

O-158-04

DECISION OF THE TRADE MARKS REGISTRY

TRADE MARKS ACT 1994

APPLICANT: ALAMI INTERNATIONAL LIMITED

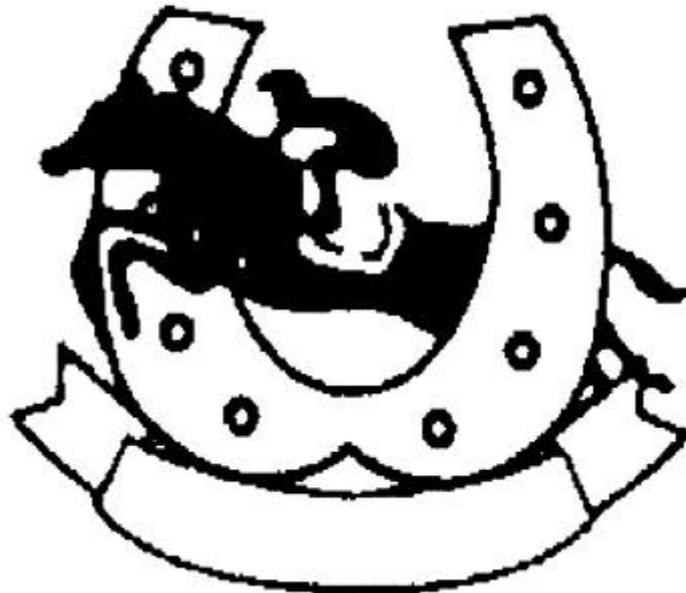
OPPOSITION N^o. 90118

AND

OPPONENT: MARTELL & CO

APPLICATION N^o. 2281046

CLASS 18



TRADE MARKS ACT 1994

BACKGROUND

1. The above trade mark was applied for on 19th September 2001 by Alami International Limited, 7 Dace Road, London E3 2NG for:

Class 18: “Leather and imitation leather and goods made of the aforesaid materials; bags, luggage, wallets, purses, cases and belts”.

2. Registration of the mark is opposed by Martell & Co under ss. 5(2)(b), 5(3) and 5(4)(a) on the basis of the earlier United Kingdom trade mark registration number 2005506A:



- Class 14 Jewellery; tie pins and clips, cufflinks, medals, medallions, brooches, pins, chains, buckles and ear-rings, bracelets, rings, trinkets, belt buckles, watch chains; precious stones; horological and chronometric instruments.
- Class 16 Printed matter; programmes; magazines; books; stationery; tickets; posters; photographs; all relating to the Grand National Steeplechase; cardboard boxes for sweets and chocolates; jackets for papers.
- Class 18 Leather and imitations of leather and goods made of these materials; bags; game bags, beach bags, holdalls, handbags, shopping bags, memo pad holders, note pad holders, conference pad holders; briefcases, card cases, pocket wallets, purses, leather organizers, leather bound hip flasks; trunks, valises and travelling bags, vanity cases; umbrellas, parasols and walking sticks; riding-whips, harness and saddlery.
- Class 21 Cups, mugs, jugs, decanters, ice-buckets, pitchers, pots, refrigerating bottles, goblets, glasses, cocktail stirrers, cocktail shakers, liqueur sets; crumb trays, wine waiters' knives, bottle openers and corkscrews.
- Class 25 Sports and leisure clothing for women, men and children; hats and headgear, ties, scarves, shawls; belts; but not including any such goods being tights, stockings, pantie hose or briefs.

- Class 26 Embroidery, ribbons and braids; buttons, hooks and eyes; pins and needles; artificial flowers; lapel pins, badges and brooches; but not including any such goods being lace.
- Class 28 Sporting articles and equipment; sporting articles and equipment, all relating to horse racing.
- Class 32 Beers; mineral and aerated waters; non-alcoholic drinks; fruit drinks and fruit juices; syrups and preparations for making beverages.
- Class 33 Alcoholic beverages.
- Class 34 Smokers' articles; ashtrays; matches.

3. A counter-statement was provided by the applicant in which they deny the grounds asserted by the opponent. Both parties ask for costs to be awarded in their favour.

HEARING

4. The hearing was held in London. The applicant was represented by Mr. Downing of Fry Heath and Spence, while Mr. Claderbank, of Mewburn Ellis, appeared on behalf of the opponent.

