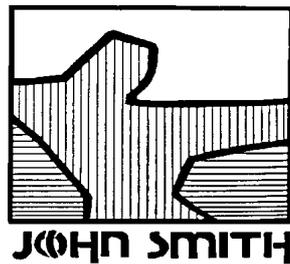


TRADE MARKS ACT 1938 (AS AMENDED) AND THE TRADE
MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION m 1530989
BY AGUIRRE Y CIA, S.A.
TO REGISTER THE MARK



AND

IN THE MATTER OF OPPOSITION
THERE TO UNDER OPPOSITION m 41247
BY COURAGE LIMITED

TRADE MARKS ACT 1938 (AS AMENDED) AND THE TRADE MARKS ACT 1994

IN THE MATTER of trade mark
application **m** 1530989 by Aguirre y Cia, S.A
to register a mark in class 25

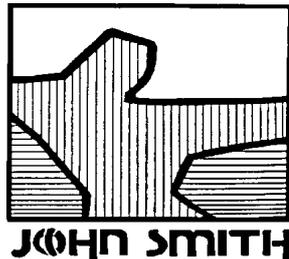
5 and

IN THE MATTER of opposition
thereto under opposition **m** 41247
by Courage Ltd

DECISION

10 Aguirre y Cia, S.A applied on 25 March 1993 under section 17(1) of the Trade Marks Act 1938 to register a mark in class 25 in respect of “Articles of sports clothing and leisure clothing; all included in Class 25”.

The mark is represented as follows:



15 The application was opposed on 17 October 1994 by Courage Ltd. Courage Ltd has since been acquired by Scottish & Newcastle plc, but nothing of substance turns on this point. The intellectual property belonging to Courage Ltd has been assigned to Scottish & Newcastle plc.

I summarise the grounds of opposition as follows:-

20 **M** Section 12(1) and/or 12(3) — The mark in suit closely resembles the opponent’s mark, and its use in relation to the same or similar goods is likely to deceive or cause confusion.

M Section 11 — By reason of the substantial goodwill and reputation arising from the use of the opponent’s mark, use by the applicant of the mark in suit would lead to deception and confusion.

M Section 17(1) — The opponent claims that the applicant is not entitled to claim to be the proprietor of the mark in suit.

M Section 68 — The opponent further claims that the mark is not a trade mark within the meaning of section 68.

5 M Section 17(2) — Registration and/or use of the mark in suit would prejudice the opponent's rights, and would not be in the public interest. Registration should therefore be refused in the exercise of the Registrar's discretion.

10 The trade mark which the opponent relies upon in connection with section 12 is the subject of an application filed on 4 August 1994. At the date of the hearing, the application had not been published for opposition purposes. The details of the application, taken from the opponent's evidence, are as follows:

<u>No</u>	<u>Mark</u>	<u>Class</u>	<u>Goods</u>
1580693		25	Outer clothing; footwear and headgear.

15 In response, the applicant filed a counterstatement admitting the circumstances of the opponent's application, but denying (or in some cases, not admitting) each of the grounds pleaded.

Both parties seek an award of costs in their favour.

20 The matter came to be heard on 8 April 1998. At the hearing, the opponent was represented by Mr George Hamer of Counsel, instructed by Linklaters & Paines. The applicant was represented by Mr Michael Edenborough of Counsel, instructed by D Young & Co.

25 By the time this matter came to be decided, the Trade Marks Act 1938 had been repealed in accordance with Section 106(2) and Schedule 5 of the Trade Marks Act 1994. Nevertheless, these proceedings having begun under the provisions of the Trade Marks Act 1938, they must continue to be dealt with under that Act in accordance with the transitional provisions set out at Schedule 3 of the 1994 Act. Accordingly, and unless otherwise indicated, all references in the remainder of this decision are references to the provisions of the old law.

The Evidence

30 Only the opponent has filed evidence in these proceedings, a statutory declaration dated 19 September 1995 by Jennifer Elise Peddie. Ms Peddie is the Assistant Company Secretary of The Innpreneur Beer Supply Company Limited, formerly Courage Ltd. She is an employee of Scottish & Newcastle PLC, although she continues to work in the business conducted under the Courage name.

