iclg

Trade Marks 2025

14th Edition

Contributing Editor:
Nick Aries
Bird & Bird LLP

glg Global Legal Group

Expert Analysis Chapters

Q&A Chapters

Ditigal Edition Chapter

The Impact of AI on Trade Mark Law and Practice


Francesca Budd


Laura Gray


Nick Aries

Bird & Bird LLP

1. Introduction

What is AI?

Artificial intelligence (AI) involves creating machines that can mimic human cognitive functions, such as thinking, learning, and decision-making. The term AI encompasses a plethora of technologies and methodologies. Machine learning is an application of AI, which focuses on developing algorithms that can learn from data autonomously to make predictions or decisions. As a machine learning model is exposed to more data, its performance improves. Algorithms, which are detailed procedures for solving problems, are essential to AI systems. They process data and facilitate tasks like sorting, searching, and optimisation. Neural networks, a type of algorithm inspired by the human brain, identify patterns and relationships within data. For instance, a chatbot might utilise neural networks to interpret and respond to customer inquiries based on previous interactions. Neural networks are the basis for deep learning, a specialised area of machine learning that employs multi-layered neural networks to analyse intricate data patterns. Deep learning has enabled breakthroughs in areas that require large volumes of data, such as image recognition and natural language processing. In turn, Generative AI is a derivative concept of deep learning. Generative AI models, like ChatGPT, are trained to generate new content (text, images, etc.) based on the patterns they have learned from vast datasets.

AI regulation in the UK

AI regulation in the UK is evolving, and the country does not have a dedicated AI law akin to the EU's AI Act yet. In March 2023, the UK government introduced the AI Regulation White Paper, which proposes a framework for AI oversight based on five key principles: safety, security, and robustness; appropriate transparency and explainability; fairness; accountability and governance; and contestability and redress. This framework is to be applied by sector-specific regulators using existing laws and additional regulatory guidance. In February 2024, the UK government wrote to various regulators regarding the implementation of the AI Regulation White Paper, and regulators including the Information Commissioner's Office (ICO), the Financial Conduct Authority (FCA) and the Competition and Markets Authority (CMA) have since published their plans on AI regulation. In September 2024, the UK signed the first legally binding international treaty governing the safe use of AI. In November 2024, at the *Financial Times*' Future of AI Summit, the UK's Technology Secretary stated that the UK will legislate against AI risks in the next year. The King's Speech earlier last year referred to the government's intention to introduce AI legislation. In January 2025, the UK government unveiled the AI Opportunities Action Plan, featuring 50 recommendations to foster AI innovation and adoption. On 17 December 2024, the UK government initiated a consultation on Copyright and AI, which has since closed. The consultation sought views on (among other things): the introduction of an exception to copyright for text and data mining that would allow rightsholders to reserve their rights through an opt-out mechanism (similar to Article 4 of the Digital Single Market Copyright Directive (Directive (EU) 2019/790)); copyright protection for computer-generated works; and digital replicas.

2. The Changing Landscape of Trade Mark Use

The changing landscape of trade mark use has been primarily driven by e-commerce and AI, both of which present challenges and opportunities for brand protection.

E-commerce, AI and counterfeit goods

For the last 20 years, the rise of e-commerce has dramatically changed how trade marks are used and protected. In that period, online marketplaces such as Amazon, eBay, and Alibaba have become pivotal platforms for transactions. This shift has led to a significant increase in counterfeit products and unauthorised trade mark use, as the ease of online access facilitates these activities. Additionally, the global reach and anonymity provided by the internet complicate traditional trade mark protection, resulting in more frequent instances of consumer confusion and brand misrepresentation. In response to some of these issues, the UK Intellectual Property Office (UKIPO) released guidance on protecting intellectual property (IP) rights on e-commerce stores last year.[1] After facing challenges with counterfeit products, Amazon launched Amazon Brand Registry, which is an AI-powered tool that helps brand owners report and remove counterfeit listings. It uses machine learning algorithms to automatically detect and prevent trade mark infringement, helping to block counterfeit listings before they have a material impact on one's brand.

