

## **TRADE MARKS ACT 1994**

**IN THE MATTER OF Application Numbers 2026845A and 2026845B  
by Societe Internationale De Telecommunications Aeronautiques  
to register a Trade Mark in Classes 9 and 38**

**and**

**IN THE MATTER OF Opposition thereto under Numbers 49245 and  
49246 by Mr P Gwizdala and Mrs A Gwizdala, trading as Aeronet**

### **BACKGROUND**

1. On 13 July 1995, Societe Internationale de Telecommunications Aeronautiques applied to register the following series of two trade marks in Classes 9 and 38:-

AERONET

AeroNet

2. The applicant claimed a priority date of 28 March 1995 as a result of an earlier filing in France.

3. The application was subsequently divided with application number 2026845A being advertised in the Trade Marks Journal for the following specification of goods:-

Class 9: "Electrical, electromechanical and electronic apparatus, equipment, instruments, devices and elements for the recording, transmission, reproduction or processing of information relating to the air and aerospace transport industry; peripheral equipment, terminals, microcomputers, computers or information carriers associated with the aforesaid goods; computer programs, disks, tapes and perforated tapes, all for use in the recording, transmission, reproduction or processing of information relating to the air and aerospace transport industry."

And application number 2026845B being advertised for the following specification of services:-

Class 38: "Telecommunications and communications services".

4. On 1 December 1998, Aeronet filed Notices of Opposition to both applications. In summary the grounds of opposition are:

(i) Under Section 5(4) of the Act because the opponent has an "earlier right" to

the trade mark AERONET in the UK, which has been used by the opponents since 1994, and use by the applicant of the mark in suit would result in deception or confusion

(ii) Under Section 3(6) of the Act because the application was made in bad faith.

5. On 4 March 1999 the applicant filed Counterstatements denying the grounds of opposition.

6. The proceedings were subsequently consolidated.

7. Both sides have filed evidence and ask for an award of costs in their favour.

8. The matter came to be heard on 29 November 2001 when the applicant was represented by Mr Hitchcock of Lloyd Wise Tregear. The opponents appeared in person.

9. The oppositions were originally brought in the name of Aeronet. This is the trading name of Mrs and Mrs Gwizdala. I questioned the legal status of the Aeronet at the hearing because it did not appear to be a legal person capable of bringing legal proceedings. It was common ground that the opponent should be considered to be Mrs and Mrs Gwizdala trading as Aeronet. All references in this decision to the opponents are therefore references to Mrs and Mrs Gwizdala trading as Aeronet.

#### **Section 5(4) - Earlier Right**

10. I find it convenient to consider first the opposition based upon section 5(4) of the Act

#### **The Law**

11. The statutory provision is as follows:

*"5.-(4) 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) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.*

*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."*

12. The opponents' case is founded on section 5(4)(a) of the Act on the basis that the

applicant's use is liable to be prevented by the law of passing off. According to Article 4(4)(b) of European Directive 104/89 (which provides the basis for the national law in this area) the 'earlier right' in question must have existed prior to the date of the application under opposition or any relevant priority date. In this case that means prior to 28 March 1995, the date of priority claimed by the applicant under section 35(2)(a) of the Act. Hereinafter I will refer to this as 'the priority date.'

13. I intend to apply the test outlined in Halsbury's Laws of England (4<sup>th</sup> Edition) as adopted by Mr G Hobbs QC. in Wild Child 1998 RPC at 460. The relevant passages are re-produced below:

*"The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:*

- (1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;*
- (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and*
- (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation."*

*"To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:*

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and*
- (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.*

*While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.*

*In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:*

- (a) the nature and extent of the reputation relied upon;*
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;*

- (c) *the similarity of the mark, name etc used by the defendant to that of the plaintiff;*
- (d) *the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and*
- (e) *the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.*

*In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action."*

## **The Facts**

14. The opponents' evidence is contained in a statutory declaration by Alina Dorota Gwizdala. Much of the declaration concerns matters and events that happened after the priority date and which are therefore irrelevant for the purpose of establishing the earlier right claimed, except to the extent that they shed light backwards on the position prior to the priority date. The applicant's evidence is set out in three statutory declarations by Nigel Rhodes, Leo Dowling and Peter Percival, who are employees (or in the case of Mr Percival, an ex- employee) of the applicant.

