

# Trade associations using logos

**Trading Standards information**

**www.southwark.gov.uk**

## 1. Introduction

The use of business logos to denote membership of, or approval by, an organisation is an important method of promoting business interests in the market place. However their misuse, deliberate or otherwise, can result in an unfair commercial advantage. The use of such business logos without proper entitlement is therefore illegal.

## 2. Which businesses use logos?

There are very few sectors of commerce and trade which do not promote their activities by using logos.

For example, logos are commonly used by the building industry, motoring organisations, professions, finance and insurance services, tourism and catering industries.

## 3. What can logos convey to customers?

Any business using a logo of membership or approval encourages a potential customer to assume a benefit arising from one or more of the following;

- approval of standards of service;
- training or qualification of company personnel;
- compliance with rules or codes of conduct;
- existence of complaints / arbitration procedures.

## 3. Why do problems arise from the use of logos?

Logos are used in a variety of different ways including;

- display on company premises, hoardings, banners, vehicles and clothing;
- company letterheads and other stationery;
- trade and consumer brochures and leaflets;
- advertisements published in newspapers and on television; telephone and trade directories.

The use of a logo in any of these circumstances is deemed to be a claim of membership or approval by a business. If the claim is invalid it is deemed to be a false statement and is a criminal offence.

#### **4. What precautions can businesses take?**

Care should be taken when membership or approval of a business ceases, particularly through;

- voluntary lapse of membership;
- cancellation by an organisation;
- notification by an organisation of failure to meet standards or other requirements.

Businesses should be particularly careful when;

- using stationery, publications and premises, etc, or
- providing advertising agencies with, or authorising them to use, copy, to ensure that no invalid logos are displayed.
- Advertising over the internet.

Oral statements by company personnel or written statements, other than logos, falsely claiming membership or approval may convey the same impression as logos and should also be avoided.

Care should also be taken over the use of phrases such as

"Recommended by ..... " or "Registered with .....".

#### **5. What are the consequences of non-compliance?**

It is the responsibility of businesses to ensure that no invalid claims of membership, or approval, are made (or made on their behalf, including by advertising agencies).

Enforcers may take civil enforcement action in respect of a breach of the Consumer Protection from Unfair Trading Regulations 2008 under Part 8 of the Enterprise Act 2002. This can be done by applying to a court for an enforcement order and a breach of any order could lead to up to two years imprisonment and/or an unlimited fine.

The Consumer Protection from Unfair Trading Regulations 2008 also contains criminal offences. The penalties are:

- On summary conviction, a fine not exceeding the statutory maximum (currently £5000).
- On conviction on indictment, an unlimited fine or imprisonment for up to two years, or both

Business to business activities are also subject to the Business Protection from Misleading Marketing Regulations 2008.

In addition making false statements or representations could be an offence under the Fraud Act 2006 as well as trading standards legislation.

#### **6. Further information**

If you require further assistance on these matters, or would like additional information leaflets, please contact us at the address given.