

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NO 2012498  
BY CA SHEIMER (M) Sdn. Bhd. FOR THE  
REGISTRATION OF A TRADE MARK IN  
CLASS 10**

**AND**

**IN THE MATTER OF OPPOSITION  
THERE TO UNDER NO 43886 BY  
VISA INTERNATIONAL SERVICE ASSOCIATION**

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10

### **DECISION**

15 On 27 February 1995 C A Sheimer (M) SDN. BHD., a Malaysian company, applied to register the trade mark VISA for the following goods in Class 10:

condoms; contraceptive devices and appliances; rubber articles for medical or surgical purposes.

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On 11 January 1996 VISA International Service Association of San Francisco, California, filed notice of opposition to this application. The grounds of opposition are in summary:-

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- i. under Section 5(3) in that the mark would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the opponents' earlier trade marks, registered inter alia under number 1281515 in Class 36;
- ii. Under Section 5(4) in that use of the mark applied for is liable to be prevented by the law of passing off and the law of copyright;
- 30 iii. Under Sections 10(3) and 11(1) on the ground that the opponent would be prevented from taking infringement action against the applicant were the mark to be registered;
- 35 iv. under Section 3(6) on the ground that the application was made in bad faith with the deliberate intention of exploiting the reputation enjoyed by the opponent.

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The mark registered in the name of the opponent under number 1281515 is for the word VISA with the specification: "Financial services relating to bank cards, credit cards, debit cards, cash disbursement, cheque verification and to cheque cashing; travel insurance services; issuing and redemption of travellers' cheques and travel vouchers and advisory services relating thereto;

all included in Class 36.”

The applicants filed a counterstatement denying these grounds, and asserting that the mark the subject of the application had been used either by the applicants or with their consent since at least as early as 1988 within the UK. Both sides ask for an award of costs in their favour.

Both sides filed evidence in these proceedings and the matter came to be heard on 8 April 1998 when the applicants were represented by Mr Jeremy Pennant of D Young & Co, their trade mark agents, and the opponents by Mr Jason Rawkins, a solicitor at Taylor Joynson Garrett. In the remainder of this decision I shall for convenience refer to the applicant, Sheimer, as CAS, and to the opponent, VISA International Service Association, as VisaISA.

### Opponents' evidence

The opponents filed a number of statutory declarations, as follows:

- i. dated 5 September 1996 by Jason Rawkins, a solicitor acting on behalf of the opponent;
- ii. three dated 5 September 1996 by respectively Mahmood Dewshi, Paul Littman, and Omo Oaiya, all pharmacists working in the central London area;
- iii. certified copy of one dated 16 May 1996 by Roy Lane, Research Manager of Carratu International, adduced in evidence in earlier revocation proceedings begun by the opponent against an earlier registration by the applicant;
- iv. dated 10 September 1996 by Carol Walsh, an employee of Visa International Service Association;
- v. certified copy of one dated 15 May 1996 by Pavel Zarecky, a corporate investigator, adduced in evidence in the revocation proceedings mentioned above.

Mr Rawkins' first statutory declaration sets out the chronology of the current proceedings and that of related revocation proceedings against CAS's earlier mark, registration number 1222353. The earlier mark was applied for in July 1984 and proceeded to registration in Class 10 with a similar, but slightly wider, specification than the application in suit. On 15 February 1995 VisaISA applied for revocation of the mark on grounds of non-use. On 27 February 1995 the present application was made. On 18 June 1996, CAS, through their agents, surrendered the earlier registration, before the action came to a full hearing. Mr Rawkins then exhibits a copy of Chan Swe Wan's statutory declaration and exhibits, which contain a sample of CAS's packaging showing use of the mark, and a transparency showing the form of VisaISA's mark. He states that a comparison shows that the CAS mark is almost an exact copy of the VisaISA mark, and that accordingly VisaISA's copyright in their representation of the mark is being infringed and that VisaISA would be able to bring successful passing off action against CAS. Finally, Mr Rawkins states that CAS's lack of veracity in relation to their use of the mark and the form of its representation suggest the application has been made in

bad faith.