Ms Peddie confirms that she is authorised by The Intntrepreneur Beer Supply Company Limited and Scottish & Newcastle PLC to make the declaration, and she continues:

5 “I have been employed by my Company since January 1988 and I have held the position of Assistant Company Secretary of Courage Limited now The Intntrepreneur Beer Supply Company Limited since January 1994. The facts stated herein, where not within my personal knowledge, have been derived from the books and records of my Company to which I have full access.”

10 The substance of Ms Peddie’s evidence can be considered in two parts. In the first part, Ms Peddie describes the opponent’s main trading activity - brewing. In the second part, she deals with the opponent’s subsidiary trade in articles of clothing. In both cases, Ms Peddie is concerned with the opponent’s trade under the brand name JOHN SMITH’S.

15 That the opponent has a substantial reputation for brewing and marketing beer under the name JOHN SMITH’S has not been questioned in these proceedings, and I do not intend to reproduce this part of Ms Peddie’s evidence in great detail. The following figures are sufficient to give a flavour of the opponent’s use:

<u>Year</u>	<u>Quantity</u> (barrels)	<u>Retail Value</u> (£s)
1977-82	4, 142, 617	380, 589, 700
1983	901, 427	133, 300, 000
1984	954, 737	148, 200, 000
20 1985	913, 012	160, 900, 000
1986	915, 316	155, 900, 000
1987	849, 791	148, 713, 000
1988	774, 576	137, 875, 000
1989	740, 966	142, 373, 000
25 1990	653, 817	125, 533, 000
1991	638, 157	122, 253, 000
1992	655, 237	125, 801, 000
1993	749, 194	143, 845, 000

30 Beer sold under the JOHN SMITH’S name has been extensively marketed in the press, hoardings, television commercials and at exhibition stands. Ms Peddie confirms that in the

years 1977 to 1986 (inclusive), approximately £11, 886, 000 was spent on advertising and promoting JOHN SMITH'S products. Advertising for subsequent years is given as:

	<u>Year</u>	<u>Advertising Expenditure (£)</u>
	1987	2,500,000
5	1988	2,900,000
	1989	3,100,000
	1990	1,536,000
	1991	3,261,000
	1992	2,309,000
10	1993	3,047,367

Ms Peddie then lists a number of UK Trade Mark registrations and applications in class 32 (for beers etc), owned by the opponent. There is no need for me to reproduce the list in my decision.

15 In the second part of her declaration, Ms Peddie says that her company has used the trade mark JOHN SMITH'S in relation to clothing since at least 1977, although she concedes that details for the early years are no longer available. She exhibits a selection of brochures illustrating the range of items (described as 'Leisurewear and Merchandise') offered for sale under the mark. In particular Ms Peddie draws attention to the following items:

T-shirts, Polo shirts, Rugby shirts, Sweatshirts, Pullovers, Caps

20 Sales figures are given as follows:

	<u>1992</u>	<u>Sales of John Smith's Clothing</u>	
	<u>Item</u>	<u>No.</u>	<u>Value (£)</u>
	T-shirts	13	32.37
	Polo shirts	109	761.91
25	Rugby shirts	94	1319.00

	<u>1993</u>	<u>John Smith's T-shirts</u>	
	<u>Item</u>	<u>No.</u>	<u>Value (£)</u>
	T-shirts	59	312.41

1994**John Smith's (Rugby)**

<u>Item</u>	<u>No.</u>	<u>Value (£) (Estimate)</u>
T-shirts	2531	10,000
Polo shirts	1601	14,400
Rugby shirts	6418	102,600

5

1994**John Smith's (Rugby League)**

<u>Item</u>	<u>No.</u>	<u>Value (£) (estimate)</u>
T-shirts	36	145
Polo shirts	8	-
Rugby shirts	57	-

10

1994**John Smith's T-shirts (No Nonsense)**

<u>Item</u>	<u>No.</u>	<u>Value (£) (estimate)</u>
T-shirts	14	56

15

20

Ms Peddie adds that over the years, her company has sponsored a number of major sporting events in the United Kingdom; in her opinion, this has raised public awareness of the company and its brands. She also refers to her company's association with Rugby Union through its sponsorship of the Courage League, and with Rugby League as the official sponsor of the Great Britain Rugby League team. Sponsorship of the Rugby League team is conducted under the name JOHN SMITH'S and this mark features prominently on the shirts worn by the players. Replicas of the official shirt of the Great Britain Rugby League team are sold through retail outlets and these of course carry the JOHN SMITH'S mark.