EVIDENCE

The evidence of the opponent

5. The opponent's evidence consists of a Witness Statement of Jeremy Oakes with exhibits JO1 to JO12. Mr. Oakes explains that he is Europe Zone Director at Martell and has held that office since April 2002.
6. Mr. Oakes has split his witness statement into three parts: 'Introduction', 'Advertising and Sponsorship' and 'Continuing Activity'. The following is notable from his Statement:
 - Martell is the oldest of the major cognac houses, being founded in 1715 and presided over by the Martell family for nine generations.
 - Martell was the top selling Cognac in the United Kingdom in 2001, with 43.6% of the 'off-trade' market. Martell is one of the top four cognac brands and it has more than 17.5% of the global cognac market.
 - Exhibit JO-1 provides an overview of the history and main activities and products of Martell.
 - Exhibit JO-2 shows that the course is owned, and the race is run, by a subsidiary of the Jockey Club. Martell the main patron and sponsor of the race.
 - Martell has sponsored the Grand National horse race meeting at Aintree from 1992, for seven years, now renewed until 2004.
 - Exhibit JO-3 contains a report on the effectiveness of Martell's sponsorship of the Grand National. From this document it appears to have been a success, both

for the race itself and for Martell. I note from page 5 that the event attracted a UK audience of 11 million people in 1999. Page 3 states that ‘the Martell sponsorship has established linkage and ‘ownership’ of one of the world’s greatest sporting events’ and ‘engendered goodwill and affection in the UK as a *loyal sponsor*’. I am not told how the latter has been determined. Much of the other information in this document is out with the UK jurisdiction and irrelevant. Other of it is neutral as to the exposure of the earlier mark in this case (see pages 7 to 9 on television coverage).

- Exhibit JO-4 are copies of the covers of Aintree’s race card from 1992-1999 and for 2001, 2002 which show use of the earlier mark. This document will only have been available to race goers.
- Exhibit JO-5 are copies of Martell Grand National News. Again, the circulation of these documents to the public at large is not indicated. They appear to consist of material that is directed to race goers and the press.
- Exhibit JO-6, again, shows use of the trade mark on material that is directed to race goers.
- Exhibit JO-7 contains a copy of the front cover of ‘Punters Way’ magazine. This is, again, material that is directed at fans of horse racing. I am not sure whether it is even a UK publication as the price indicated on the front of the document is in dollars.
- Exhibit JO-8 consists of menu cards given to corporate entertainment companies, again showing use of the mark. I am not told who they were, and how widely circulated the document was.
- Exhibit JO-9 are copies of invitation cards sent to guests from Martell Cognac. Some have the logo on them, some do not. How many were sent out and to whom?
- Exhibit JO-10 consist of swing tags bearing the trade mark, which allow ‘visitors to the Aintree race course’ entry to certain areas.
- Exhibit JO-11 consist of copies of UK and overseas publications demonstrating use of the mark. Many of these consist of overseas publications which are, of course, irrelevant. Others are local publications. Of national press articles, the following are enclosed:

Daily Telegraph 1997 – article
Daily Telegraph 1997 – advertisement
Daily Telegraph 2000 – article
Daily Star 2000 – article

7. Finally, Mr. Oakes also provides examples which he says shows that the use of the trade mark is not confined to alcoholic beverages, and the mark has been used in relation to bottle stoppers, notebooks outdoor jackets, baseball caps, lapel pin badges, socks, t-shirts, sweatshirts, business card holders and pens. See Exhibit JO12, which consists of copies of materials that show examples of goods and services which appear to be souvenir/gift items. I regard these as all promotional of the race. I do not see that the limited members of the public

who are able to purchase them will regard them as anything other than ‘keepsakes’ and mementoes.

8. Most of the above material is directed to race fans or attendees. There is limited evidence of press coverage in the UK showing actual use of the logo mark. Nevertheless, there is no doubt that ‘the National’ is famous. However, though the opponent’s sponsorship of the race has continued for some years, I do not believe that I can find that the opponent is famous in the UK as the sponsor of this race.
9. Even if I were to accept a notorious connection between Martell and the ‘National’, the evidence does not demonstrate how well known is the logo mark. I am convinced that a section of the public know of it – race fans and like – I have also been convinced that some of the general public – those who are not actual horse racing fans, but will watch the National because it is an annual event (like Wimbledon) – have also been made aware of it – but how many? And how deeply engrained is that awareness? The knowledge the general population has of the mark number 2005506A is not established. I cannot conclude that it is a well-known mark in the UK.