5 The declarations made by the three pharmacists, Messrs Dewshi, Littman and Oaiya, are all in similar form. They state that someone they now know to be Mr Rawkins came into their shop and asked them a number of questions about a photocopy of packaging for condoms. A copy of the exhibits to their declarations which show the form in which the VISA mark appears on the packaging shown to them is reproduced at Annex A to this decision. Each one states that the packaging conveyed an association in their minds with the VisaISA financial services group because of the similarity of the marks. Mr Dewshi, when asked whether he had any comments on the packaging, states that he thought the condoms had something to do with “VISA the banking lot”. He says that he would believe the product was made or endorsed by VisaISA because of the VISA name and also the way it is written. Mr Littman declared that when shown the packaging he got out his bank card and compared the representations of the two marks, and states that he believes they are almost exactly the same.

15 The declaration of Mr Lane states that he is Research Manager for Carratu International, a corporate intelligence organisation which formerly employed Mr Pavel Zarecky. He comments on copies of two invoices which are exhibited from CAS which are addressed to Mr Zarecky at an address of 10 Barley Mow Passage, Chiswick, London W4. He states that the address was used by Mr Zarecky as a “cover” address when he was employed by Carratu, that Mr Zarecky left Carratu’s employment at the end of 1988, and that it does not therefore make sense for the invoices, dated 16 December 1991 and 25 June 1992, to be addressed to Mr Zarecky there.

25 The declaration of Carol Walsh states that she is Executive Vice President, Regional General Counsel and Assistant Company Secretary to Visa International Service Association, VISA EU Region and VISA CEMEA Region. She explains that VisaISA is an organisation with some 20,700 members throughout the world. She states that VISA cards have been in common use in the UK since the early 1980s. Since 1985 there have been in excess of 10 million in use. She exhibits a copy of the particular representation of the VisaISA mark used on cards and promotional material, and explains that the copyright in the design is owned by the VisaISA organisation. She declares that the total value of transactions conducted by VISA cardholders in Great Britain exceeded £4,000 million in 1984. By 1995 the turnover figure exceeded £62,900 million. She states that there are some 450,000 authorised VisaISA merchants in the UK among which are at least several thousand chemists and other VisaISA merchants who also offer condoms and other medical products for sale.

40 Mr Zarecky’s first declaration states that he works in the field of corporate intelligence and that since leaving Carratu in 1988 he has operated his own business. While working for Carratu, he used the address 10 Barley Mow Passage as an address for a “cover” company, but ceased to use this address at the end of 1988. He states that he did travel to Malaysia on investigatory business not involving CAS in around 1987 to 1988, and that he surmises CAS obtained one of his “cover” business cards during this trip. He states that he has never had any contact or involvement with CAS or their VISA condoms.

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### Applicants' evidence

The applicant's evidence includes a statutory declaration dated 24 December 1996 by Chan Swe Wan of Rawang, Malaysia. Mr Wan is office administrator of CAS, with whom he has  
5 been working for fourteen years. He states that the company was first incorporated in 1980 and has been involved with condoms and prophylactics since then. It first decided to adopt and begin use of the trade mark VISA in relation to condoms in 1980. Mr Wan states that various attempts were made to appoint a distributor for their condoms in the UK, and that they were visited by Mr Pavel Zarecky in 1987, who was looking for the opportunity to be UK  
10 distributor for their products. Mr Wan says the first export sales of VISA condoms took place in the UK in 1988, and that export sales were made to Mr Zarecky in the years 1989, 1990, 1991 and 1992. In 1992 their sales executive resigned. Various factors led them to stop sales to the UK, and after his departure they were unable to locate the main documentation file for UK condom sales.

