

O/016/12

**TRADE MARKS ACT 1994**

**IN THE MATTER OF AN APPLICATION (No 83407) BY  
THE GASTRIC BALLOON CENTRE LTD  
TO INVALIDATE TRADE MARK REGISTRATION 2496089 IN THE NAME OF  
BARIATRIC SURGERY GROUP LIMITED  
IN RESPECT OF THE MARK:**

**National Gastric Balloon Centre &  
National Obesity Surgery Centre**

## **THE BACKGROUND AND THE PLEADINGS**

1) The registered trade mark the subject of these proceedings is:

National Gastric Balloon Centre & National Obesity Surgery Centre

2) The trade mark was applied for on 26 August 2008 by Bariatric Surgery Group Limited (hereafter “the proprietor”). The trade mark completed its registration procedure on 12 December 2008. The trade mark is registered for the following services in class 44:

**Class 44:** Medical and surgical services for the treatment and prevention of obesity and over-weight, specifically to the treatment of: laparoscopic gastric adjustable banding, laparoscopic gastric bypass, intra-gastric air balloon and liquid balloon treatment, lifestyle modification programme, non-surgical weight loss treatment

3) On 20 February 2009, The Gastric Balloon Centre Ltd (trading as the National Obesity Surgery Centre) (hereafter “the applicant”) applied for the above trade mark to be declared invalid. Its claims are based on sections 5(4)(a) and 3(6)<sup>1</sup> of the Trade Marks Act 1994 (“the Act”). The section 5(4)(a) claim is based on the law of passing-off, the applicant claiming to have traded since 2005 under signs that I will come on to identify. The section 3(6) claim is based on the proprietor knowing of the applicant’s earlier right due to a series of correspondence exchanges prior to the proprietor filing its mark.

4) The proprietor filed a counterstatement denying the applicant’s claims. Both sides filed evidence. A hearing then took place at which the proprietor was represented by Mr Andrew Norris, of Counsel, instructed by National Business Register LLP; the applicant was represented by Ms Fiona Clark, of Counsel, instructed by William A Shepherd & Son. The proprietor’s witness, Mr Ali, attended the hearing to be cross-examined on his written evidence. Before coming on to the substance of the claims, there are a number of issues that I ought to set out.

### **Section 5(4)(a) pleadings – the signs associated with the applicant’s goodwill**

5) In its Form TM7 the applicant refers to the following signs which it has used in trade:

“THE NATIONAL BALLOON CENTRE and THE NATIONAL OBESITY SURGERY CENTRE

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<sup>1</sup> I allowed this claim to be added during the course of the proceedings.

THE NATIONAL BALLOON CENTRE LTD trading as THE NATIONAL OBESITY SURGERY CENTRE”

6) However, in its accompanying statement of case the applicant says that it has used the names:

“THE GASTRIC BALLOON CENTRE and THE NATIONAL OBESITY SURGERY CENTRE”

and that it formed the company:

“THE GASTRIC BALLOON CENTRE LTD trading as THE NATIONAL OBESITY SURGERY CENTRE”

7) Therefore, the applicant refers on the one hand to “The National Balloon Centre” and, on the other, to “The Gastric Balloon Centre”. As will become apparent from the evidence, the name primarily used is “The National Gastric Balloon Centre” (a combination of the two pleaded names). I discussed this issue with the parties at the hearing. Ms Clark, for the applicant, argued that the pleaded case could be amended as the proprietor knew, in reality, what was being claimed. Mr Norris, for the proprietor, argued to the contrary. I agreed with Ms Clark that the pleaded case could be amended. It is clear from the proprietor’s submissions of 21 September 2009 that whilst the discrepancy was noticed, it had also noticed what the relevant sign used in the evidence was, and, furthermore, that whatever sign the applicant relied upon, its submission was that the case should fail due to insufficient evidence of goodwill. I also noted that Mr Norris’ skeleton argument included submissions in relation to the primarily used sign so it could not be said that the proprietor was disadvantaged by permitting the amendment at the hearing. Mr Norris did not suggest to the contrary. The proprietor has, therefore, taken into account the primarily used sign when filing its submissions and evidence and when preparing for the hearing. I did not consider it necessary to formally re-draft the pleadings but directed that in respect of the pleadings, reference to THE GASTRIC BALLOON CENTRE/THE NATIONAL BALLOON CENTRE will be taken as a reference to THE NATIONAL GASTRIC BALLOON CENTRE.

### **The request for disclosure**

8) The applicant requested, and was permitted, to seek the disclosure of documents from the proprietor. The request was in respect of any documents relating to the selection and adoption of its mark and any and all documents (prior to a certain date) bearing the names NATIONAL GASTRIC BALLOON CENTRE and/or NATIONAL OBESITY SURGERY CENTRE. I later confirmed that my direction ordering disclosure was in accordance with Part 31 of the Civil Procedure Rules in terms of reasonableness. Despite directing that the proprietor should meet the request for disclosure by 13 May 2011, it transpired that the

proprietor did not comply until shortly before the hearing. The proprietor indicated that it had nothing to disclose. Ms Clark was unhappy with the way in which the request for disclosure had been met, not only due to the timing, but also because the information provided by the proprietor was not clear in terms of the steps that had been taken to search for the requested documents. Ms Clark, in a pre-hearing review the day before the hearing, asked that the hearing be vacated, to be rescheduled when the disclosure request had been complied with correctly.

9) I rejected Ms Clark's request to vacate the hearing. Mr Ali was attending the hearing for cross-examination and the position could, therefore, be clarified at that point. In the event, Mr Ali provided confirmation, under oath, that appropriate searches had been undertaken. Any ambiguity in the way the disclosure request had been met had, therefore, been removed. I did not understand Ms Clark to have any further issue on this point.

