

O-151-05

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NUMBER 81031  
FOR A DECLARATION OF INVALIDITY IN RESPECT OF  
TRADE MARK REGISTRATION NUMBER 2256449  
IN THE NAME OF INTERLEASING (UK) LIMITED**

## **TRADE MARKS ACT 1994**

### **IN THE MATTER OF Application Number 81031 for a declaration of invalidity in respect of Trade Mark Registration Number 2256449 in the name of Interleasing (UK) Limited**

#### **BACKGROUND**

1. Trade Mark Number 2256449 is for the mark AUTOFLEX which is registered in Classes 9, 35, 37 and 39 for the following goods and services:

**Class 09:** Computer software; computer software for the monitoring, checking, recording, and tracking of vehicles, mileage, driver details, records of maintenance and repair of vehicles, accidents and rentals of vehicles; computer programs for downloading from the Internet (shareware).

**Class 35:** Monitoring, checking, recording, tracking and recordal (via Internet software) of information relating to the repair and maintenance made to vehicles; monitoring, checking, recording, tracking and recordal (via Internet software) of the hire, lease and rental of vehicles, automobiles, motor-cars, trailers, trailer hitches, vans, small vans, camping cars, caravans, omnibuses, coaches, buses, motorcycles, mopeds; monitoring, checking, recording, tracking and recordal (via Internet software) of breakdown or accident assistance services, salvaging and rescue operations.

**Class 37:** Repair and maintenance of vehicles; information, consultancy, checking (via Internet software) of the repair and maintenance made to vehicles.

**Class 39:** Hire, leasing and rental services for vehicles, automobiles, motor cars, trailers, trailer hitches, vans (vehicles), small vans, camping cars, caravans, omnibuses, coaches, buses, motorcycles, mopeds; information and consultancy in vehicle hire, leasing and rental; transport services; information and consultancy in transport; towing services; breakdown or accident assistance services (repairs); salvaging, rescue operations (transport); information, consultancy, checking (via Internet software) of all the aforementioned services.

2. The mark stands registered from a filing date of 21 December 2000.

3. On 1 October 2002 ANC Rental Corporation (UK) Limited applied for the invalidation of the trade mark under Section 47(2)(b) of the Act because there is an earlier right to which the condition set out in Section 5(4)(a) is satisfied, in that use of the mark in suit is liable to be prevented by the law of passing off.

4. The registered proprietor filed a Counterstatement denying the grounds of invalidity, adding that the registered proprietor has used the mark in suit since 1993.

5. Both sides have filed evidence and ask for an award of costs in their favour.
6. The matter came to be heard on 12 May 2005 when the applicant for invalidity was represented by Mr Moody-Stuart of Counsel instructed by Field Fisher Waterhouse and the registered proprietor by Mr Mitcheson of Counsel instructed by Forrester Ketley & Co.

#### **APPLICANT'S EVIDENCE**

7. The applicant for invalidity's evidence consists of a witness statement by Neil McCrossan dated 23 May 2003. Mr McCrossan is Vice President – Sales & Marketing, for the applicant company, ANC Rental Corporation (UK) Limited.
8. Mr McCrossan explains that the applicant is a company running a business of providing vehicle rental services and is a subsidiary of a US company. He states that the overall turnover for the applicant from UK business is estimated at £175,624,000 for the year 2000. Mr McCrossan adds that the applicant is the largest vehicle rentals business in the UK by fleet size and has been since 1998.
9. Mr McCrossan states that the applicant launched the AUTOFLEX product in November 1998. At that time, Mr McCrossan was the applicant's UK Sales Director which involved the day to day management of sales in the UK and had responsibility for sales targets, the level of promotion and marketing, availability of vehicles and strategic placing. Mr McCrossan explains that another of his main roles was to negotiate with particular clients on their needs, given the nature of the vehicle rental market in the UK which is largely driven by fleet sales and corporate accounts. Accordingly, part of the applicant's business is in providing advice to customers on how best to accomplish their vehicle supply needs.
10. Mr McCrossan states that the AUTOFLEX product idea and name was his. He was also responsible for its management on a month by month basis.
11. In relation to the product launch in November 1998, Mr McCrossan attaches at Exhibit NM1 to his statement, a copy of internet 'news sheets' published by Fleet News Net which refers to National Car Rentals "new long term rental product called AutoFlex for hire periods of more than 90 days". The date of the "news sheet" is shown as November 25 1998.
12. Mr McCrossan explains that the purpose of the AUTOFLEX product was to plug a gap in the market for car rental over short to medium term periods. He refers to AUTOFLEX ALPHA (for 3-6 month rentals) and AUTOFLEX BETA (for 6-18 month rentals), which are both referred to in an AUTOFLEX flyer attached to Exhibit NM2 to Mr McCrossan's statement. The print date for this flyer is September 1998. He adds that the target market was mainly corporate customers.
13. Mr McCrossan states that the precise details of the product launch are not recorded and the staff integral to this are no longer with the applicant. At Exhibit NM3 to his statement is an AUTOFLEX leaflet which, Mr McCrossan states, was sent to customers upon the product's launch. He adds that further examples of promotional literature were available at branches from the outset. He refers to Exhibit