The evidence of the applicant

10. The applicant’s evidence consists of a Witness Statement by Ashwin Vora and exhibits AV1-AV8. Mr. A. Vora states that he is the Director of Alami International Limited (the applicant) and that his responsibilities include the selection of manufactures and products, and the design and approval of new product lines, new trade marks and new fabrics.
11. Having examined his evidence in some detail, I believe it does little to advance his company’s case in this matter. I regard only the following as relevant.
12. Apparently Alami was established in 1975 and specialises in the import and export of a wide range of products: including household textiles, baby products, shoes, bags, luggage, umbrellas and saffron. The companies HQ is in London but they have sourcing and operating facilities in Europe and in the Far East including factories in India, offices in the USA and associates in Hong Kong. Mr. A. Vora states that the applicant aims to offer a high range of quality products and services at competitive prices.
13. Though Alami supply a number of product lines to their customers (see Vora paragraph 5 and Exhibit AV1), only the ‘Le Sabbi’ range – used thus far on leather handbags, PVC handbags and small leather goods such as purses, wallets etc. – ‘is associated’ with the mark in suit. The evidence of use of this mark in the UK is limited:
 - Exhibit AV2 contains a copy of a Mr. A Vora’s business card, which displays the applicant’s mark.
 - Exhibit AV3 is a copy page showing the applicant’s product line, which also shows the Le Sabbi logo (that of the application in suit).
 - Mr. A Vora claims that between 2000 and April 2003, some £200,000 worth of product has been sold under the Le Sabbi logo.
 - A copy of a swing tag with the logo is enclosed in Exhibit AV4.

And that is it. In fact, there is no categorical evidence showing any use of the mark before the relevant date. All the sales under the name cited by Mr. A Vora could have taken place after 19th September 2001. I am simply not told.

14. A great deal of time is expended in Mr. A. Vora's Statement delineating the sales the applicant has made under a different brand, LUIGI, which also has logo's associated with it. There are two:



Luigi Collection

and



I really do not see the relevance of this evidence. These marks are, in my view, are very different the application and the opponent's earlier mark.

15. In the context of these findings, Mr. A. Vora's assertion can be readily dismissed that, given 'the large volume of sales' that have been made under these two brands he would have expected instances of confusion by now – if they were to occur at all – between the logo in suit and the opponent's Martell logo. Likewise the identical assertion in the Witness Statement of Bharat Vora, who is also a director of applicant.
16. The applicant also submits a Witness Statement of Michael Philip Downing, a partner at Fry Heath & Spence, who has, at all times, been responsible for the conduct of this application. The vast majority of Mr. Downing's Statement is submission and inappropriate for inclusion as part of the evidence rounds in proceedings before the Registrar. I have ignored it.

However, Mr. Downing does include the following evidence, which is worth mention, if only to dismiss it.

17. In Exhibit MPD1 is a search conducted showing the registration of other marks using the device elements of a horse and a U-shape or horseshoe. I think it is 'old hat' now that one gives little mind to 'State of the Register' evidence (see *British Sugar Plc v. James Robertson & Sons Ltd* [1996] R.P.C. 281, 305), as it is no indication of what is occurring in the marketplace.
18. Exhibit MPD2 is a selection of prints from the website of Longchamp of Paris which use a device of a horse and rider in connection with the sale of bags and related products. Included are prints showing UK retailers of the companies products, and Exhibit MPD3 is a brochure sent to Mr. Downing's Oxford address by Longchamp of Paris which lists the retail outlets stocking these goods. This, in Mr. Downing's view, demonstrates that the goods are on sale in the UK; his submission is that this evidence appears to demonstrate that there is a range of firms using equine devices as trade marks, and without the use of the words Martell Grand National and the bird device, there is no likelihood of confusion between the applicant's and the opponent's marks.
19. I do not accept this submission. The extent of the use of the Longchamp mark is unknown, and the mark itself is, in my view, 'some distance' from the opponent's logo device. The 'equine' element is the only similarity. I formed a similar view of the applicant's LUIGI device, as stated above.