Those concerned about the role of AI in brand misuse note that counterfeiters are beginning to leverage Generative AI to produce fake images and reviews, and to create convincing counterfeit websites that mimic legitimate brands, thereby misleading consumers and damaging brand reputation. AI-generated content on websites can also be optimised for search engines, allowing counterfeit sites to rank high up on search results.

However, it is important to note that AI can also offer a solution to some of these challenges. For example, AI systems can be employed to scan goods for authenticity and assist with supply chain tracking, helping to combat the proliferation of counterfeit products. For example, Entrupy uses AI to authenticate luxury goods prior to purchasing by analysing microscopic details that are difficult to replicate.

Consumer behaviour itself is evolving with new technologies like voice assistants and predictive retail models. Tools such as Alexa enable users to search for and purchase products with voice commerce. Increasingly, retailers are using AI to predict consumer preferences and behaviour, enabling personalised shopping experiences based on past purchases and browsing history.

3. Registering Trade Marks

We are seeing growing use of AI by trade mark registries around the world.

For example, the World Intellectual Property Organization (WIPO) provides a range of AI-powered services, including a "Global Goods & Services Terms Explorer", which assists trade mark applicants in selecting appropriate goods and services terms and their associated Nice classification, and supports trade mark examiners in validating applications. WIPO also offers an "Image Similarity Search in the Global Brand Database" tool, which enables users to upload images or logos to find similar trade marks, aiding in identifying potential infringements.

In October 2020, the UKIPO launched "Pre-Apply", an AI tool that aimed to improve customers' chances of successfully registering a trade mark. The tool seeks to enable potential applicants to improve their chances of successfully registering a mark by identifying similar trade marks that already exist, and identifying the right groups of goods and services for the proposed trade mark. In November 2021, the UKIPO reported that the average number of trade mark applications rejected due to unsuitable Nice classification terms had dropped by 14%, and a 70% drop in the length of goods and services lists. However, it is worth noting that Pre-Apply does not guarantee subsequent registration, nor provide analysis of all potential grounds on which a trade mark application might be rejected. By way of example, Pre-Apply does not advise on whether the mark is sufficiently distinctive or conflicts with earlier prior registrations. As such, it is clear that whilst Pre-Apply may assist in initial clearance searches, it cannot at this stage (nor does it purport to) provide a complete evaluation on the registrability, strength and protectability of a trade mark.

A range of private companies now offer AI-powered tools to assist with clearance searches and detection of infringement. These tools offer the ability to automatically search global trade mark and design databases and provide information on registered classes and opposition history. Some companies offer AI-powered image recognition tools, which may assist companies in carrying out preliminary checks for similar or identical logos before applying for registration.

4. How AI May Impact Trade Mark Infringement

As outlined above, AI and machine learning technologies are already having a dramatic effect on how goods and services reach consumers. How do those changes interact with existing legal tests in trade mark law? Can those existing tests adapt to account for the changing purchasing landscape?

The legal tests to prove trade mark infringement

At the heart of many infringement claims is the requirement to prove likelihood of confusion; academics have noted that "confusion is the lynchpin of trade mark law".[2] The traditional formulation of this test is that it is judged from the perspective of the average consumer. However, this raises questions in a retail environment where the human consumer is less and less involved in the purchasing process. For example:

- The average consumer has less than perfect recollection, and does not have the opportunity to compare products side by side – but how does that apply to AI-powered programs that, theoretically, have perfect memory and unlimited ability to directly compare two products?
- When assessing the similarity of signs, the current test balances three types of similarity – aural, visual, and conceptual. Increasingly, shopping assistants like Amazon Alexa rely on aural instructions from the end consumers. Should this result in a rebalancing of the confusion test, to favour aural similarity more heavily?
- AI models may draw sharper conceptual distinctions (or unexpected connections) between two concepts, that a human would not. What does this mean for conceptual similarity – should the viewpoint remain that of the average (human) consumer, or should it be judged from the perspective of the actual decision maker – which will sometimes be AI-driven?