NM4 in support which also shows a print date of September 1998. Mr McCrossan goes on to say that the product would have also been promoted by the applicant's sales team in their visits to existing and potential customers.

14. Mr McCrossan turns to how the product was administered and refers to Exhibit NM5 to his statement which describes the products supplied under the AUTOFLEX mark at launch and was intended for use by staff in advising customers.

15. Mr McCrossan explains that the product AUTOFLEX could be requested through branches or direct to a free-phone hotline number 0870. In either case the enquiry was then transferred to a central processing unit or "branch 104". Upon answering the telephone, staff were trained to answer "AUTOFLEX: How can I help you?" Mr McCrossan states that on average there were 20-25 calls per day during the lifetime of the AUTOFLEX product and that all enquiries as well as purchases and customer-focused administration of this product occurred through this telephone line. Exhibit NM6 to Mr McCrossan's statement comprises documentation for staff about procedures for the hotline. Mr McCrossan adds that the managers on the hotline kept an informal computerised record of the initial bookings through the hotline and Exhibit NM7 comprises a print out of such information, referred by car registration number to demonstrate take up of the AUTOFLEX product soon after November 1998. It lists some 86 registration numbers, most of which are shown adjacent to a driver's name. The document is not headed and contains no reference to the word AUTOFLEX.

16. Mr McCrossan explains that when a customer made an enquiry they were sent a Welcome Pack. A sample of the documents sent, including the prepaid envelope marked with the AUTOFLEX mark, is attached at NM8, to Mr McCrossan's statement and includes a covering letter that used the dual branding of the NATIONAL house mark with use in the letter of the mark AUTOFLEX, identifying the product itself. He adds that a vehicle request form identifying the product vehicle was also included, as was a rates listing and brochure.

17. Exhibit NM9 contains a sample of documents sent to the AUTOFLEX customer, which includes a letter, sticker, pre-paid envelope, a list of rates and a blank accident damage report form. Exhibit NM10 shows an ongoing customer file, which relates to the customer's details, rental details and further information about the range of vehicles available and the type of AUTOFLEX product. The particular example shows that the customer heard of AUTOFLEX through ongoing use.

18. Mr McCrossan concludes that the applicant can show substantial use of the AUTOFLEX mark in relation to vehicle rental services prior to the relevant date and that at the relevant date, the public looking for vehicle rental services or associated goods or services, such as support software, would think first of the applicant.

#### **REGISTERED PROPRIETOR'S EVIDENCE**

19. The registered proprietor's evidence consists of a statutory declaration by Peter Brian Phillips dated 13 November 2003. Mr Phillips is the Chief Financial Officer and Company Secretary of Interleasing (UK) Limited (the registered proprietor company).

20. Mr Phillips provides details relating to the registered proprietor's earlier changes of name. He asserts that the registered proprietor is well known in the UK for all the goods and services for which the mark in suit is registered.

21. Mr Phillips states that the registered proprietor has used AUTOFLEX as its trade mark continuously since at least 1993 in respect of the goods and services which, he adds, is five years prior to the date of first use claimed by the applicant for invalidity who therefore, does not possess an earlier right.