### **Challenges to the proprietor's evidence**

10) It should be noted that matters were due to be heard before me some time ago on the basis of the applicant's evidence only. However, late in the day the proprietor sought leave to file evidence of the use that it (or a predecessor in title) had made of the registered mark, which is claimed to pre-date the use by the applicant. Although late in the day, I gave leave to file such evidence given the clear potential relevance of it to the passing-off claim. It should also be noted that the veracity of the proprietor's evidence is strongly challenged by the applicant. The evidence giver, Mr Ali, attended the hearing and was cross-examined on his evidence. I will detail the nature of the challenges to his evidence, and what I can take from them, when I come to assess the proprietor's claimed use.

### **The relevant dates**

11) A number of cases<sup>2</sup> have established that in respect of bad faith claims under section 3(6), the matter must be judged as of the date of filing of the application (now a registration) of the mark in dispute. The relevant date is 26 August 2008. In respect of the section 5(4)(a) claim, I note the judgment of the General Court in *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Joined Cases T-114/07 and T-115/07* where it was stated:

"50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

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<sup>2</sup> See *Hotpicks Trade Mark*, [2004] RPC 42, *Nonogram Trade Mark*, [2001] RPC 21 and *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* Case C- 29/07.

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non registered national mark before the date of filing, in this case 11 March 2000.”

12) Therefore, 26 August 2008 is also the relevant date under section 5(4)(a). However, if the trade mark registration was used prior to this then such use must also be taken into account. It could establish that the proprietor is the senior user, or that there had been common law acquiescence, or that the status quo should not be disturbed which, in turn, could mean that the use of the mark could not have been prevented under the law of passing-off at the relevant date<sup>3</sup>.

### **SECTION 5(4)(a)**

13) I will begin by considering the position under section 5(4)(a) of the Act which reads:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) .....

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.”

14) The elements of passing-off (often referred to as the classic trinity) can be summarised as: 1) goodwill, 2) misrepresentation and 3) damage. In *Reckitt & Colman Products Ltd v Borden Inc* [1990] R.P.C.341, Lord Oliver summarised the position quite succinctly when he stated:

“The law of passing off can be summarised in one short general proposition--no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists

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<sup>3</sup> See, for instance: *Croom's Trade Mark Application* [2005] RPC 2 and *Daimlerchrysler AG v Javid Alavi (T/A Merc)* [2001] RPC 42.

simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff...Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff."

15) The concept of goodwill was explained in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 at 223 as:

"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first."

16) I note from the relevant case-law that to qualify for protection under the law of passing-off, any goodwill must be of more than a trivial nature<sup>4</sup>. However, being a small player does not necessarily prevent the law of passing-off from being relied upon<sup>5</sup>.

17) Both parties argue that the other side's evidence is not sufficient to demonstrate goodwill, but argues that its own evidence is sufficient. In terms of what is required by way of evidence to prove the existence of a goodwill, I note the judgment of Pumfrey J in *South Cone Inc v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 ("*South Cone*") where he stated:

"27 There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are

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<sup>4</sup> *Hart v Relentless Records* [2002] EWHC 1984

<sup>5</sup> See, for instance, *Stannard v Reay* [1967] FSR 140, *Teleworks v Telework Group* [2002] RPC 27 and *Stacey v 2020 Communications* [1991] FSR 49.

considerably more stringent than the enquiry under s 11 of the 1938 Act (see *Smith Hayden (OVAX) (1946) 63 RPC 97* as qualified by *BALI [1969] RPC 472*). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28 Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date.”

18) The above statement should not, though, be regarded as setting out a prescriptive formula for the establishment of goodwill. For example, Professor Annand (sitting as the appointed person) accepted in *Loaded* (BL O/191/02) that proof of goodwill could be accomplished by other means. The position was summed up by Mr Justice Floyd when he stated (when commenting on *South Cone*) in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat):

“8 Those observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

19) It is, therefore, a matter of considering the evidence as a whole and determining whether it is established that the respective businesses had a protectable goodwill associated with the signs in question. Given my comments in paragraph 12, the business conducted by both parties is an important factor to consider. I will begin by considering the proprietor's business because if they are, for example, the senior user then the applicant's claim may not even get off the ground.

### **Evidence/findings relating to the goodwill of the proprietor**

20) The proprietor's primary evidence is given by its managing director, Mr Saf Ali. He states that a company called UK Surgical Limited (“UKS”) was incorporated on 23 January 2004 and that NATIONAL GASTRIC BALLOON CENTRE & NATIONAL OBESITY SURGERY CENTRE has been used since then as UKS' trading name. Evidence in Exhibit SA1 from Companies House confirms this date of incorporation and, also, that the proprietor (Bariatric Surgery Group Ltd) was incorporated on 27 June 2008. Various letters and documents are then referred to and provided by way of exhibits. These are:

- i) In exhibit SA2 there is a letter dated 12 January 2004 from Mr Christoph Thiede of Matrics Medical (a German company) addressed to: UK Surgical Ltd, Mr Sarafez Ali, National Gastric Balloon Centre, National Obesity Surgery Centre, Halifax, HX1 5EW. The letter thanks Mr Ali for contacting Matrics Medical regarding the distribution of a device called a Polyscope. The letter also states that UK Surgical is to be invited to present its vision for 2004-2006 on Matrics Medical's products within UKS' defined territory. The letter concludes with: "Interestingly, I noticed that you also operate a clinic for patients who have weight loss problems";
- ii) In exhibit SA3 there is a letter dated 4 May 2004 from Dr Tarek Hamza of Helioscope Medical Implants (a French company) to: UK Surgical Ltd, National Gastric Balloon Centre, National Obesity Surgery Centre, 20 Milton Place, Halifax, West Yorkshire, HX1 5EW. The letter thanks Mr Ali for his enquiry into distributing Helioscope's medical implants for the treatment of obesity. The letter writer explains that it already has a distribution agreement with a company called Nikomed. Noted by the letter writer is: "...the keen interest UK Surgical and National Gastric Balloon Centre have in our products". It is suggested that a collaborative approach be pursued between Nikomed, UK Surgical and Helioscope, "perhaps through your clinic";
- iii) In exhibit SA4 there is an undated letter from Dr Ghazi Alkaysi of Biotech Hungary Ltd (a Hungarian company) to: UK Surgical Ltd (FAO MR S ALI), National Gastric Balloon Centre & National Obesity Surgery Centre, 20 Milton Place, Hopwood Lane, Halifax, HX1 5EW. The letter refers to a "gentleman's agreement" commencing February 2004 to evaluate UKS' ability to drive Biotech products into the market. Reference is also made to "your clinic(s), National Gastric Balloon Centre and National Obesity Surgery Centre" as a way of building a patient database. This would allow both businesses to recruit patients who require both hip/knee surgery as well as weight loss.
- iv) In exhibit SA5 there is a letter dated 9 March 2004 from Michele Hanson of ANVATEC addressed to: UK Surgical Ltd/National Gastric Balloon Centre & National Obesity Surgery Centre, Attn: Sarfaraz Ali. The letter thanks Mr Ali for expressing an interest in the representation of its products. The letter then asks a series of questions to assess whether the company is an appropriate distributor.
- v) In exhibit SA6 there are patient terms and conditions. They are headed UK Surgical and the National Gastric Balloon Centre (NGBC) & National Obesity Surgery Centre (NOSC) Limited. Such names are mentioned throughout the document. Reference is made to treatment at one of its hospitals or clinics. The document is listed as "version 2.0a with effect

from 03 February, 2004”, but, at the end of the document as “v1.0 – 3<sup>rd</sup> February,204”.

- vi) In exhibit SA7 there is an advertising agreement dated 1 April 2004 between Advertising & Design Services Limited and: National Gastric Balloon Centre, National Obesity Surgery Centre, UK Surgical, Hopwood Lane, Halifax, UK. The agreement relates to “Publication: Inserts, Health publications, GP Surgeries, Dental Practices”. It is for a net cost of £1050. The start and end date is 10 June 2004. The advertisement is not provided. Mr Ali says that it was used within certain publications, but does not go on to identify them. Mr Ali adds that, furthermore, 350,000 advertisements were printed and distributed in GP surgeries, health clinics and hair salons.
  
- vii) In exhibit SA7a there is an advertisement relating to weight loss through the use of gastric balloons. The domain name [www.nationalgastricballooncentre.com](http://www.nationalgastricballooncentre.com) is listed at the bottom of the advertisement. Mr Ali states that these advertise the services offered. Reference is then made to the domain name itself and that it was registered in 2008. It is stated that the website at that time (presumably when the claimed advertisements were distributed in 2004) was [www.uksurgical.com/nationalgastricballooncentre](http://www.uksurgical.com/nationalgastricballooncentre).
  
- viii) In exhibit SA8 there is a download of the website held at [www.nationalgastricballoncentre.com](http://www.nationalgastricballoncentre.com). It is stated that the core content of the website has not changed since 2004. The prints include various references to the sign NATIONAL GASTRIC BALLOON CENTRE & NATIONAL OBESITY SURGERY CENTRE and the weight loss treatments it offers. The proprietor, Bariatric Surgery Group Limited, now seems responsible for the business.
  
- ix) In exhibit SA8a there is a letter headed “to whom it may concern”. It is from Mr Suffain Yousaf who has provided design and website services to “UK Surgical Limited (National Gastric Balloon Centre & National Obesity Surgery Centre)” between 2 December 2003 and 3 September 2006. He refers to producing brochures targeted at the general public, GPs, dental surgeons and nurses relating to the treatment of weight loss using medical devices sold by UKS. He was asked to brand these brochures with one of the trading names they had been using to promote their products and related services; this is said to have been “National Gastric Balloon Centre & National Obesity Surgery Centre”. He provides an invoice that he [Suf Designs] sent to: UK Surgical, National Gastric Balloon Centre & National Obesity Surgery Centre..” on 3 February 2004 relating to brochure and logo design work for a weight loss campaign road show for the sum of £623. He adds that he

also designed a new company logo with the initials B.S.G (Bariatric Surgery Centre) for use at a later date.

21) Mr Ali filed a second witness statement following criticisms made of his first. To that extent, I note some of the following explanations (which also give a flavour of the criticisms made):

- x) That hard copies of the various letters he provides are not available due to the time that has elapsed and, also, due to an IT failure. It is also stated that some of the letters were emailed to him. This is to deal with criticisms as to the authenticity of the letters, including the absence of signatures.
- xi) That in the Anvatec letter, different font may have been used as it was a template that the company used which was adapted to particular circumstances. The different shading used for dates included in the letter (“2004” and “2005”) may have been links to other information.
- xii) That the terms and conditions document was a draft<sup>6</sup>.
- xiii) That different typeface may have been used in the advertising agreement because it is a template adapted by the company concerned.
- xiv) In relation to the domain name appearing in advertisements in 2004 even though it was not registered until 2008, it is stated that the domain name was used under a sub-section (as per vii) above) of the UKS website. It is stated that if an Internet search was conducted for relevant terms then UKS’ sub-section would be found.
- xv) A further “to whom it may concern” letter from Mr Yousaf is provided confirming that he was paid for his work.
- xvi) In relation to the proprietor applying for the trade mark and not UKS, it is explained that this was done to brand the services applied for as a dedicated weight loss business, separately from UKS, in order to demonstrate a focused business. It is also highlighted that the original application contained an erroneous disclaimer that referred to use by Bariatric Surgery Group, UK Surgical Ltd. He explains that he is a director of both companies.