25

30

Ms Peddie concludes by stating that her company applied on 4 August 1994 to register the mark JOHN SMITH'S (with a magnet device) for clothing. That application has been examined in the Registry, and the mark the subject of these proceedings has been cited against it under section 12(3) of the Trade Marks Act 1938. She says that her company has acquired a substantial reputation and goodwill in the mark JOHN SMITH'S by virtue of use, and that use of the mark in suit in relation to "articles of sport clothing and leisure clothing" is likely to lead to confusion by indicating a connection with her company where no such connection exists. As far as Ms Peddie is aware, the applicant has not yet used the mark in the United Kingdom in relation to the goods.

That concludes my review of the evidence, and I turn now to consider the grounds of opposition. Mr Hamer confirmed at the outset of the hearing that the opponent was no longer

pursuing the opposition under section 17(1) and section 68, and I therefore formally find that the opposition on these grounds fails.

Section 12(1) & 12(3)

These sections of the Act read as follows:

5 “12(1) Subject to the provisions of subsection (2) of this section, no trade mark shall be registered in respect of any goods or description of goods that is identical with or nearly resembles a mark belonging to a different proprietor and already on the register in respect of:-

 a. the same goods,

 b. the same description of goods, or

10 c. services or a description of services which are associated with those goods or goods of that description.”

 12(3) Where separate applications are made by different persons to be registered as proprietors respectively of marks that are identical or nearly resemble each other, in respect of-

 (a) the same goods,

15 (b) the same description of goods, or

 (c) goods and services or descriptions of goods and services which are associated with each other,

 the Registrar may refuse to register any of them until their rights have been determined by the Court, or have been settled by agreement in a manner approved by him or on an appeal (which

20 may be brought either to the Board of Trade or to the Court at the option of the appellant) by the Board or the Court, as the case may be.”

In relation to section 12, Mr Hamer submitted that the application in suit should be suspended according to section 12(3), and that the opponent’s later-filed application should be allowed to proceed to registration on the basis of prior user whereupon the opponent would be able to

25 rely upon section 12(1) to successfully oppose the application in suit. Mr Hamer maintained that if the two marks had been identical in all respects the Registrar would have appointed a joint hearing and decided, on the evidence, which of the two applications should go forward. However, it seems to me that the opponent’s case for suspending this application under

 section 12(3) depends upon their ability, subsequently under section 12(1), to rely upon their

30 own later filed application to oppose the earlier application. At first sight section 12(1), and in particular the words “... *already on the register* ...” lend some encouragement to this interpretation, but after careful consideration I have concluded that the material date for the purpose of deciding an opposition under section 12(1) must be the filing date of the

 application being opposed - in this case 25 March 1993 - and not some later date when the

35 registrability of the application is ultimately decided. Common sense suggests that it cannot be right to reject one trade mark application merely because a later-filed application is processed faster and gets onto the register before the earlier application. On the other hand, if the owner of the later-filed application can establish prior rights in the mark, for example through use of

 the mark, then there may be grounds for refusing the earlier-filed application, but those

40 grounds are to be found in section 11. At the hearing I referred to a recent decision of the Registrar in *Cookson Group Plc v Chemtronics Inc*¹ in which the Hearing Officer considered

¹Chemtronics v Cookson SRIS O/040/98

this point in detail, and set out the Registrar's view. I see no need to go over the same ground in this decision, but for the sake of convenience I reproduce the following summary of the position as given in the earlier decision:

5 "I should say by way of background that, for the purposes of applications for registration it has been the long established practice of the Registry to regard the date of filing of an application as being the material date. Thus, at the examination stage the Registry conducts a search for conflicting marks but only insofar as they have an earlier filing date than the application in suit. By the same token if an applicant wishes, or needs, to bring forward evidence of use of his mark for any reason the critical date is regarded as being the application filing date and any use after that date will not assist the applicant. In opposition proceedings too the position is normally determined by reference to the position of the parties at that material date. I am not aware that the Registry's general approach to this issue has been criticised or found to be wrong in law on appeal to the Courts."

