on, such use cannot be considered as being ‘in relation to goods or services’ within the meaning of Article 5(1) of the directive.”

The CJEU then continue to point out in paragraph 22 that conversely there is use ‘in relation to goods’ within the meaning of article 5(1) of the Directive where a third party affixes the sign constituting his company name to the goods which he markets as took place in Arsenal v. Reed and Adam Opel. It must be noted that this is not what happened in OCH-Ziff v. OCH Capital as here they were using their own company name. It was their employees using a shortened version of their own company name and therefore can factually be distinguished from the situations illustrated by the references to Arsenal v. Reed and Adam Opel. In both cases the facts concerned a defendant who had affixed the claimant’s registered trade mark to his own products believing it to be some kind of embellishment to those goods. In Arsenal v. Reed it was the defendant’s use of the Arsenal F.C. trade marks on non-official merchandise that was at issue. The defendant claimed the marks were little more than decoration to allow football fans to show their allegiance to their chosen football team while Arsenal F.C. maintained that the marks could be perceived as being badges of trade origin through which customers would think Arsenal responsible for products over which they exercised no control.

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18 Ibid at paragraph 21.
As they were not authorised by them. In *Adam Opel* the situation concerned the use of car manufacturers trade marks on miniature replica models of the vehicles produced as children’s toys. In *OCH-Ziff v. OCH Capital* there was not this type of use and certainly no use which could be argued as being decorative or as embellishment. In part it was due to idleness in typing and a wish to avoid embellishment that this particular issue arose. Paragraph 23 of the CJEU ruling is as follows:

“23. In addition, even where the sign is not affixed, there is use in ‘relation to goods or services’ within the meaning of that provision where the third party uses that sign in such a way that a link is established between the sign which constitutes the company, trade or shop name of the third party and the goods marketed or the services provided by the third party.”

It is this latter part of the judgement which is especially important in analysing *OCH-Ziff v. OCH Capital* as it here sets out that it is the link being made that is crucial in determining the scope of the directive. The use has to be such that a link is established between the sign and the goods or services provided. Where this link is created the use will fall within the scope of the Directive. Conversely, where the use does not create this link and therefore is not distinguishing the trade origin of goods or services, the use will fall outside of the scope of the Directive. The issue now to be addressed is whether this was what happened in *OCH-Ziff v. OCH Capital* and perhaps more importantly whether this was the question applied in this case to determine the matter?

By focussing on whether the emails at issue remained internal or external the question outlined above was not the question set out or applied in *OCH-Ziff v. OCH Capital*.

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21 Celine SARL v. Celine SA C-17/06 at paragraph 23.
Furthermore as this was a first instance decision and given the fact that there were other alleged infringing activities this element became subsumed within the others and the judgement focussed on whether there had been any infringement of the claimant’s trade mark by the defendant. The matter of the emails was seen to provide just one of the actions of infringement. There was another issue which at that time was of much greater importance and this was the matter of whether or not initial interest confusion was actionable under the Directive. Initial interest confusion occurs where the consumer is initially confused in the first instance when he or she encounters the defendant’s sign and mistakenly confuse this with the claimant’s registered trade mark, believing it to signal that the goods or services originate from the claimant. The key part is that this confusion is resolved prior to any purchase taking place. It was argued that if the confusion was only for short while and resolved prior to the purchase that nor real harm could be done and that it was not part of the infringement provisions of the Directive. However, there is damage in that consumers are confused, if only initially so, and that this forms part of the ‘likelihood of confusion’ that the Directive seeks to prevent under Article 5(1)(b), and in the case of Community trade marks under Article 9(1)(b) of Regulation 207/2009 EC, and that it is actionable as an infringement. Partly due to such an important argument taking place other aspects of this judgement and especially the role of trade mark use in emails has been overlooked. Surely given the growth in electronic communications this is an important issue that will have to be revisited by the Courts and the legal tests set out.

Conclusion
The case *OCH-Ziff v. OCH Capital* highlights the complexities involved in applying trade mark law to uses of signs made via modern internet-based electronic communications systems. As the law develops care should be taken to ensure that the questions relating to trade mark use are not separated from questions about the context in which the use took place and the meaning attached to it by the parties involved. Trade mark law should always consider issues of context and meaning if it is to effectively balance the competing interests of the parties and keep pace with technological advancements.