22) As stated earlier, Mr Ali attended the hearing for cross-examination. Whilst he struck me as a reasonably honest witness, what came through from many of his answers was a desire to put his evidence into a good light. This will be seen

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<sup>6</sup> The disclosure request mentioned earlier also extended to any issued terms and conditions; none were disclosed.

from my analysis of the evidence which I will now make, bearing in mind what Mr Ali added during cross-examination.

23) I will deal firstly with the authenticity of the various letters provided in Mr Ali's evidence. The applicant suggests that they may have been fabricated for the proceedings. Such a claim is based on the lack of signatures on the letters and, also, due to different (from the body of the letter) type fonts used for addresses and certain dates within one of the letters. Mr Ali was questioned in terms of where the copies of the letters came from and by what method they were originally received. Despite saying in his second witness statement that some of the letters may have been emailed, it was clear from the cross-examination that Mr Ali could not remember. Neither could he remember copying the letters from whatever source they arrived. However, he was adamant that the letters were taken from a physical folder which was kept of certain documents. He explained that not all documents were contained in the folder due to IT problems. In terms of typefaces, he could not explain why there were differences other than suggesting that template letters were being used. However, on one particular letter (from Anvatec), the exchange with counsel went like this:

- Q. "What is the size of your market for coronary and peripheral inventions? In particular: number of procedures" ... in 2004 and 2005, that is implausible, is it not, in the context of somebody asking you the question?
- A. Actually, you know, again, you are assuming it was done on e-mail. These were linked and when you have a document such as these, these are normally linked to a spreadsheet or something within the document which leads you directly to that particular section. So if you clicked on 2004, say, a hyperlink, it would take you straight to there and then you would start to as you are going down the document, you just fill in the data.
- Q. Mr. Ali, somebody who is asking you for information, it is implausible they are going to be sending you that data. You are guessing again, are you not?
- A. As a template, they do.
- Q. You are guessing again, are you not?
- A. No, no, no. This is a fact.

24) After I explained to Mr Ali that guessing was not what the tribunal desired, Mr Ali stated:

- A. I mean, this document must have had a spreadsheet attached to it because it is that kind of document, which I recognise, which you would fill in the data.

25) Taking the evidence in the round, including Mr Ali's responses, it seems to me that there was a degree of speculation in his evidence. The way he speculated puts his evidence in a better light. For example, by suggesting in his written evidence that letters may have been emailed provides a ready-made reason for the lack of signatures, and, furthermore, by suggesting that the dates in the Anvatec letter linked to spreadsheets provides a reason for the dates being in a different font (so as to indicate a link). That being said, I do not consider that Mr Ali was speculating in order to mislead the tribunal. If I were to speculate on what was in issue I think I would have said the same, or something similar. He was probably guessing, based on what he regarded as normal business interactions. All that being said, there is no obvious smoking gun that points to the letters being fabricated. The lack of signatures is consistent with letters being emailed. There are plausible explanations with regards to different fonts. Nothing shouts out as fake. Mr Ali may have speculated but not so as to mislead. There was nothing in his cross-examination which leads me to conclude that he, or someone working for him, fabricated the letters. I am prepared to accept them for what they are.

26) That then leads to whether the evidence before the tribunal establishes that the proprietor is entitled to rely on the use set out in the evidence. Mr Norris accepted that the proprietor needed to be the owner of a protectable goodwill for it to be of any relevance. There are issues to do with ownership that I will come onto later, but I will begin with whether, when, and to what extent UKS (the claimed predecessor in title to the proprietor) established a protectable goodwill. The evidence comes from the various letters circa 2004, advertising around this time, and website content.

27) In terms of the letters, Mr Ali was questioned on the degree of interaction he had with the letter writers. Again, Mr Ali tried to make the best of this, stating that he had had personal contact with some of them. However, I was not particularly convinced by his answers. They were vague and imprecise. They did not deal with points put to him regarding the nature of the initial contact. Furthermore, the nature of the initial contact is not set out in the written evidence. At best, all they show is that UKS had approached some (mainly overseas) medical device manufacturers with a view to becoming a distributor. Without the full context of the initial approaches it is difficult to place any real significance on them. Some of the letters in response mention UKS' clinic. But Mr Ali confirmed that there was no clinic as such. He stated on a number of occasions that at this point in time the plan was to grow a business relating to obesity treatment. There was no clinic, although the premises from which the business mostly operated had rooms where consultations could take place. However, there was no evidence to suggest that anything along these lines was taking place at this time. The letter writers may have just been noting an address used in the initial contact. What significance they would have placed on the name itself, given that it was also accompanied by a more obvious trade indicator (the name of UKS), is not clear. This is not a strong start for a business claiming an attractive force

associated with the sign in question. The terms and conditions document, likewise, does not assist. Mr Ali confirmed that this was simply a draft. There is no evidence that any terms and conditions document has ever been provided to a client.