LAW

20. The relevant sections of the Act are:

“5(2) A trade mark shall not be registered if because -

(a) ... , or

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

(3) A trade mark which -

(a) is identical with or similar to an earlier trade mark, and

(b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is protected,

shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark, in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

(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.”

DECISION

S. 5(2)(b)

21. In approaching this section I am mindful of the following decisions of the European Court of Justice (ECJ) on this provision (equivalent to Article 4(1)(b) of Directive 89/104/EEC) in *Sabel BV v Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] E.T.M.R. 1, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG* [2000] E.T.M.R. 723. It is clear from these cases that:

(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel*, paragraph 22;

(b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV*, paragraph 23, who is deemed to be reasonably well informed and reasonably circumspect and observant - but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind; *Lloyd*, paragraph 27;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV*, paragraph 23;

(d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV*, paragraph 23;

(e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and *vice versa*; *Canon*, paragraph 17;

(f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either *per se* or because of the use that has been made of it; *Sabel*, paragraph 24;

(g) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel*, paragraph 26;

(h) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode*, paragraph 41;

(i) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon*, paragraph 29.

Comparison of goods and services

22. A number of cases have considered the similarity of goods issue. First, there must be, in a particular case, a ‘threshold’ level of ‘similarity’ below which confusion will not occur. Mr. Hobbs Q.C., sitting as the Appointed Person in *Raleigh International (SRIS 0-253-00)* stated:

“Similarities between marks cannot eliminate differences between goods or services; and similarities between goods or services cannot eliminate differences between marks. So the purpose of the assessment under section 5(2) must be to determine the net effect of the given similarities and differences.”

23. Next, only the goods as they are set out in the specifications as listed are considered. Further, under s. 5(2)(b), notional and fair use of the respective marks for the goods/services contained within the specifications is assumed. Whatever use is claimed may, or may not, reflect the goods as specified, but is, nevertheless, irrelevant to the right registration grants (see *Origins Natural Resources Inc v Origin Clothing Ltd* [1995] FSR 280). The protection afforded to the parties is thus bounded by the limits of their specification of goods, not by what they may actually be trading in at a given time: the Registrar will compare mark against mark and specification against specification, and that is what I must consider here.

24. Guidance on the approach to be adopted in comparing goods and services can be found in two main authorities. The first is *British Sugar Plc v James Robertson & Sons Ltd (TREAT)* [1996] RPC 281 at page 296. Adapted to the current case the test proposed by Mr. Justice Jacob involved consideration of the following:

- (a) the uses of the respective goods or services;
- (b) the users of the respective goods or services;
- (c) the physical nature of the goods or services;
- (d) the trade channels through which the goods or services reach the market;
- (f) the extent to which the respective goods or services are competitive.

These factors were referred to in the opinion of the Advocate General in *Canon*; page 127, paragraphs 45 - 48. In its judgment, the ECJ stated at paragraph 23:

“23. In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, *inter alia*, their nature, their end users and their method of use and whether they are in competition with each other or are complementary.”

25. I have no hesitation in finding that all the goods in the applicant’s specification are identical to those of in the opponent’s specification of their earlier mark. In particular, I note:

Applicant's Goods (Class 18)	Opponent's Goods (Classes 18 and 25)
leather and imitation leather and goods made of the aforesaid materials	leather and imitations of leather and goods made of these materials
bags	bags
luggage	trunks, valises and travelling bags
wallets	pocket wallets
purses	purses
cases	briefcases, vanity cases
belts	belts

26. Where the description of the goods is not identical, the applicant's specification subsumes the opponent's ('luggage' compared with 'trunks, valises and travelling bags'; 'wallets' compared with 'pocket wallets'; and, finally, 'cases' compared with 'briefcases, vanity cases'. As I have found, the goods at issue are identical.

The distinctiveness of the opponent's earlier mark

27. This rests, I believe, in their fame as a supplier of fine French cognac, under the name of Martell. I have no doubt that this is a famous name in the UK. Nevertheless, I am not prepared to accept that the opponent is well-known in the UK as a sponsor of the Grand National. And there is, as I have found (paragraphs 7, 8 and 9 above) insufficient evidence to conclude that the opponent's earlier registration is a famous mark for the purposes of s. 5(2) (see *DUONEBS* Trade Mark: Appointed Person (BL O/048/01), paragraph 14). Though used widely at the race itself, and in the promotional material associated with it, I am unable to accept that the mark has the status of a 'household name' in the UK. The opponent, therefore, cannot benefit from the effect of enhanced distinctiveness, as set out in *Sabel* (paragraph 24), from its use in the marketplace.