The likelihood of confusion test is well established and is a multi-factorial assessment, but it is yet to be considered in a case where AI has had a substantial part in the purchasing process.

Post-sale confusion

If the consumer is not involved at the moment the purchasing decision is made, then rightsholders may need to rely more on post-sale confusion to establish infringement. UK courts have acknowledged the possibility that post-sale confusion may be actionable infringement and can harm the functions of a trade mark, most recently by the Court of Appeal in *Iconix v Dream Pairs*,[3] the judgment in that case suggesting that the post-sale context is now a well-accepted aspect of the infringement analysis. Dream Pairs appealed to the Supreme Court, and the appeal was heard on 17 and 18 March 2025.

The current formulation of post-sale confusion is dependent on third parties being confused about the origin of the goods, rather than the consumer who purchased them (and who, at the point of purchase, may well not have been confused), but might that change in response to new methods of buying goods?[4] The concept of post-sale confusion is controversial because it is harder to identify the actual harm to the brand owner – there is no "lost sale" to the confused consumer and potentially no advantage gained by the alleged infringer, because the individuals who later see the consumer wearing the lookalike goods may never be in a position to buy the goods. However, the form of post-sale confusion where the initial purchase was made with no or limited involvement of the actual consumer could be framed as a lost sale had the consumer purchased the item directly themselves, which would have given them the opportunity to notice the lookalike. Brand owners might also argue that there is ongoing harm to the individual consumer if they are under a misconception about the origin of their product.

What constitutes "use"

There is no trade mark infringement unless there has been "use

in the course of trade" so as to affect the "functions" of the trade mark. One of the first areas in which this requirement has already been considered in a changing technological landscape was in the context of adword bidding – then, the question was whether bidding on a competitor's trade mark as an advertising keyword constituted "use". In *Google France*,[5] the European Court of Justice (ECJ) held that it did not constitute use by the keyword referencing service provider (i.e. Google) because the mark was not used in the provider's own commercial communications; however, it did constitute use by the advertiser if the resulting advert did not enable the consumer to differentiate the advertiser's product/services from the brand owner's.

Another context in which this question has recently arisen is that of Generative AI. Image-based Generative AI models are trained on a vast quantity of images. In some cases, these training data images may include registered trade marks. In such cases, the trained model may, in response to particular prompts, theoretically enable a user of the model to generate images bearing signs that are said to be identical or very similar to registered trade marks. Does either end of this equation – the prompt input and image output – amount to use in the course of trade so as to affect the trade mark's functions, and if so, by whom?

In the ongoing case of *Getty v Stability AI*,[6] Getty asserts that certain outputs generated by image model Stable Diffusion contain a sign said to be identical or similar to the Getty watermark trade mark, and that this amounts to trade mark infringement by Stability.

Stability contends that the average consumer would not perceive the generated output to be a commercial communication by Stability: the signs were generated in response to text prompt input by users and as part of the technical process of creating an image and do not involve use by Stability (whether in respect of its own goods/services or otherwise). Further, Stability says the infringing images relied on by Getty can only be generated through a contrived and eccentric use of the Stable Diffusion platform, and if a genuine user were to go through such a contrived process to generate infringing images, they would not be confused about the origin of the goods – having just gone through a protracted process to generate the images, they would not believe the images are those of Getty. Stability also argues that any use, if use has been made, is by the user of Stable Diffusion and not by Stability itself, and the same is true of any subsequent use by the user of the generated image. The trial will take place in June 2025 and we will have to wait and see what the court determines later this year.

A "parallel universe" of enforcement

As platforms respond to ever-increasing counterfeit listings, they need to deploy ever-more sophisticated tools to keep up. For example, eBay's 2023 brand protection report, published in May 2024,[7] explained that the site sought to counter non-authentic listings "through a multi-pronged approach of artificial intelligence (AI) supported technology, highly trained eBay investigators, and buyer-protection programs. In 2023, eBay proactively removed approximately 3.2 million potentially counterfeit and prohibited items". Frequently this means automated identification and takedown tools powered by machine learning algorithms. Ganjee[8] has described this as "a platform-specific parallel universe of trade mark infringement tests" that is taking shape. These expanding powers being available on platforms poses several potential issues.