15 The company filed a fresh application to register the mark VISA in the UK represented in the form of plain block capitals. Mr Wan states that the company was at the time selling VISA condoms in a number of countries and had used the mark in a bona fide manner for many years. Registrations for the trade mark have been secured in various countries, and an  
20 opposition by VisaISA in Malaysia was unsuccessful. He exhibits a copy of the decision in this case. He states that his company has now appointed an exclusive distributor in the UK, but that distribution is awaiting the outcome of these proceedings.

25 Finally, Mr Wan takes issue with a number of aspects of the evidence of Carol Walsh and Pavel Zarecky.

The statutory declaration of Mr Pennant states that he is a registered trade mark agent who has been instructed by CAS and is authorised to act on their behalf. He exhibits a copy of the results of a search using the Marquesa database of UK trade mark applications and  
30 registrations, covering all marks on record at the UK Trade Marks Registry as of 16 May 1997 containing the text string "-VISA-". He states that the report shows that various proprietors have rights to marks consisting of or containing the text "VISA" for a broad range of goods and services. Accordingly, in his opinion various parties have legitimate bona fide rights to use VISA in relation to a wide variety of goods and services.

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### Opponents' Evidence in Reply

40 Further declarations dated 23 June 1997 and 14 July 1997 respectively by Pavel Zarecky and Jason Rawkins were filed in response to evidence filed by the applicants.

Mr Zarecky's second declaration gives further details of his aforementioned visit to Malaysia, in response to evidence filed on behalf of the applicant.

45 Mr Rawkins' second declaration contains an analysis of the results of a trade mark search for VISA referred to in the applicants' evidence. He states that of the 65 marks covered by the search, 31 are in the name of VisaISA, and 13 have lapsed or been abandoned. He states that

a further 14 are in his view irrelevant, that VisaISA is taking or has taken action in relation to 6, and that this leaves just one that is potentially relevant to the applicant's argument. The ones stated to be irrelevant are claimed to be so because 2 do not have the word VISA as a component; six are distinct because they are in device form or combined with other words; and a further six relate to industrial rather than retail goods or services.

In addition, the opponents adduced oral evidence from Mr Zarecky at the hearing. This confirmed what he had previously stated in his written declaration. The applicants' did not seek to cross-examine Mr Zarecky following his oral evidence.

That concludes my review of the evidence.

### Decision

I consider first the grounds of opposition starting with the claim under section 5(3) of the Act. This section reads as follows:

“5.-(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.”

It is clear that the two marks in question - the VISA mark applied for and the opponents' registered mark no. 1281515 - meet the conditions set out in sub-sections (a) and (b). The marks are identical. In addition, the goods and services are clearly dissimilar. That being so, I consider first whether VisaISA's mark has a reputation in the UK. I find that it does. The declaration of Carol Walsh sets out a number of measures which are sufficient to establish a reputation at the time of application, and although Mr Pennant at the hearing challenged aspects of this evidence he did not deny the claim that VISA is a mark with a significant reputation.

What I have to decide therefore is whether the use by the applicants of VISA for condoms would take unfair advantage of, or be detrimental to, the distinctive character or repute of VisaISA's mark. This is a test which came new to the UK as a result of implementation of EC Directive 89/104, and on which there is at present little guidance or authority from the courts. A related point has been examined recently in the High Court in the case of Marks and Spencer and others v One in a Million (1998 FSR 265). In that judgement, Mr Jonathan Sumption QC, acting as Deputy Judge, said:

“there is at the moment some uncertainty about whether it is the law that an infringing sign must for the purposes of section 10(3) be such as is likely to cause confusion...It is on the face of it strange that the likelihood of confusion should be required (as it expressly is) where the infringement consists in the use of an identical sign with similar goods or services, but not where it consists of its use with goods which are not even similar. For substantially this reason it has been decided on at least two occasions in England that section 10(3) does require proof that the use was such as was likely to cause confusion.”