28. As to the inherent capacity of the opponent's earlier mark to distinguish, I believe this rests largely in the famous name Martell. This is the distinctive and dominant component in their mark, with the reference to the famous race, the Grand National.

The average consumer

29. We all, from time to time, purchase the goods in the applicant's specification. The average consumer is the general public.

Similarity of the marks

30. This must rest, I believe, in the non-verbal elements of the opponent's logo device. If one considers these alone, there are certain similarities between the marks at issue: the horse leaping through, what might be seen as a horseshoe (though they 'leap' in different directions). Of course, there are differences as well: the presence of the bird in the earlier mark and the position of the 'label', which is below the device on the applicant's mark and near the top on the opponent's.
31. Despite all these comments, I do not believe that they amount to much: I note from *Sabel*, that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. In my view, any global appreciation of a mark – of the 'visual, aural or conceptual similarity ... in question', based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components – leads one to the view that the marks have similarities, but are not similar. The distinctive and dominant components in the earlier mark are the words MARTELL and GRAND NATIONAL. These are strong elements with a distinctiveness of their own. In my view their absence from the applicant's mark is a very significant factor in the average consumer making a complete distinction between the signs at issue.

Likelihood of confusion

32. Confusion is a function of the distinctive similarities between marks. Though these certainly exist in the certain aspects of the devices used in both signs, overall, I believe that the elements that both marks share are swamped by the strength of the word elements in the opponent's sign (without which it never appears). It is traditional in trade mark law to consider that words speak louder than devices, and I believe that is what will happen here, mitigating against confusion, despite the identity I have found in the goods at issue. This ground fails.

s. 5(3)

33. I note the following cases relevant to s. 5(3): *General Motors Corp. v Yplon SA (Chevy)* 1999 ETMR 950 and 2000 RPC 572, *Premier Brands UK Limited v Typhoon Europe Limited* 2000 FSR 767 (*Typhoon*), *Daimler Chrysler v Alavi (Merc)* [2001] RPC 42 and *C.A. Sheimer (M) Sdn Bh's TM Application (Visa)* 2000 RPC 484. I also note the recent decision in *Davidoff & Cie SA v Gofkid Ltd* [2003] F.S.R. 28. It follows from these cases:

a) 'Reputation' for the purposes of S. 5(3) means that the earlier trade mark is known by a significant part of the public concerned by the products or services covered by that trade mark (paragraph 26 of the ECJ's judgment in *Chevy*);

b) Protection is available where the respective goods or services are, and are not, similar (*Davidoff*, paragraph 30);

c) The provision is not intended to give marks 'an unduly extensive protection' there must be actual detriment or unfair advantage (not merely risk) which must be substantiated to the satisfaction of the national court or tribunal (paragraph 43 of the Advocate General's Opinion in *Chevy* and paragraph 88 of Pumfrey J's judgment in the *Merc* case);

d) The provision is not aimed at every sign whose use may stimulate the relevant public to recall a trade mark which enjoys a reputation with them (per Neuberger J in the *Typhoon* case);

e) The stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it (paragraph 30 of the ECJ's judgment in the *Chevy* case);

f) Confusion as to the trade source of the goods or services offered for sale under the later mark is not a necessary condition before there can be detriment, but is one form of detriment (paragraph 88 of Pumfrey J's judgment in the *Merc* case);

g) Detriment can take the form of either making the earlier mark less attractive (tarnishing) or less distinctive - blurring (paragraph 88 of Pumfrey J's judgment in the *Merc* case);

h) Unfair advantage can take the form of feeding on the fame of the earlier mark in order to substantially increase the marketability of the goods or services offered under the later trade mark (per G Hobbs QC in *Visa* at page 505, lines 10-17).

34. I believe that this ground will fail at the first hurdle: that is point (a) above, in that the requirement for a 'reputation' for the purposes of S. 5(3) has not been met. The earlier trade mark is not known by a significant part of the public concerned by the products or services covered by that trade mark (paragraph 26 of the ECJ's judgment in *Chevy*), which I take to be all consumers. This ground fails.