One issue is jurisdictional divergence – automated takedown assistants run by platforms such as Alibaba, eBay, and Amazon are frequently trained on each platform's existing dataset of takedown request decisions, made by human operators. However, there is little oversight of how those decisions were made, and the decisions are based on that platform's specific rules. For example, Amazon's Intellectual Property Policy[9] defines counterfeits as requiring use of a mark that is "very similar" to a registered mark on any product. This definition is both over- and under-inclusive. Over-inclusive because it could include legitimate resellers of branded goods, and under-inclusive because it requires the rightsholder to show use of a *very* similar mark, a higher bar than is required under UK and EU infringement tests. There is also doubt around whether automated systems can apply more complex aspects of trade mark law such as prior local use, or grey trade goods.

Another concern is that these platform-specific enforcement mechanisms result in *de facto* private injunctions. For example, initiatives from Amazon linked to Amazon Brand Registry, mentioned above, allow certain approved brand owners to directly take down listings that infringe their trade marks, with little to no oversight by the platform itself. Arguably, this is exactly the sort of enforcement of IP rights by brand owners that the unjustified threats regime seeks to curtail. Information from these takedowns is then fed back into Amazon's machine learning programs to inform future enforcement activities.

On the other hand, these direct enforcement mechanisms are a boon to rightsholders who face ever-increasing infringing listings online, with Generative AI assisting counterfeiters in producing more and increasingly convincing fraudulent listings. On this view, enabling rightsholders to act quickly, with their expert knowledge of their brand, is an improvement for IP rights protection and consumer protection, and reduces the burden on platforms.

What does this mean for platforms?

The prevalence of platforms as intermediaries in the online shopping environment raises particular questions around the extent to which they may be said to be liable for infringing activity that takes place on the site. The Court of Justice of the European Union (CJEU) and UK case law on intermediary liability has been evolving for nearly 20 years, and we can expect that the increasing use of AI in online shopping platforms may lead to further decisions.

At a high level, the current position is that intermediaries may be ineligible for the hosting defence[10] in respect of a trade mark infringing listing on their platform (1) if they have actual knowledge of the infringing listing or are aware of facts or circumstances from which the infringing listing would be apparent and do not expeditiously remove the listing, and/or (2) if they have played an active role of such a kind as to give it knowledge of, or control over, the data relating to those listings (for example, by promoting infringing listings to end consumers). Whether that leads to secondary liability for the platform will depend on the facts in question about the role it has played. Beyond secondary liability, the more recent *Louboutin* case[11] found Amazon *directly* liable for third-party infringing listings where a reasonably informed and observant user would form a link between the services provided by the marketplace operator and the trade mark.

Online shopping platforms such as Amazon and Alibaba, among others, are increasingly using AI-powered algorithms to personalise the experience of online shoppers, including making product recommendations. We are also seeing an increase in Generative AI-powered chatbots to provide a more interactive and personalised experience for shoppers. We may therefore see arguments in future about the impact of

such AI-powered tools when assessing the application of the hosting defence and/or the role played by the platform, and on the types of evidence available in that context.

Finally, as AI develops, it may affect the approach that platforms take to identify infringing listings through monitoring activities. In the UK, where the Digital Services Act[12] does not apply,[13] we may see arguments develop around whether platforms have, through certain kinds of AI monitoring, become aware of facts and circumstances indicative of illegal activity in such a manner as to deprive them of the hosting defence (see further comments in *Montres Breguet SA v Samsung Electronics*[14] to the effect that platforms that review the content on their own sites may in certain circumstances lose the benefit of the hosting defence).