15. The primary facts with regard to the opponents' case are that:

- i) the first public use of the name AERONET appears to have been when the opponents established their own web site under this name in September 1994. The opponents describe this site as "the first UK commercial aviation resource on the Internet."
- ii) The site appears to have been established primarily to provide information about the aviation industry. Later, sometime in March 1995, the site also offered what the opponents describe as "on-line recruitment services." It is not entirely clear what this means, but I take it to mean that job vacancies in the aviation industry were made public on the web site.
- iii) The 'approximate turnover' of the opponents from AERONET services in the United Kingdom during 1994 was "not less than £ 20,000." During 1995 this increased to "not less than £ 80,000", but much of this would have been after the priority date. It is not clear whether these sums include the opponents' expenses referred to at (iv) & (v) below.
- iv) Between the date of first use and September 1999, the opponents spent not less than £37,167 on advertising and promoting the AERONET name by means of labels, literature and other printed matter, web pages and other non-printed matter. It is not

clear how much of this was spent before the priority date, but judging by the dates, it seems likely that most of this expenditure post dated the priority date

v) The opponents incurred expense (of not less than £7,000) in designing, programming, testing, trialing and implementing the AERONET web site and arranging for the existence of the site to be registered with various search engines such as Yahoo, Lycos and Excite.

vi) By January 1995 the Aeronet Web Site was getting 1,000 accesses each month.

vii) Towards the end of 1994 and the beginning of 1995, the opponents approached major aerospace/airline companies by means of 'cold calling'. The exhibits to Mrs Gwizdala's declaration contain copies of letters recording approaches made to Virgin Atlantic (October 1994), BAA (18 January 1995), Avro (28 February 1995), BA (2 March 1995), European Regional Airlines (6 February 1995) and Airbus in France (10 March 1995). There is also a copy of a fax from a company called Jetstream dated 10 April which records the receipt of a letter dated 28 February 1995 from Aeronet promoting the opponents' services. However, judging from the reason given for the delay in replying, it does not appear that this letter came to the writers attention until after the priority date. From the copy correspondence in evidence it appears that at this time the opponents generally described their web site as AERONET and their undertaking as Pandora.

viii) The approaches to Virgin Atlantic and European Regional Airlines resulted in those companies engaging the opponents to design and commission their own web sites, although this did not happen until after the priority date.

ix) The opponents claim to have advertised their AERONET services in publications such as Revolution magazine, Marketing Week and European Regional Airlines ('ERA') magazine), to have employed a specialist PR company, and to have attended exhibitions (such as the ERA conference). However, there is no specific claim that any of this happened before the priority date, and there is no supporting documentary evidence of this.

x) On 23 June 1995 (about three weeks prior to the applicant's UK application for registration) a representative of the applicant, a Mr Leo Dowling, met with the opponents. Mr Dowling indicated that the applicant had become aware of the opponents AERONET mark through their web site.

xi) The stated purpose of this and subsequent meetings between the parties was to identify ways in which they might work together on various networking projects. The focus of these discussions appears to have been how the opponents might provide added value services via the applicant's network.

xi) It is not clear whether the applicant's use of the name AERONET was disclosed to the opponents at the meeting in June 1995, but it is clear that the opponents were aware of the applicant's use by 1996, and during the following two years whilst discussions about possible liaisons continued between the parties.