22. Mr Phillips explains that the goods and services offered by the registered proprietor by reference to the mark in suit, are not directly supplied for money. The goods and services are offered to all new fleet customers, or existing customers.

23. Mr Phillips is unable to apportion the approximate annual monetary turnover of the goods and services from the overall turnover of the registered proprietor's entire business. However, he provides the following annual turnover figures for all the goods and services offered by the registered proprietor between the years 1996-2001:

<b>YEAR</b>	<b>APPROXIMATE ANNUAL TURNOVER (£'000)</b>
2001	338,819
2000	332,634
1999	287,190
1998	392,929
1997	273,961
1996	247,467

24. Mr Phillips explains that approximately 85% of these figures relate to the finance rental/services; 11.5% relate to the maintenance services; 2% relate to short term rentals and 1.5% relate to management fees and other income.

25. Mr Phillips refers to Exhibit PBP2 to his declaration, which contains a letter dated 28 February 1995 headed "Autoflex for Birmingham Cable", regarding a request from Birmingham Cable for a multi user version of Dataflex; a letter from Marley Limited, dated 8 August 2003, confirming that they used the Interleasing product "Autoflex" from April 1993 "for logging mileage of company car drivers for tax/P11D purposes" and that they have been provided with training and/or support during the time they used Autoflex; and a memo dated 28 April 1995 about NTL's use of AUTOFLEX on its personal computer network.

26. In relation to the use of the mark, Mr Phillips states that:

- (i) Customers can license use of the AUTOFLEX computer software, and monitor, check, record, track information relating to the repair and maintenance made to vehicles; monitor check, record and track the hire, lease and rental of vehicles, automobiles, motorcars, trailers, trailer hitches, vans, small vans, camping cars, caravans, omnibuses,

coaches, buses, motorcycles, mopeds, monitor, check, record and track the breakdown or accident assistance services, salvaging and rescue operations required for their hire vehicles themselves; or

- (ii) The registered proprietor will monitor, check, record, track information relating to the repair and maintenance made to vehicles; monitor, check, record and track the hire, lease and rental of vehicles, automobiles, motorcars, trailers, trailer hitches, vans, small vans, camping cars, caravans, omnibuses, coaches, buses, motorcycles, mopeds; monitor, check, record and track the breakdown or accident assistance services, salvaging and rescue operations required for their hire vehicles, on behalf of the customer who can access the information over the internet, or be provided with the information in printed form.

27. Mr Phillips draws attention to Exhibit PBP3 to his statement, to support use of the mark. It contains:

- (i) a 'screen dump';
- (ii) a supervisor guide dated 1996;
- (iii) a 1993 query function manual;
- (iv) a letter regarding a version upgrade.

28. Mr Phillips explains that AUTOFLEX for DOS was written and launched in 1993. The AUTOFLEX Graphical Interface was written in 1994 and it was launched in 1995. He adds that the computer software was designed by CMAC Computer Systems Limited (CMAC). At Exhibit PBP4 to Mr Phillips' declaration are cost spreadsheets and a selection of invoices for work conducted by CMAC in relation to the computer software, on behalf of the registered proprietor.

29. Next, Mr Phillips refers to Exhibit PBP 5 to his declaration, compressing a sample Autoflex Report, and a Fleet Review for Marks & Spencer (one of the registered proprietor's customers), dated 1994/1995.

30. Mr Phillips declares that the goods and services have been and are offered by reference to the mark the subject of the registration, throughout the United Kingdom, as for example in the following towns:

**North of England:**

Derby  
York  
Doncaster  
Sheffield  
Bradford

**South of England:**

Dorking  
London  
Upton – Dorset  
Slough  
Croydon  
Hemel Hempstead  
Luton

**East of England:**

Norfolk  
Peterborough

**Midlands:**

Birmingham  
Redditch  
Warwick  
Small Heath  
Burton-on-Trent  
Telford  
Nottingham  
Cannock  
Leicester

**West of England:**

Bristol  
Manchester  
Liverpool

**Scotland:**

Glasgow  
Edinburgh

31. Mr Phillips draws attention to Exhibit PBP6 to his declaration, which is a list of fifteen of the registered proprietor's customers, a list of 1993 for 110 user installations, a list of some customers which had upgrades; and Exhibit PBP7 which is a one month invoice audit report for November 1993.