5. Deepfakes

Deepfakes are images, videos and audio recordings created by technology to realistically replicate an individual's voice and/or appearance. The rising use and production of AI-generated deepfakes (also known as digital replicas) without consent may test trade mark law and related brand rights, such as passing off, in the UK. The UK does not recognise a dedicated law of personality or image rights, as highlighted in cases like *Fenty (Rihanna) v Topshop and Douglas v Hello!* [2015] EWCA Civ 3. Individuals seeking to protect their personality rights must instead rely on a combination of statutory and common law causes of action, including passing off, registered trade marks, copyright, performers' rights, privacy law and defamation.

The law of passing off, extended years ago by the *Eddie Irvine v Talksport* case, might apply to deepfakes if they create a false endorsement. To succeed, the claimant must show significant trading reputation in their name/likeness, a false message suggesting endorsement, and likelihood of resulting damage.

Trade marks could be a useful tool for celebrities to protect their image and likeness from unauthorised use in deepfakes. A trade mark must be capable of distinguishing goods or services from one source to another. Celebrities like Usain Bolt and Mo Farah have registered their distinctive poses as trade marks. However, the validity and enforceability of trade marks for images of famous people, especially in the context of deepfakes, remain largely untested in UK courts. In the recent *Sky v SkyKick* case, the Supreme Court ruled that trade marks applied for purposes other than those falling within the functions of a trade mark, such as using them as a legal weapon against third parties, could be challenged for bad faith. This might open the door to arguments that if a celebrity's intention in registering their image as a trade mark is not to make genuine commercial use of that image themselves but rather to prevent others from using their likeness, the trade mark might be vulnerable to a bad faith challenge. This could be particularly relevant in cases where deepfakes are used to promote goods or services, potentially misleading the public into believing the celebrity has endorsed the product.

One ongoing case that might address some of the legal issues around the use of AI-generated deepfakes for commercial purposes is *Lunak Heavy Industries (UK) Ltd, Lucasfilm Ltd LLC v Tyburn Film Productions Limited* [2024] EWHC 2312 (Ch), which involves the alleged unauthorised use of the late Peter Cushing's likeness. In that case, special effects were used by one of the defendants to recreate Mr Cushing as Grand Moff Tarkin in Rogue One, altering the appearance of the actor, Guy Henry, who played that part. The claimant alleges that an agreement with Mr Cushing was in place, preventing the reproduction of his appearance through special effects without specific consent. Tyburn subsequently brought a claim for "unjust enrichment" against Lunak and Lucasfilm Ltd LLC. An application for summary judgment (alternatively, strike out) brought by the defendants last year has been dismissed. When dismissing the application, the Master noted that the case "raises some interesting and potentially novel questions of law in respect to intellectual property rights and performers' rights and unjust enrichment" that ought to be determined at trial.

The government's consultation on Copyright and AI (referred to in section 1 above) sought to gather evidence on the challenges posed by deepfakes. In particular, it requested input on the extent to which proposed measures around transparency and text and data mining would provide individuals with sufficient control over the use of their image and voice in AI outputs.

Endnotes

1 https://www.gov.uk/government/publications/protecting-intellectual-property-rights-on-e-commerce-stores/protecting-intellectual-property-rights-on-e-commerce-stores

2 Ilanah Fhima and Dev Gangjee, *The Confusion Test in European Trade Mark Law* (Oxford University Press, Oxford 2019).

3 *Iconix Luxembourg Holdings Sarl v Dream Pairs Europe Inc and Top Glory Trading Group Inc* [2024] EWCA Civ 29.

4 An article for WIPO notes that "[p]redictive retail could herald a new form of post-sale confusion by the consumer": https://www.wipo.int/en/web/wipo-magazine/articles/trademark-law-playing-catch-up-with-artificial-intelligence-55800

5 *Google France SARL and Google Inc. v Louis Vuitton Malletier SA* (C-236/08).

6 *Getty Images and others v Stability AI*, Case No: IL-2023-000007.