16. The main facts with regard to the applicant's case are that:

i) The applicant's expertise is in information technology and telecommunications.

ii) In 1992 it formed a "focus group" to establish what services the applicant could provide to major aircraft manufacturers. The members of the focus group were interested in establishing a secure network

iii) A project to establish such a network was originally known as the 'Aerospace Initiative' but in early 1994 the name AERONET was suggested. By November 1994 the name AERONET was in common use within the focus group (this is borne out by copies of some electronic messages between the applicant and one of the members of the focus group included in exhibit PP-1 to Mr Percival's declaration).

iv) At one time the applicant intended to include an Internet gateway in its network and this is why the applicant considered working with the opponents. However, this idea was eventually abandoned.

v) The decision of the focus group to adopt the name AERONET was reported to the applicant's legal department (but it is not clear when). At the time of his meeting with the opponents in June 1995, Mr Dowling denies being aware of the applicant's application for registration of the AERONET mark or of any intention to apply for such a registration.

### **Arguments of the Parties**

17. It is common ground that the marks of the parties are identical.

18. The opponents describe their services as "...the development, design and programming of CD-Rom/World Wide Web/on-line services that make use of the Internet, Intranets and other computer networks to facilitate the transmission of information (textual, auditory or visual) between individuals."

19. They claim that they had acquired a reputation and goodwill under the name AERONET by the priority date.

20. They further claim that the services they provided at that date are either the same or in the same field of activity as those listed in the application.

21. In this respect they draw attention to the relatively small size of the aviation industry and the fact that both they and the applicant are in information technology field.
22. They claim that the applicant's use of its mark in respect of the goods and services listed in the application was liable to cause confusion at the relevant date.
23. In support of their claim the opponents have filed (as exhibit AGD-4 to Mrs Gwizdala's declaration) copies of letters from or relating to European Regional Airlines Association, Virgin Atlantic, Air Foyle and Air UK.
24. The applicant submits that the opponents have not shown that they had acquired goodwill or reputation under the mark AERONET before the priority date, or if they had acquired reputation that the extent of it was extremely limited.
25. The applicant denies that the opponents activities at the priority date fall within the services listed in their application. Specifically the applicant contends that the opponent was engaged in web site design rather than telecommunications services. For this reason the applicant did not regard the opponents as competitors but as an undertaking that might provide complementary services to their own.

## **Decision**

26. Undertakings that run their own web sites are not usually in the business of running web sites and for that reason, such activity does not usually generate goodwill in any aspect of "internet services" (although it might result in goodwill and reputation accruing to the actual business of the undertaking).
27. It appears that the opponents' Internet web site was set up in September 1994 to provide information about the aviation industry. It is not clear from the evidence whether or how the opponents generated income from this web site before the priority date. There is no claim that the persons who made the 1000 accesses of the site in January 1995 were paying for such access.
28. It seems likely that the creation of the AERONET web site was linked to the other commercial activity the opponents appears to have engaged in before the priority date, that is approaching airlines in the aviation industry offering to design web pages for the company which could appear on the AERONET web site, or to design the companies own web sites.
29. The opponents do not appear to have made much headway with the former. The first web site they designed for others was the Virgin Atlantic web site, which went live in April 1995. This is after the priority date but it appears that discussions (and presumably work) had been on-going for some months before that. As far as I can tell from the evidence, the opponents had not been commissioned to design any further web sites before the priority date, although I

note there is some indication (in a letter in exhibit ADG-4 to Mrs Gwizdala's declaration) that the opponents contact with Air UK in "March 1995" (which is probably but not definitely before the priority date) resulted in the opponents subsequently designing that companies' web site, which went live in June 1995.

30. Apart from these contacts there is evidence (see 15(vii) above) that the opponents had approached a number of other airlines before the priority date, but there is no evidence of advertising, other than the existence of the web site, and 1000 hits a month is not a huge number.

31. The opponent has filed four letters from companies who have used its services. All four letters were written in 1999. Three of the four writers make statements to the effect that they consider AERONET to be distinctive of the opponents. The other letter about European Airlines Association (ERA) simply records the time and purpose of the contacts between ERA and the opponents.

32. I bear in mind that these letters were written some five years after the priority date and will inevitably be influenced by the writers' perceptions at that time rather than being limited to the position at the priority date. Having said that I acknowledge that the letter from Virgin Atlantic specifically relates the statement about distinctiveness to the position in 1994/95. This appears to be the time when the parties did business together. The letter from an ex employee of Air UK makes clear that this company and the opponents contacted each other for the first time in March 1995 and that their business continued for several years thereafter. The letter is therefore unlikely to be limited to the writer's perception at 28 March 1995 (the priority date). The letter from Air Foyle is specifically directed at the position at the time of writing in 1999.