28) I next consider the advertising. An example of advertising is provided. There is no identifying sign in the body of the advertisement. The only possible sign which could point to the name associated with the business is the domain name [www.nationalgastricballooncentre.com](http://www.nationalgastricballooncentre.com). However, Mr Ali confirmed that the domain name itself was not registered until 2008. In view of this the advertisement presented could not have been put out in 2004. The question arises as to what was included in the advertising claimed to have taken place in 2004. Mr Ali stated in his written evidence that UKS used a sub domain, namely: [www.uksurgical.com/nationalgastricballooncentre](http://www.uksurgical.com/nationalgastricballooncentre). When he was questioned about this he focused more on the website and what it contained. I will come back to this shortly, but what is clear is that the sub-domain was a hidden part of UKS' web-site which would be accessed via Internet searches for terms that, presumably, included gastric balloon/national gastric balloon. Even if that it so, it seems to me to be too large an inference to make that the advertising in 2004 included the full sub-domain name. The tribunal does not have a copy of the 2004 advertisement and, therefore, it cannot determine whether the advertising claimed to have taken place would have generated any goodwill.

29) There is then the website itself. A later version is provided in Mr Ali's written evidence (which he accepted during cross-examination was printed after the material date), the core content of which is said not to have changed since 2004. However, despite the reference to the core content, the explanation as to what it contained was not particularly clear. For example, in relation to core content Mr Ali stated:

A. Yes. The website obviously changes with different images and description. This is the core content.

30) So the content before me cannot be assumed to be the exact content that existed before the material date let alone long before then. What represents the core and what it contained at earlier dates is, therefore, unclear. Furthermore, there was also this exchange:

So as at May or June 2008, one would expect to find on the website of [uksurgical.com](http://uksurgical.com) information relating to the NATIONAL GASTRIC BALLOON CENTRE. Is that what you are saying?

A. Not particularly, no, because we had server problems. The website was being updated so content had been removed, there was data corrupted, so I could not put a finger on that, whether you would or

would not find that particular domain on there; but as far as I was told that if you put into Google, something should pick up and lead towards that particular link in our servers. Because we ran our own servers, this is basically where, you know, all the links would go. It was not an independently managed system.

31) The above introduces a degree of unreliability as to the website itself and what was available to the public at any point in time. These doubts are compounded by the fact that Mr Ali confirmed that none of the website material was linked to via the UKS website. It was said to be a hidden part of the website with no visible way of navigating to it. The only mechanism to find the website information would be via search engines. This presents its own problems. Questions arise as to the success of the search engines to find any of the website content, all of which is predisposed upon the searches that users are making. There are no statistics to show if anyone ever accessed the website.

32) Considered in totality, all the evidence does is to establish that Mr Ali, as a director of UKS, wished to develop the obesity treatment part of the business. However, there is little to suggest that this has ever really got off the ground prior to the material date. In terms of actual treatment, there is no evidence that any has taken place. There was a mention of a service level agreement with a surgeon in 2008, but this is not in the written evidence and it is not, therefore, possible to ascertain its significance. The letters from 2004 do not establish a goodwill under the relevant sign for the relevant services. I agree with Mr Clark that they can be taken as nothing more than responses to opening shots at obtaining a distributorship for medical goods, a business which UKS dealt with. The claims to advertising do not substantiate anything nor do the references to website content. The proprietor cannot claim to be the senior user (or even user at all) of the mark before the relevant date. The proprietor's evidence does not, therefore, assist its case. There is also an email sent to the applicant by UKS in April 2008. It refers at this point to them being new in the market. This seems to represent the reality of the situation. They were new to the market in April 2008, there is little evidence to establish that a goodwill had been created prior to the material date.

33) I mentioned earlier the issue of ownership. The above finding renders this less important, however, in case of appeal I should give my views. Any use made of the sign prior to the material date would have been made by UKS. Mr Ali said during cross-examination that the plan all along was to differentiate UKS' distribution business from the obesity treatment business and that any goodwill would be transferred to a new company. He also explained that he and the other directors had parted ways and that a gentleman's agreement took place meaning that he would take on this part of the business. If UKS did generate any goodwill associated with the relevant sign, then, for the proprietor to be able to rely on it in these proceedings, I would need to be satisfied that it had been duly assigned to

it. I am not so satisfied. There is talk of a gentleman's agreement but nothing to explain when this was and what the exact nature was. There is nothing to demonstrate that any assignment would have been direct to the proprietor. Without knowing the date of the gentleman's agreement it is not even possible to ascertain if the proprietor had even been incorporated by then. If the goodwill was assigned personally to Mr Ali then there is no explanation as to how he transferred it to the proprietor. All things considered, the claim that the proprietor is entitled to rely on any goodwill established by UKS is not made out.

**34) The proprietor is not able to benefit from any prior use.**

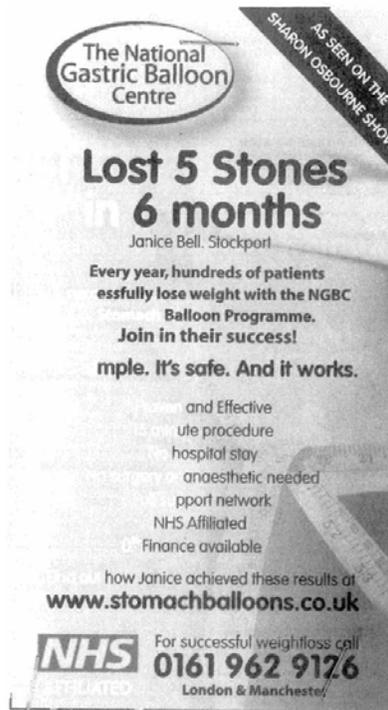
**Evidence/findings relating to the goodwill of the applicant**