7 https://static.ebayinc.com/assets/Uploads/Documents/eBay-2023-Global-Transparency-Report.pdf

8 Dev S. Ganjee, *Panoptic Brand Protection? Algorithmic Ascendancy in Online Marketplaces* (2024) European Intellectual Property Review ___ [Forthcoming].

9 https://sellercentral.amazon.co.uk/help/hub/reference/external/201361070?ref_=sduk_soa_sell_int&ld=ASUKFBADirect&locale=en-GB

10 Under Article 14 of the eCommerce Directive (Directive 2000/31/EC).

11 *Christian Louboutin v Amazon Europe Core Sàrl and Others* (C-148/21 and C-184/21).

12 Regulation (EU) 2022/2065.

13 And so platforms do not benefit from a provision equivalent to Article 7, which states that: "Providers of intermediary services shall not be deemed ineligible for the exemptions from liability referred to in Articles 4, 5 and 6 solely because they, in good faith and in a diligent manner, carry out voluntary own-initiative investigations into, or take other measures aimed at detecting, identifying and removing, or disabling access to, illegal content, or take the necessary measures to comply with the requirements of Union law and national law in compliance with Union law, including the requirements set out in this Regulation."

14 [2023] EWCA Civ 1478.

Francesca Budd is an Associate in Bird & Bird's Intellectual Property Group in London. Francesca has broad contentious experience across trade mark, patent, and trade secret disputes, primarily in the technology and communications and retail and consumer sectors. Francesca also advises on transactional and regulatory matters, in particular in the life sciences and healthcare sector.

Bird & Bird LLP
12 New Fetter Lane
London EC4A 1JP
United Kingdom

Tel: +44 20 7415 6000
Email: francesca.budd@twobirds.com
LinkedIn: www.linkedin.com/in/francesca-budd

Laura Gray is an Associate in Bird & Bird's Intellectual Property Group in London. Laura works across a number of IP rights, including copyright and trade marks, handling both contentious and transactional matters. Laura's practice encompasses several sectors, including media, entertainment and sport, technology and communications, and retail and consumer.

Bird & Bird LLP
12 New Fetter Lane
London EC4A 1JP
United Kingdom

Tel: +44 20 7415 6000
Email: laura.gray@twobirds.com
LinkedIn: www.linkedin.com/in/laura-gray-a8b436152

Nick Aries is a Partner in the firm's London office and specialises in IP disputes and advice.
Nick is adept at identifying and advising on IP issues in the digital economy, including copyright and trade mark questions raised by a multitude of online services and social media. He also advises on multi-jurisdictional IP litigation and strategy and represents clients in UK litigation. Alongside this, his practice covers transactional IP work such as licensing (particularly, brand licensing arrangements).
Nick has been recognised by *World Trademark Review* as one of the World's Leading Trademark Professionals.
Nick's UK litigation experience covers copyright infringement, trade mark infringement and passing off, breach of licence/coexistence agreement, trade secrets, and designs. Example UK cases include *Getty Images v Stability AI*, *Merck KGaA v MSD*, *Maier v Asos*, *Kenexa v Alberg*, *Codemasters Software v ACO* and *Daimler v Sany*.

Bird & Bird LLP
12 New Fetter Lane
London EC4A 1JP
United Kingdom

Tel: +44 20 7415 6000
Email: nick.aries@twobirds.com
LinkedIn: www.linkedin.com/in/nickaries

iclg International Comparative Legal Guides

The **International Comparative Legal Guides** (ICLG) series brings key cross-border insights to legal practitioners worldwide, covering 58 practice areas.

Trade Marks 2025 features two expert analysis chapters and 27 Q&A jurisdiction chapters covering key issues, including:

- Relevant Authorities and Legislation
- Application for a Trade Mark
- Absolute Grounds for Refusal
- Relative Grounds for Refusal
- Opposition
- Registration
- Registrable Transactions
- Revocation
- Invalidity
- Trade Mark Enforcement
- Defences to Infringement
- Relief
- Appeal
- Border Control Measures
- Other Related Rights
- Domain Names
- Current Developments

The International Comparative Legal Guides are published by: glg Global Legal Group