33. There is a further point. The writers of these letters have not made affidavits, statutory declarations or witness statements. They have not therefore given evidence in these proceedings and they could not have been called for cross examination by the applicant. I believe that I can attach such weight as I deem fit to the contents of these letters, but in doing so I should not overlook the fact that the writers have not given evidence in these proceedings, Messiah from Scratch [2000] RPC 44 at 49.

34. I do not feel able to attach much weight to the contents of these letters. The contents of the letter from Virgin Atlantic seems consistent with the opponents' other evidence. I do not believe that the other letters add anything.

35. I find that the extent of the opponents' reputation and goodwill at the priority date was likely to be very limited, even taking account of the relatively small number of undertakings in the aviation business. The opponents' business was still at a very early stage at the priority date. With the exception of Virgin Atlantic, it was still searching for its first customers through "cold calling."

36. This finding is not necessarily fatal to the opponents' case. In BBC v Talbot [1981] FSR 228, the claimant was able to establish that a mark had become distinctive through advertising before any sales occurred. Nevertheless, the limited extent of the opponents' reputation at the priority date, and even more limited commercial goodwill, are plainly important factors.

37. In Kerly's Law of Trade Marks and Trade Names (13<sup>th</sup> Edition) it is stated at paragraph 14-08 on page 420 under the heading of "Reputation":

*"The mark or other indication concerned need not be universally known. A small trader with a limited clientele is as much entitled to protect his brands and business name as any large concern. The overriding consideration, in judging the extent of the reputation, is whether the claimant has built up a goodwill to the point where substantial damage will be caused to it by the acts complained of."*

38. In making this assessment it is necessary to consider whether there is any difference between the services of the opponents (at the priority date) and the goods and services in respect of which the applicant seeks to protect its mark, and if they are different, whether they are in the same field of activity.

39. My conclusion is that, at the priority date, the opponents had started a business engaged in the design of web pages and web sites for others. The opponents also had a web site but they were not providing telecommunication or communication services for others and they were not engaged in any trade in goods.

40. The respective goods and services are therefore not the same. I am fortified in this view by the fact that the Registrar classifies web design services in Class 42 for the purposes of registration, whereas the applicant's application is in Class 38. Further, I do not believe that the opponents' services fall naturally within the services described in the application under opposition. The applicant is providing a network for the airlines which are members of its focus group. These services fall within the terms listed in the specification of the application, and are proper to Class 38

41. Although some of the goods listed in Class 9, such as computer programmes, could be written or used by the provider of web design services, and telecommunication services in Class 38, such as the provision of a network, would have to be used in order to make use of a web design service, there is no evidence that providers of the respective goods and services are in competition with each other. Nevertheless, the providers of such goods/services could be considered to be in broadly the same field of activity in that they are both generally in the fields of aviation and information technology.

42. That finding brings me back to the question of whether the opponents had established sufficient reputation by the priority date that use of the applicant's mark in respect of the goods or services listed in the application was liable to cause the opponents substantial

damage to any slender goodwill they had built up by that date.

43. In the case of South Cone Inc. v Jack Bessant, Dominic Greensmith, Kenmy Gary Stringer (a partnership) 16 May 2001, Pumfrey J. in considering an appeal from a decision of the Registrar to reject an opposition under S5(4)(a), said:

*“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 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.*

*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.”*

44. I have come to the conclusion that the opponents' evidence does not establish sufficient reputation or goodwill at the priority date under the mark AERONET for me to conclude that the applicant's use of its mark in respect of the goods/services listed in the application was liable to cause damage to the opponents' very limited goodwill.