The earlier right: s. 5(4)(a)

35. I take account, here, of the points raised by the Appointed Person in the *Wild Child Trade Mark* [1998] RPC 455, at 459 to 461, where it was stated:

"The question raised by the grounds of opposition is whether normal and fair use of the designation WILD CHILD for the purpose of distinguishing the goods of interest to the applicant from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see Article 4(4)(b) of the Directive and section 40 of the Act) by enforcement of rights which the applicants could then have asserted against the applicant in accordance with the law of passing off.

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 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.' "

36. There is no doubt in my mind that the opponent has a goodwill as a sponsor of the Grand National. There is evidence of this from Exhibit JO-3, the report on the effectiveness of Martell's activities in this regard. Page 3 states that 'the Martell sponsorship has established linkage and 'ownership' of one of the world's greatest sporting events' and 'engendered goodwill and affection in the UK as a *loyal sponsor*'. Though not quantified, this goodwill will rest with the many fans who attend the race each year, and the numbers of the ordinary public who will have noted the connection between the opponent and the race. This goodwill is a protectable asset.
37. Nevertheless, I do not believe the opponent will undergo any injury to this asset if the mark in suit is used in the marketplace, as of the relevant date. This follows from my conclusion under s. 5(2)(b) above, in that use of the applicant's mark would not result in misrepresentation of the opponent's mark: the public would not be confused. I am reinforced in this finding when I contrast the reputation of the opponent – as a sponsor of a major UK sporting event – and the goods that are the subject of the application. There is little evidence

that the opponent has engaged in extensive merchandising under the name – I have found the majority of the goods sold under the mark are promotional of the race itself and the link that the opponent's have with it as its sponsor. There would no reason for consumers to believe that Martell have now branched out into the supply of goods of Leather and imitation leather, bags, luggage, wallets, purses, cases and belts. This ground also fails.

CONCLUSION

38. The opposition has failed in its entirety.

COSTS

39. Mr. Downing, for the Applicant, stated:

“The opponent has an absolute right to a hearing if it wishes, but there are many things in procedural law that you have an absolute right to. The approach of the Civil Procedural Rules today is that parties should engage in litigation and procedures which are similar to litigation in a way which is reasonable and proportionate to the dispute and which do not unnecessarily waste costs. The Registry, accordingly, reviews cases once the evidence rounds are complete to see whether in its view there is a serious point of law, or a serious point of admissibility, or a serious point of conflict between witnesses which would necessitate a hearing and means that a hearing will add significant value to the case. The Registry reviewed this case and reached the initial conclusion that there was not one. The applicants reviewed this case and reached the original conclusion like the Registry that there was no specific need for a hearing. We did not request a hearing. The opponent reviewed the case and came to the conclusion that it wanted a hearing.

When we heard that the opponents wanted a hearing we did write to them to ask why. My client is small. It is in the East End, it is a small trading company, and my instructions are to conduct this case economically. I could go on on that point, but I do not have the evidence to back me up. Therefore we did query with the opponents whether or not this was necessary. The opponents have not advanced any reasons why they thought a hearing was necessary, although I accept that before the hearing they are not required to. I have sat and listened today and the discussion has been useful and relevant and interesting, but I do not think anything has come out today which could not have been put before you in writing, so I do not see any reason why we had to come and present these arguments in the form of a hearing as opposed to offering them in the form of written arguments.

I do feel that the decision of the opponent to put these arguments before you in oral form rather than written form has significantly increased the costs which my client has to bear, and in the spirit of the Civil Procedure Rules I believe that that has been unnecessary. I do not think my client should have to bear those costs.

Those are my submissions in respect of the hearing and they apply regardless of the outcome of the procedure generally, so I still believe that we should have costs of the hearing even if the application is refused which, as you will understand, I submit it should not be.

As to the costs of the proceedings generally, there are a couple of small concerns in paragraphs 47 onwards in my skeleton that these only apply if you refuse the opposition and allow the application and if your decision to allow the application is based almost

entirely around the content of Exhibit MPD1, and if you believe that MPD1 clearly and definitely established that the application should be allowed and the opposition rejected. In those limited circumstances I believe the costs of the proceedings generally should be on a somewhat higher scale than is normal simply because that point was made abundantly clear to the opponent well before any significant costs were incurred. We did that in the spirit of the CPR to try and resolve the proceedings at as early as possible a stage and the opponent did not take up that opportunity.”