15 As the opponent's application was filed on 4 August 1994, more than sixteen months after the material date, an opposition under section 12(1) could not succeed and therefore section 12(3) does not provide a basis for refusing to register the applicant's mark. The opposition under section 12 fails accordingly.

Section 11

This section is in the following terms:

20 **11.** It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.

25 Mr Edenborough criticised the opponent's evidence of prior use from three angles. To begin with he submitted that because the opponent's declarant, Ms Peddie, did not take up her present post as Assistant Company Secretary until January 1994, her evidence relating to use of the mark before the application filing date (March 1993) was hearsay and should be disregarded. Moreover he argued that the use which had been described in the evidence was not genuine use in relation to trade in the goods, but was promotional use in connection with advertising the opponent's main trading activity — brewing. He relied upon the Kodiak case² in support of this particular argument. Thirdly, he maintained that in any event, the use was clearly de minimis and should be ignored for the purpose of determining use under section 11.

Regarding the hearsay point, I noted that Ms Peddie's declaration contains the statement:

35 "The facts stated herein, where not within my personal knowledge, have been derived from the books and records of my Company to which I have full access"

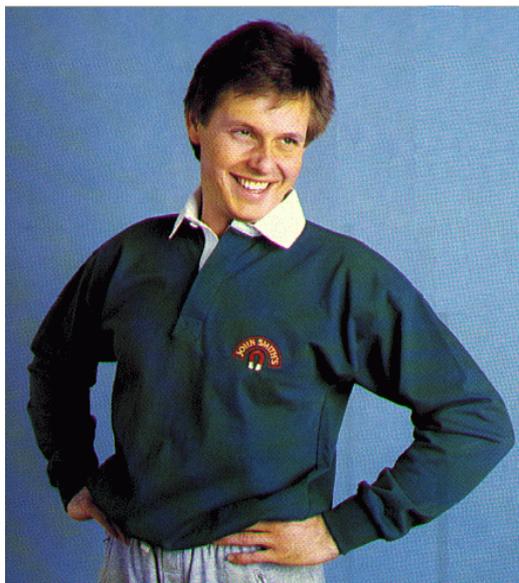
²Kodiak Trade Mark [1990] FSR 49

This is a fairly common means of adducing evidence of historical events. As Mr Hamer observed, it is very difficult to give evidence of things that happened a century ago because there are not many people around who can come and give such evidence. He reminded me that Ms Peddie's evidence had not been challenged prior to the hearing in this matter, and that the applicant had not adduced any evidence to rebut that of Ms Peddie. Taking all these factors into account, I see no reason to disregard Ms Peddie's evidence on the grounds of hearsay.

The remaining two prongs of Mr Edenborough's attack are much more substantial in my opinion. Mr Hamer did not dispute that his client's primary trade was in beer and brewery services, not clothing, and in this respect the facts are very similar to those in the Kodiak case, where sales of T-shirts carrying the words "Do it! Use Kodak films and plates" were held not to be use of the mark "Kodak" in relation to clothing. Instead, the T-shirts were regarded as principally a vehicle for advertising the main business of the proprietor. Both Mr Edenborough and Mr Hamer referred me to the following passage from the Kodiak case as supporting their respective positions:

"... if the word "Kodak" had stood alone, it might well be said that this is a mark indicating the trade source of the shirts, despite the prominence of the mark on the shirt which is not the usual place where you expect to find a trade mark on clothing. But here, as it seems to me, the sole purpose of the legend was to advertise films and plates. It is not a case here of showing the source of the T-shirt, and incidentally of advertising the general business of the proprietor: it is a case of primarily advertising the business of the proprietor. To my mind the shirt is principally a vehicle. It is, of course, not a mere vehicle as was the packing case, which had no other function than a convenient method of conveying the goods. It would be wrong simply to describe the shirt as a mobile advertising hoarding; it had use as an article of clothing, but the principal and avowed purpose of it was as promotional material."