35) In view of the above finding, the applicant must possess a goodwill at the relevant date; the position at any earlier date need not be considered. The primary evidence about the applicant's business comes from Ms Amanda China-Rodriguez, a trade mark attorney who works for William A Shepherd & Son, the applicant's representatives in these proceedings. Various exhibits accompany Ms China-Rodriguez' witness statement. There is little by way of commentary beyond this, other than statements that the applicant's business began in 2005 (in respect of: medical services relating to intra-gastric air balloon treatment; medical and surgical services relating to the obese and overweight). The contents of the exhibits are:

- i) A certificate of incorporation for the applicant company, dated 6 July 2006. The date of incorporation raises a question mark over Ms China-Rodriguez' statement that the applicant had traded since as early as 2005 given that the applicant did not exist until mid 2006;
- ii) Two invoices (one from February 2008 and one from June 2008) addressed to National Obesity Surgery Centre. This is said to be the trading name of the applicant. It is not clear what the latter invoice relates to but it includes the supply of an ink cartridge. The former invoice is predominantly in respect of the applicant's website, but there are also some entries for production of stationery, some work on advertising (£60) and an entry referred to as "modules";
- iii) An article from the Daily Mirror dated 13 September 2006. The article is about a teenager who has had a gastric balloon procedure to help her lose weight. The article contains some quotations from Mr Phil Thomas "...managing director of the National Gastric Balloon Centre in Manchester which treated Becky..";
- iv) An article from M.E.N. (Manchester Evening News) dated 27 November 2006. This is a similar article to the one detailed above, relating to the same person. It contains a similar reference to "...Mr Thomas, who is

also the medical director of the National Gastric Balloon Centre in Sale..”;

- v) An extract dated 14 November 2006 from the Daily Mirror. The column is headed “Your Life”. The column refers to another patient who has had the gastric balloon procedure. The person refers to seeing an advertisement for “the National Gastric Balloon Centre”. At the bottom of the column are the words “The National Gastric Balloon Centre (NGBC) is the UK’s only dedicated stomach balloon provider”. The reader is asked to visit [www.stomachballoons.co.uk](http://www.stomachballoons.co.uk) for more information;
- vi) An article from M.E.N. dated 11 July 2006. The article relates to childhood obesity. Featured, again, is: “Phillip Thomas [who] is medical director at the National Gastric Balloon Centre in Sale”;
- vii) An article from the Daily Mail dated 19 June 2007 about another person who has had the gastric balloon procedure. Reference is made to the surgeon “MR Phil Thomas [who] is director of the National Gastric Balloon Centre, Manchester..” At the very end, the article reads: “THE stomach balloon procedure costs £4,950 including full aftercare for six months. National Gastric Balloon Centre, 0161 962 9126; [www.stomachballoons.co.uk](http://www.stomachballoons.co.uk)”;
- viii) A letter from IMPACT Marketing and Publicity Ltd to the applicant dated 13 September 2007. It is said to include a “mock copy” of the Manchester Independent Healthcare & Education Guide Ed 5 which is said to include the applicant’s editorial changes and advertisement. The mock copy is not included.
- ix) A letter from Lavery Rowe Advertising Ltd to the applicant (addressed to National Gastric Balloon Centre) dated 18 June 2007. The letter states that advertising has been booked. The advertising is to be in: a) Daily Mail (19/6/07, Classified – Health, 13 x 2cols mono @ £1300.00. Copy = Stomach Balloons. Code = TBC) and b) Daily Express (19/6/07, Display – Health, 15x2cols mono @ £960.00. Copy = Stomach Balloons. Code = TBC);
- x) A letter from Weybridge Press & Promotions Ltd to the applicant (National Gastric Balloons Centre) dated 29 November 2007. The letter relates to the booking of an advertisement in “YOUR HEALTH”. The copy date is said to be 15 December 2007;
- xi) An advertisement which appeared in the Daily Telegraph (Health) on 13 August 2007. For ease of reference, the advertisement is depicted below:



xii) A full page advertisement from the Express Magazine of 14 July 2007. It contains an advertorial type part (similar to the article in vii) above) and a traditional advertisement as per that depicted above.

xiii) A page taken from the Daily Express of 18 October 2007. Amongst a number of advertisements there is an advertisement as per that above. There is also an advertorial type entry about the gastric balloon procedure which can be “delivered by experts at the National Gastric Balloon Centre” A telephone and web address is provided as referred to in the earlier articles/advertisements.

36) I also note that in a later witness statement Ms Chinea-Rodriguez explains that the applicant company was incorporated without the word NATIONAL in its name due to advice it received from Companies House. Advice, presumably, that the word “National” is not permitted in a company name, except in particular circumstances. I also note from the evidence of Mr Crabtree, a director of the applicant, exhibits showing:

a) An email that the applicant received from Mr Ali (whose title is sales manager of UK Surgical Ltd (Obesity Solutions)) on 2 April 2008 which is aimed at promoting a particular gastric balloon (the heliosphere), a brochure for the product being attached. The email states that “UK Surgical has entered into the Obesity Market in 2008 with some exceptional devices...”.

- b) An enquiry form submitted on the applicant's website on 27 April 2008 asking the applicant to make contact about gastric balloons; Mr Ali's mobile telephone number is given as the point to contact.
- c) An envelope addressed to the applicant (as The National Gastric Balloon Centre) which contained a compliments slip signed by Mr Ali (and dated 28 May 2008). The compliments slip reads "Dear Barrie, Please find enclosed information as promised"; the information is a brochure for the helioshere.

37) Mr Crabtree states that he also spoke to Mr Ali which led to the provision of the brochure at point C above. He states that to the best of his knowledge the telephone conversation was as a result of an unsolicited call from Mr Ali. The above evidence is relied on primarily in respect of the section 3(6) ground, but it was also relied upon by Ms Clark as further evidence of there being a protectable goodwill because the business (and its sign) had been identified and used.