40. As to the latter point, I have given no weight to that Exhibit, and the issue there, therefore, falls away.

41. On the more substantive point, in relation to the need to hold a hearing, Mr. Calderbank responded:

“First of all, let me say that I fully acknowledge that the Registrar in these proceedings has the jurisdiction to do that, but it is not a question of jurisdiction, it is simply a question of whether or not that is right.

In general the position has been that indemnity costs are awarded for unreasonable behaviour, behaviour that has no basis of justification, so I have to ask, is it unreasonable to request a hearing? The first thing is that Rule 53 of the Trade Mark Rules, as Mr. Downing says, gives the right to be heard. It would seem strange to me if the legislature gave a right but exercising that right was automatically unreasonable, so therefore for that reason I will start by saying it cannot be unreasonable inherently to request a hearing.

Secondly, in the scale of costs that was distributed to the parties early in these proceedings one of the possible heads of cost is the hearing. It is recognised that that is something that can happen and therefore that again would suggest that having a hearing is not an unreasonable step since it is a step predicted by the scale of costs.

I think Mr. Downing's argument is that because the Registrar said in a preliminary view that there was enough information to come to a decision, the opponents were being unreasonable in disagreeing with that view. If that is right, that to disagree with the preliminary opinion is unreasonable, then the existence of that preliminary opinion effectively puts on parties an obligation not to have a hearing. They are going to be penalised if they choose to have one, or they run the risk of being penalised if they choose to have one. They may think there are points to be made in argument, I think there have been points made in argument here that are relevant to these proceedings, but to say that indemnity costs are awarded merely for disagreeing with the preliminary opinion, or merely choosing to have a hearing when the Registrar thought it was not strictly necessary, is unreasonable. I do not believe that that is what the Registrar or the legislature envisaged.

Perhaps the extremeness of the position is shown by Mr. Downing saying that the applicant wants indemnity costs irrespective of the outcome of this hearing. The normal rule is that costs follow the event, but he is saying that disagreeing with the Registry is unreasonable and therefore, irrespective of the outcome, it is unreasonable.

If I may produce a little analogy, if the opponent were to be successful in these proceedings and the applicant were to appeal, thereby disagreeing with the Registry, would Mr. Downing seriously be putting forward that we should have indemnity costs

irrespective of the outcome of that appeal? It is a bit extreme, as I say, but I think that is why this is an extreme view that any disagreement with the Registry is unreasonable.

There is very little case law about what is reasonable and what is not, but I would refer you to *Rizla Ltd.'s Application* [1993] RPC 365. This is a patent case and there the question was discussed as to what was unreasonable or not, and the overall impression is '.....whether the conduct of the referrer' – in this case the opponent – 'constituted such exceptional circumstances that a standard award of costs would be unreasonable.' There were some suggestions in that case as to what was reasonable and what was not. Abuse of proceedings, maybe requesting a hearing and then not turning up, i.e. forcing the other party to incur costs without any real intention to do so.

If the party had no sustainable case, that effectively it was unarguable. I do not believe that is the case here. We have been arguing and I believe there are points that I have made which are relevant to our case, and therefore we are not maintaining something that is completely unreasonable.

....

Therefore I do not think there is anything in these proceedings which is exceptional which causes us to depart from the scale costs. The scale costs have already been established. They are the normal proceedings before the Registry. I believe it is, if not normal, then at least not unreasonable for either party in any proceedings where there is an arguable case to request a hearing. Therefore there should be no indemnity costs. Costs should follow the scale and costs should follow the decision."

42. In my view, the right to a hearing is established in the Trade Marks Rules 2000. It is not up to the Registrar to decide for the parties how important the case in suit is to them, and if either wishes to give their submissions at a hearing, it is there right so to do. Mr. Downing, and his clients, had the option not to attend the hearing and provide written submissions only.
43. I therefore see no reason to make a costs award in excess of the usual scale. Nevertheless, this still will require the opponent to acknowledge the applicant's success by paying them £2000. This 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 4th Day of June 2004.

**Dr W J Trott
Principal Hearing Officer
For the Registrar**