In Mr Hamer's submission, the opponent's use on clothing as shown in the evidence goes beyond mere advertising. He drew my attention to the manner in which the JOHN SMITH'S



mark appears on the clothing. The example shown left is taken from one of the brochures exhibited to Ms Peddie's declaration, and shows the JOHN SMITH'S mark (the subject of the opponent's later-filed application) on the left breast. This, said Mr Hamer, is very traditional for the use of the clothing manufacturer's trade mark, and is far removed from the slogan-type advertising style which featured in the Kodiak case.

Mr Hamer also stressed that the opponent's mark "stood alone" in most of these examples. This was a clear reference to the passage quoted above from the Kodiak case where the Court found that if the word "Kodak" had stood alone, it would be more likely to be seen as a trade mark indicating the trade source of the shirts.

Other examples of the opponent's use of the JOHN SMITH'S mark on clothing are not so favourable. The examples shown right appear in the same brochure, and are much more akin to the promotional or advertising use found in the Kodiak case. Nevertheless, the evidence before me clearly shows that the opponent has sold polo shirts and rugby shirts which bear the JOHN SMITH'S trade mark in a form which I regard as genuine trade mark use - eg. as shown in the example above on page 8.



In terms of the level of use, there can be no doubt that the sales of clothing bearing the JOHN SMITH'S mark prior to the material date have not been great. Mr Hamer submitted that I should have regard to the much greater reputation which the opponent enjoys in relation to beer, and consider how much of that reputation "overflows" into what he described as the "merchandising classes". Here the public, being aware of his client's reputation for producing beer under the JOHN SMITH'S mark, would readily associate articles of clothing bearing the JOHN SMITH'S mark with his client. In this respect, he argued that the opponent's reputation and goodwill in connection with clothing was not starting from a zero baseline as might be the case with a new manufacturer moving into the field.

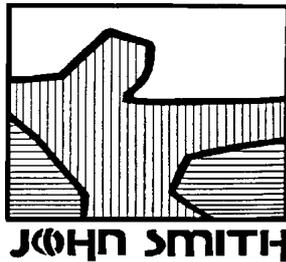
Mr Edenborough accepted the principle of this argument, but he contended that the respective fields of trade in this case, beer and clothing, were too far apart. In his submission, brewing is a very discrete and well defined type of industry; the flow or spread of goodwill from the main field of activity into other, wholly unrelated, fields of activity is very weak. After giving the matter careful consideration, I do not entirely agree. The evidence before me shows that the opponent has built up a substantial reputation in the JOHN SMITH'S brand of beers; as a result of that reputation I believe that a significant number of people, when presented with a polo shirt or rugby shirt bearing the same mark that the opponent has used in relation to its beers, would assume a connection with the JOHN SMITH'S brand of beers. To that extent, it could be said that the mark is able to function very effectively as an indication of trade origin in respect of the clothing, even though initially sales volumes may be quite low.

But it seems to me that regardless of the *degree* of user established by the opponent prior to March 1993, it is necessarily greater than the user established by the applicant simply because the applicant has not filed any evidence at all in these proceedings. Under the 1938 Trade Marks Act, first use is an important consideration, and the evidence before me clearly shows that the opponent has demonstrated first use of its mark, albeit on a modest scale.

The established test for objection under section 11 is set down in Smith Hayden & Co Ltd's Application [1946] RPC 101 as adapted by Lord Upjohn in the Bali trade mark case [1969] RPC 496. Adapted to the matter in hand, the Smith Hayden test may be expressed as follows:

5 Having regard to the user of the opponent's mark, is the tribunal satisfied that the mark applied for, if used in a normal and fair manner in connection with any goods covered by the registration proposed will not be reasonably likely to cause deception and confusion amongst a substantial number of persons?