32. Mr Phillips explains that due to the nature of the customers of the goods and services, the goods and services are not generally advertised. However, he adds that the registered proprietor does from time to time distribute literature for the goods and services mentioning the mark in suit to existing and prospective customers, Exhibit PBP8 contains specimens of such literature ie Cowie Interleasing fleet management brochures which contain references to the service under the AUTOFLEX mark. Furthermore, he states that the registered proprietor also employs other material from time to time to promote the goods and services, for example the Fleet Reviews prepared for the registered proprietor's customers (Exhibit PBP5 refers); user manuals and supervisor guides (Exhibit PBP3 refers).

33. Finally, Mr Phillips refers to Exhibit PBP10 to his declaration which contains a selection of AUTOFLEX named customer license certificates from 1996 to 2003. It includes a number of well known businesses (household names).

34. This completes my summary of the evidence filed in this case. I turn now to the decision.

## DECISION

35. Section 5(4)(a) of the Act states:

“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) .....

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.”

36. I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC in the *WILD CHILD* case [1998] 14 RPC 455. In that decision Mr Hobbs states that:

"A helpful summary of the elements of an action for passing off can be found in *Halsbury's Laws of England* (4th Edition) Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc* [1990] R.P.C. 341 and *Erven Warnink BV v. J Townend & Sons (Hull) Ltd* [1979] A.C. 731 is (with footnotes omitted) as follows:

"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.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing a greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to

a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of 'passing off', and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House."

Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

"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."

37. Thus, to succeed in a passing off action, it is necessary for the opponent to establish that at the relevant date (i) they had acquired goodwill under their mark, (ii) that use of the applicant's mark would amount to a misrepresentation likely to lead to confusion as to the origin of their goods; and (iii) that such confusion is likely to cause real damage to their goodwill.

### **Relevant or Material Date**

38. It is well established that the material date for passing off is the date of the behaviour complained of (see *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC 429 and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2004] RPC 8 and 9). Section 5(4)(a) is derived from article 4(4)(b) of First Council Directive 89/104 of December 21, 1998 which states:

“rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark”.

39. The material date in opposition proceedings cannot, therefore, be later than the date of the application for registration and in the present proceedings I must take into account the registered proprietor's claim to earlier use of the mark as the activity complained of predated the date of application for registration.

40. In light of the above guidance I go on to consider the applicant for invalidity's evidence in respect of its claim to goodwill in the AUTOFLEX trade mark.

41. Goodwill, often described as reputation is “the attractive force which brings in customers” (Lord Macnaghten in *Commissioners for Inland Revenue v Muller* [1901] AC 217).

42. The applicant's goodwill is based on its claim of use from November 1998 in respect of short to medium term car rental directed at the corporate sector or user.

43. In the case of *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenny Gary Stringer* (a partnership) [2002] RPC 19, Pumfrey J. in considering an appeal from a decision of the Registry to reject an opposition under Section 5(4)(a) said:

“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 considerably more stringent than the enquiry under s. 11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark* [1969] R.P.C. 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.”

44. In the present proceedings the applicant has provided no evidence as to the extent of sales under the mark, no turnover figures, no indication of the number of customers purchasing services under the mark, no figures going to the extent of advertising and promotion of the mark, nor any third party, trade or independent evidence relating to the use, or reputation or promotion of the AUTOFLEX mark.

45. At the hearing Mr Moody-Stuart on behalf of the applicant pointed out that the applicant was a major business in the UK car rental sector and that short to medium car rental would form a major position of its business. While this is correct, there is no evidence to substantiate a claim that all of ANC’s short to medium term corporate rentals were conducted under the AUTOFLEX trade mark. Indeed, there is no evidence to demonstrate the extent, duration or degree of business undertaken under the mark.

46. Mr Moody-Stuart also drew attention to the supporting exhibits to Mr McCrossan’s witness statement, including the publicity brochures and pamphlets and the internet ‘news sheet’ of November 1998 published by Fleet News. However, while these documents go to the launch and promotion of the mark, they do not demonstrate or indicate the extent, duration and degree of promotion. There does not appear to have been any significant advertising campaign by the applicant.