38) Mr Norris attacked the applicant's evidence on a number of fronts including: the nature of the sign being descriptive (it being argued that more use was required for it to take on a secondary meaning), that many of the references to the sign were lost in the body of the various articles, that there was no evidence of actual business/custom, that other distinguishing signs (such as the domain name) were also being used; he also highlighted the chronology of the articles/advertisements and, based on all of this, he felt that there was no protectable goodwill at the relevant date. Ms Clark, on the other hand, highlighted the high profile nature of the articles and advertisements, she argued that the words were not out and out descriptive, the whole sign indicating a particular undertaking, and that the use supported the proposition that the sign would be taken as denoting the applicant's goodwill; it was also argued that the type of use in some of the advertisements (surrounded by a device) gave more focus to the name.

39) There are a number of competing factors to consider. Whilst I acknowledge that the words THE NATIONAL GASTRIC BALLOON CENTRE are not highly fanciful, the question when it comes to goodwill is always whether the sign is distinctive, in fact, of the party making the claim. Inherently, whilst the words may be weak (although I do not go so far as to say that they are outright descriptive), the nature of the sign has the capacity for it to be seen as a sign associated with a particular business. However, this will depend on the context and nature of the use put forward. The strongest evidence comes in the form of the traditional advertising. As Ms Clark stated, the device element surrounding the words gives the sign more focus, it attracts the eye to it. This does not, however, mean that the capacity to generate goodwill is limited purely to the logo form. Furthermore, I do not feel that the presence of a domain name diminishes the capacity of the words to generate goodwill on account of the nature, position and significance of the domain name. I should add that the reference to the Sharon Osbourne Show

(see the advertisement in xi) above) adds nothing; no evidence has been provided about the show, where and on what channel it was aired, its audience or, most significantly, what was said on the show. The evidence in the form of the various newspaper articles is less strong than the traditional advertisements. As Mr Norris highlights, the sign could be lost within their totality. They may, however, add to the overall picture, particularly those that give the sign more focus at the end of the article.

40) Mr Norris highlighted that no evidence as to customer/patient numbers is provided. This is clearly a weakness in the evidence of a party who claims that its business has a protectable goodwill. Goodwill is associated with custom. It is the attractive force that brings in custom. I am aware of the decision in *British Broadcasting Corporation v Talbot Motor Company Ltd* [1981] FSR 228 which turned on the impact of publicity, but that related to a business that had already been established. There is no evidence of an existing business in this case. I have only the advertising/articles to go on. I am, in effect, being asked to infer that the applicant, through its advertising/articles, had generated custom and a resulting goodwill of a sufficient nature to qualify for protection under the law of passing-off. It is to be noted that the proprietor provided written submissions on 21 September 2009 in which it called into question the sufficiency of the applicant's evidence, including the observation that no customer/patient numbers had been set out. Despite this the applicant did not seek to provide them. No explanation has been given for the failure to provide such information. There is nothing to suggest that it was not within the applicant's power to provide such information. This must be a relevant factor to bear in mind when it comes to deciding whether it is right to make the inference asked of me. Furthermore, Mr Crabtree, a director of the applicant, filed evidence later in the proceedings as to the receipt of the email/letter from UKS. Why he did not provide detailed evidence as to the applicant's business when its primary evidence was filed (this was, instead, left to the applicant's trade mark attorney) is a strange omission.

41) What I must also bear in mind is the degree and extent of advertising. Whilst they are in relatively high profile publications, they are not huge in number. There are just a few traditional advertisements and around four other articles (for which the sign has capacity to be missed). There may be other advertisements as evidenced by the advertising invoice, but these are not significant in number. There is a reference to the Manchester Independent Healthcare & Education Guide Ed 5, but the "mock copy" is not supplied and no information about this publication is given. All things considered, the evidence does not establish that a protectable goodwill existed at the relevant date. The inference I am being asked to make is not a reasonable one when all the factors are considered. I should add that I have borne in mind that three people are referred to in the articles as having been treated, this is not enough to meet the deficiencies in the evidence. Nor do I consider the fact that the proprietor wrote to the applicant as overly significant. How the name and address was acquired is simply not clear. Any

other claim to a goodwill within the trade is not made out. I should also add that in respect of the other pleaded sign the position is even worse.

**42) The applicant has not established that it had a protectable goodwill associated with the pleaded sign(s) at the material date. As such, the ground of opposition under section 5(4)(a) must be dismissed.**

### **SECTION 3(6) –BAD FAITH**

43) Bad faith includes dishonesty and “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular field being examined”<sup>7</sup>. It is necessary to apply what is referred to as the “combined test”<sup>8</sup>. This requires me to decide what the proprietor knew when it made its application for registration and then, in the light of that knowledge, whether its behaviour fell short of acceptable commercial behaviour. Bad faith impugns the character of an individual or the collective character of a business, as such it is a serious allegation. The more serious the allegation the more cogent must be the evidence to support it.

44) Of some relevance here is the decision of Arnold J. in *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others* [2008] EWHC 3032(Ch)<sup>9</sup> where he held:

“189. In my judgment it follows from the foregoing considerations that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties

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<sup>7</sup> See *Gromax Plasticulture Limited v. Don and Low Nonwovens Ltd* [1999] RPC 367.

<sup>8</sup> See the judgment in (1) *Barlow Clowes International Ltd. (in liquidation)* (2) *Nigel James Hamilton and (3) Michael Anthony Jordan v (1) Eurotrust International Limited (2) Peter Stephen William Henwood and (3) Andrew George Sebastian* Privy Council Appeal No. 38 of 2004 and also the decision in *Ajit Weekly Trade Mark* [2006] RPC 25.