10 For the sake of convenience, I reproduce below the two marks that I need to compare under section 11 — on the left, the mark which the applicant seeks to register, and on the right, the mark as used by the opponent on polo shirts and rugby shirts.



15 As Mr Edenborough pointed out at the hearing, there are a number of differences between the two marks. To begin with, the opponent's mark is used in the possessive case, ending with an apostrophe ('S). The applicant's mark appears in a more stylised script than the opponent's, and includes what Mr Edenborough described as a 'slashed O'. But more significantly in Mr Edenborough's opinion, these are both graphic marks, and not purely word marks. The opponent's mark incorporates a magnet, whereas the applicant's mark was described as a modernist representation of a person with outstretched arms. The images conjured up by these two graphical images are entirely dichotomous according to Mr Edenborough.

20 I agree with Mr Edenborough that there are a number of differences between these marks, and the differences are easy to spot when the two marks are presented side by side as I have done above. But I am conscious that this is **not** how the two marks will generally be seen in normal use. As the Privy Council said in *de Cordova and others v Vick Chemical Co* [1951] 68 RPC 106 lines 17-23:

25 "A trade mark is undoubtedly a visual device; but it is well-established law that the ascertainment of an essential feature is not to be by ocular test alone. Since words can form part. or indeed the whole, of a mark, it is impossible to exclude consideration of the sound or significance of those words..... The likelihood of confusion or deception in such cases is not disproved by placing the two marks side by side and demonstrating how small is the chance of error in any customer who places his order for goods with both the marks clearly before him, for orders are not placed, or are often not placed, under such conditions. It is more useful to observe that in most persons the eye is not an accurate recorder of visual detail, and that marks are remembered rather by general impressions or by some significant detail than by any
30 photographic recollection of the whole."

I think it is quite likely that the typical man in the street would see both marks as “JOHN SMITH” marks. In practice, the apostrophe S at the end of the opponent’s mark may not always be pronounced, but in any event I am not sure that it would be regarded as significant in terms of distinguishing between the two brands in the market place.

5 It is also important to consider the meaning of the phrase “used in a normal and fair manner”, as it appears in the Smith Hayden test. No evidence has been filed showing how the applicant proposes to use the mark, but both Counsel agreed that in the specific context of T-shirts, normal and fair use comprises anything from use on a label sewn into the back of the T-shirt, through to use of the mark emblazoned across the whole front of the T-shirt. I have
10 reproduced above, examples of three different shirts (one rugby shirt and two T-shirts) sold by the opponent. They each depict the JOHN SMITH’S mark in a different way. If I notionally add a fourth person to that group, modelling one of the applicant’s T-shirts with the mark in suit presented clearly on the front of the T-shirt, I can now see in my mind’s eye four shirts all with slightly different styles. Yet three of those shirts are the opponent’s shirts, and one is the
15 applicant’s shirt. In such a situation the subtle distinctions between the marks are not so obvious.

At the very least, I believe the evidence establishes a presumption of confusion which the applicant was obliged to counter in evidence. It is established law that in opposition proceedings under the 1938 Trade Marks Act, the applicant has the burden of proving that if
20 his mark were to be registered, it would not result in confusion with respect to marks already in use. It seems to me that the applicant, by choosing not to file any evidence in support of the application, has failed to discharge this onus, and I therefore find that the opposition under section 11 succeeds.

Registrar’s Discretion

25 There remains the matter of the Registrar’s discretion. However, this opposition having succeeded under section 11 (the consequences of which are mandatory), it is neither necessary nor appropriate for me to consider exercising the Registrar’s discretion under section 17(2).

The opponent, having been successful in these proceedings, is entitled to a contribution towards the costs of mounting the opposition. I therefore order the applicant to pay to the
30 opponent the sum of **£535**.

Dated this 10th day of June 1998

**Mr S J Probert
Principal Hearing Officer
For the Registrar, the Comptroller-General**