45. Even if, as Mrs Gwizdala argued at the hearing, some companies in the aviation business would have been confused by the applicant's use of its mark at the priority date in respect of the goods/services listed in the application (and there is no evidence of this), it does not necessarily follow that damage would have followed from such confusion. The less goodwill one is able to show at the material date the more difficult it will be to infer that damage will follow from the use of the same mark by another party in the same general field of activity, but where the parties are not in competition with each other.

46. I have not attached any weight to the applicant's submission that the opponents' willingness to enter into business with it in the knowledge of its use of the AERONET name is evidence of an absence of a likelihood of confusion or deception. The opponents may well have judged that there would not be any deception in these circumstances, or that any damage caused by confusion would be offset by the prospect of the parties doing business together. I do not believe that this deprives the opponents of the right to complain about the application in suit.

47. However, for the reasons given above, the oppositions under section 5(4)(a) fail.

## **Section 3(6) - Bad Faith**

### **The Law**

48. Section 3(6) of the Act states that a trade mark shall not be registered if, or to the extent that, the application is made in bad faith. This is some uncertainty as to whether bad faith means commercial fraud or whether disreputable behaviour can also amount to bad faith. For the purposes of this decision I have assumed that disreputable behaviour is sufficient.

49. The position must be judged at the date of original application, 13 July 1995.

50. The burden is on the opponents to substantiate their allegation.

### **The Facts**

51. The opponents rely upon the same facts to support their bad faith allegation as relevant facts are summarised above. Matters that occurred after the application date are only relevant to the extent that they shed light backwards on the applicant's behaviour at the application date.

### **Arguments of the Parties**

52. It is common ground that the applicant was aware of the opponents' AERONET web site at the time of the application.

53. The opponents argue that the applicant went ahead with its application despite knowledge of the opponents' UK business under the name AERONET. They point out that Mr Dowling never revealed the applicant's plans to apply for registration of AERONET at their first meeting in June 1995 some three weeks prior to the application date. They contend that the applicant's approach to them regarding a proposed business arrangement was not a bona fide commercial contact but a cynical attempt to mollify them whilst the application process continued.

54. The applicant argues that it adopted the name AERONET independently in November 1994. It relies upon the unchallenged evidence of Mr Percival to support this claim.

55. The applicant points to the French filing for registration on 28 March 1995 as a further indication of an independent decision to provide services under the AERONET name.

56. The applicant contends that Mr Dowling's failure to mention the application for registration at the meeting with the opponents in June 1995 is accounted for by the fact that Mr Dowling was unaware of the application.

57. The applicant says that it did not regard the opponents as competitors but as an undertaking that could supply it with value added services.

## **Decision**

58. An allegation of bad faith is a serious allegation. In the absence of distinct proof, it should not be lightly inferred that a party acted in bad faith: See the decision of Mr S Thorley QC sitting as Appointed Person in Royal Enfield (SRIS 0/363/01).

59. Whilst I can see why the opponents feel that the applicant has acted in a less than open manner, I do not believe that the evidence points towards bad faith.

60. I accept the unchallenged evidence of Mr Percival that the applicant adopted the mark AERONET independently in 1994. I find this entirely plausible given the nature of the mark and the applicant's proposed business (providing aviation companies access to a communication network). That is not to say that the mark is so descriptive that it cannot be protected. But it is not so distinctive that an unchallenged claim of independent adoption can be lightly rejected.

61. Having settled upon the mark independently, the applicant was entitled to take such steps as it considered necessary to secure registration. Given the international basis of the proposed network there is nothing suspicious about the filing of applications in a number of countries.

62. I also accept the applicant's claims that it did not look upon the opponents as competitors, and that Mr Dowling did not disclose the impending application for registration at the meeting with the opponents in 1995 because he did not know about it. In the absence of a challenge to Mr Dowling's evidence I do not consider that I have any alternative but to accept the latter.

63. In the result the oppositions under Section 3(6) also fail.

## **Costs**

64. The oppositions having failed the applicant is entitled to a contribution toward its costs. I order the opponents to pay the applicant the sum of £1000 within seven days of the end of the period allowed for appeal.

**Dated this 14<sup>TH</sup> Day of March 2002**

**Allan James  
For the Registrar**