<sup>9</sup> Arnold J's judgment was recently upheld in the Court of Appeal - [2008] EWHC 3032 (Ch)

have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Article 107 can hardly be said to be abusing the Community trade mark system.”

45) Also, in *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* Case C-529/07 the CJEU, when considering the concept of bad faith, stated:

“40 However, the fact that the applicant knows or must know that a third party has long been using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought is not sufficient, in itself, to permit the conclusion that the applicant was acting in bad faith.....

46 Equally, the fact a third party has long used a sign for an identical or similar product capable of being confused with the mark applied for and that that sign enjoys some degree of legal protection is one of the factors relevant to the determination of whether the applicant was acting in bad faith.

47 In such a case, the applicant’s sole aim in taking advantage of the rights conferred by the Community trade mark might be to compete unfairly with a competitor who is using a sign which, because of characteristics of its own, has by that time obtained some degree of legal protection.

48 That said, it cannot however be excluded that even in such circumstances, and in particular when several producers were using, on the market, identical or similar signs for identical or similar products capable of being confused with the sign for which registration is sought, the applicant’s registration of the sign may be in pursuit of a legitimate objective.

49 That may in particular be the case, as stated by the Advocate General in point 67 of her Opinion, where the applicant knows, when filing the application for registration, that a third party, who is a newcomer in the market, is trying to take advantage of that sign by copying its presentation, and the applicant seeks to register the sign with a view to preventing use of that presentation.

50 Moreover, as the Advocate General states in point 66 of her Opinion, the nature of the mark applied for may also be relevant to determining whether the applicant is acting in bad faith. In a case where the sign for which registration is sought consists of the entire shape and presentation of a product, the fact that the applicant is acting in bad faith might more readily be established where the competitors’ freedom to choose the shape of a product and its presentation is restricted by technical or

commercial factors, so that the trade mark proprietor is able to prevent his competitors not merely from using an identical or similar sign, but also from marketing comparable products.

51 Furthermore, in order to determine whether the applicant is acting in bad faith, consideration may be given to the extent of the reputation enjoyed by a sign at the time when the application for its registration as a Community trade mark is filed.”

46) Ms Clark submitted that the proprietor’s objectives when applying for its trade mark were to i) prevent or deter the applicant from using its trading names, and/or ii) to prevent or deter the applicant from continuing to use descriptive words (such as “gastric balloon” or “obesity”, or combinations thereof) as part of its trading name, and/or iii) to ride on the coat-tails of the applicant’s goodwill and reputation. Mr Norris submitted that none of these objectives fell within the pleaded case which was based purely on the proprietor having knowledge of the applicant’s rights; he submitted that the pleaded case fell well short of the sort of behaviour which constitutes bad faith.

47) It cannot be disputed that UKS (the proprietors claimed predecessor in title) wrote to/mailed the applicant referring to its name. It is fair to assume, given that he was leading the relevant part of the business, that Mr Ali had ultimate responsibility for issuing such letters. Mr Ali was also responsible for filing the proprietor’s application for registration. Mr Crabtree recalls speaking to Mr Ali as a result of an unsolicited call. Under cross-examination, Mr Ali explained that administrative staff were employed to send contact letters/emails out. He states that whilst he may have signed the complements slip he did not complete the rest of it nor did he address the envelope. Mr Ali did not recall speaking to Mr Crabtree.

48) There is nothing implausible in what Mr Ali said. There is nothing to suggest that Mr Ali was aware of the applicant’s use of the sign in question when he came to make the application for registration. It is clear from the other evidence that UKS was in the business of establishing links with other companies. I was not surprised to learn that administrative staff were employed to assist in this role. Even if Mr Ali did speak to Mr Crabtree, it clearly did not stick in his mind, I have no reason to doubt what he said under cross-examination in relation to this. However, even if this were not the case, there is not a shred of evidence to suggest that the proprietor’s objectives were those as outlined by Ms Clark. There is no reason to suggest why the proprietor would be seeking to prevent or deter the applicant from using its trading names. The more likely scenario is that the proprietor was simply seeking to protect its own name, a name which first appeared in 2004. Whilst no evidence has been provided showing how the mark was coined, there are some documents in the evidence, documents which I have found not to have been fabricated, showing the mark being used as part of an address (although such use was not sufficient to establish goodwill) in 2004. This

all suggests a prudent business decision protecting its own interests rather than some improper motive against the interests of the applicant. In terms of seeking to prevent the applicant from using descriptive terminology, I struggle to see any reason for even making this argument. In terms of seeking to ride on the applicant's coat-tails, there is no evidence to suggest that Mr Ali was aware of any goodwill or reputation. Simply making contact with the applicant does not mean that there was an awareness of any goodwill/reputation. To infer otherwise is too great a step. When my observations as to the applicant's goodwill are borne in mind, this becomes even more apparent. **The ground of opposition under section 3(6) fails.**

### **Costs**

49) At the end of the hearing I agreed with the parties that an opportunity would be provided to make written submissions in relation to costs. The proceedings have a chequered history, so such submissions should reflect at least the following points:

The proprietor's late evidence;

The applicant's late challenge to the proprietor's late evidence;

The additional ground of opposition (which was unsuccessful) and the request for disclosure;

The failure to comply with my direction regarding disclosure in a timely and appropriate manner.

The cross-examination of Mr Ali.

The outcome of the decision.

50) I will allow a period of 28 days from the date of this decision in order for written submissions on costs to be made. I will then issue a supplementary decision dealing with the costs issue. The appeal period for this substantive decision will run concurrently with the appeal period for my decision on costs.

**Dated this 20<sup>th</sup> day of January 2012**

**Oliver Morris  
For the Registrar  
The Comptroller-General**