47. Mr Moody-Stuart went on to place heavy reliance on Mr McCrossan’s evidence relating to the free phone hotline – paragraph 15 of this decision refers – to which twenty to twenty five calls per day were received. Once again there is no evidence going to the nature of these calls, indeed it would seem that many related to administration. An example of an informal computerised record of initial bookings through the hotline is exhibited as NM7 to Mr McCrossan’s statement – paragraph 15 of this decision refers. This lists eighty six names. At best I may be able to conclude that eighty six individuals drove cars rented under the AUTOFLEX mark. However, uncertainty remains in that AUTOFLEX rentals were aimed at the corporate sector. The individuals could have been in the employment of one or two corporate clients. Furthermore, while I have no evidence before me on the point, it seems to me that car rental leasing operations are usually conducted on a relatively large scale. The sort of customer base shown by the applicant’s evidence would not necessarily demonstrate any significant market impact given the nature of the business.

48. In essence, the applicant’s evidence and submissions come down to that the mark has been used and, as the applicant company is a major player, if not the major player in the field, it must possess goodwill or reputation in the mark. In some ways this is a tempting proposition, particularly when supported by evidence, which although flawed, could possibly be seen as indicative. However, it is my view that the applicant’s case is over-dependent on submission and inference based upon speculation, rather than hard evidence. In the case of *Radio Taxicabs (London) Limited v Owner Drivers Radio Taxi Services Limited* 12 October 2001, Mr Robert Englehart QC, sitting as Deputy Judge of the High Court pointed out that the court was faced with “the total absence of evidence from the wider public” and went on to

find that the burden of proving reputation with the general public lay on the claimant. At paragraph 89 he stated:

*“I consider it possible that the claimant may have built up a sufficient reputation in the ways relied on but I cannot conscientiously put it any higher in the claimant’s favour than ... Thus one is left to speculate. Speculation is not enough. At the end of the day the burden of proving on the balance of probabilities, the requisite reputation with the general public in the name “Radio Taxis” lies on the claimant and I find that the claimant has not discharged it.”*

49. I am also assisted by the following comments of Mr Simon Thorley Q.C. sitting as the Appointed Person in *Scentura Creations Limited v Patrick Cox Designs Limited* (unreported decision of 6 November 2000 BL O/471/00 at paragraph 18).

*“It is the duty of the Registrar and of this tribunal on appeal to assess the weight that can be attached to the actual evidence that is placed before the court. It is not for us to try to assess on the basis of the evidence that has been filed, the strength of evidence which might have been filed had the Opponents sought to do so.”*

50. On the basis of the evidence before me I have come to the conclusion that the applicant for invalidity’s evidence does not establish sufficient goodwill to sustain a passing off action.

51. As the applicant has not demonstrated goodwill at the relevant date, the passing off case falls at the first hurdle. The application for invalidation fails.

52. In view of my decision I have no need to further consider these proceedings. However, even if I am wrong on the goodwill point it seems to me that the application still cannot succeed.

53. The registered proprietor’s evidence going to its claim to prior goodwill in the AUTOFLEX mark is also flawed. Nevertheless, it does not strike me as being any more flawed than the applicant’s evidence and indeed the evidence of the registered proprietor shows a number of large, high profile business customers for its computer software and computer services relating to the fleet management of vehicles. Furthermore, given the nature of the registered proprietor’s activities and the context in which its AUTOFLEX mark has been used ie it is offered to substantial corporate vehicle leasing customers many of whom utilise the particular goods and services, it seems to me that any goodwill would extend to the remaining goods and services stated in the specifications of the registration. These goods and services are sufficiently similar to have resulted in a connection being made with the registered proprietor by the relevant public prior to the applicant’s use.

## **COSTS**

54. At the hearing it was common ground that costs should be based on the normal scale. The registered proprietor is entitled to a contribution towards costs and I order the applicant to pay the registered proprietor the sum of £1,900. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 10<sup>th</sup> day of June 2005**

**JOHN MACGILLIVRAY  
For the Registrar  
The Comptroller-General**