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10 The statutory language of section 10(3) mirrors that of section 5(3): the test is identical save for the fact that section 5 deals with registrability while section 10 covers infringement. It is clear therefore that the opposition under section 5(3) will succeed if use such as is likely to cause confusion is demonstrated.

15 At the hearing, Mr Pennant argued that the evidence of confusion put forward by the opponents, namely the statutory declarations from the three pharmacists, should be discounted: first because the application was for a word mark only, whereas the samples shown to the them were of a particular representation of the mark; and second that the evidence amounted to a survey which did not meet the tests of validity set out in eg Imperial  
20 Group v Philip Morris (1984 RPC 293), or Scott v Nice-Pak (1989 FSR 100). I accept that the application is for a word mark only, in plain block capitals, as Mr Pennant put it. However it is also the case that the mark shown to the pharmacists is also fairly close to being plain block capitals. I do not consider that it can fairly be said that the pharmacists’ association of the opponents’ mark with the applicant’s arises only from the stylisation. There is also a  
25 further difficulty with this limb of Mr Pennant’s argument, which arises from the fact that the opponents have relied for their comparison on copies of packaging which the applicant themselves have submitted to support their claim to have used the mark.

As for the question of whether any weight should be given to the pharmacists’ declarations, I  
30 think there is some merit in the criticisms advanced by Mr Pennant. No evidence was filed indicating how many were approached, for example. But I do not believe this point is crucial. The evidence goes to support what I believe to be clear, namely that the scale of use of the VISA mark in relation to credit card services, and resulting reputation, combined with the daily use of that mark in connection with many and varied consumer products, would cause  
35 the public to wonder whether there is a connection in trade between the opponents’ and dissimilar consumer goods under the same mark. As a consequence I find that a substantial number of members of the public are likely to have cause to wonder whether the applicant’s products are in some way connected with the services provided by the opponents. That in turn leads me to find that whether or not any deception is intended, there are sufficient grounds for  
40 a finding that unfair advantage would be taken of the reputation of VisaISA’s mark.

Even if that is wrong, the use of VISA in shop windows to advertise products such as condoms is bound to have a detrimental effect on the distinctive character of the opponents’ mark which, like all credit cards, must depend to some extent on its ability to function on shop  
45 windows and points of sale displays as an indication that it is accepted at a particular retail outlet. It would be less effective in that function if some members of the public come to see it as a trade mark for condoms.

Before concluding on this point, I must consider the applicants' contention that the mark VISA is registered in multiple names and is therefore not unique. I am persuaded by the opponents' contention that most of the marks shown in the search report introduced by the applicant can be distinguished from the present case, either on the grounds that the marks are not the same, or that the goods are not consumer goods and are more likely to be purchased after careful consideration, or indeed because they are themselves under attack from the opponent. But the main point here is that there is no evidence that any of the marks in question, other than those of the opponents, are actually in use in the UK. Their presence on the Register cannot therefore be a guide as to the public's reaction in the event that the applicant's mark is put into use.

I therefore find that the opposition succeeds on the ground under section 5(3).

In case I am found to be wrong, I will consider each of the other grounds in turn, and I next consider the grounds of opposition under Section 5(4) of the Act which so far as is relevant reads:

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

Submissions were made to me at the hearing on both these subsections. In relation to passing off, no specific authorities were quoted, but the authoritative statement of the elements necessary for a successful passing off action, as set down by Lord Fraser of Tullybelton, is found in the “Advocaat” case (*Warninck v Townend*) [1980] RPC 31, at pages 105-106. Lord Fraser said:-

“It is essential for the plaintiff in a passing off action to show at least the following facts:-

1. That his business consists of, or includes, selling in England a class of goods to which the particular trade name applies;
2. That the class of goods is clearly defined, and that in the minds of the public, or a section of the public, in England, the trade name distinguishes that class from other similar goods;
3. That because of the reputation of the goods, there is goodwill attached to the name;

4. That he, the plaintiff, as a member of the class of those who sell the goods, is the owner of goodwill in England which is of substantial value;

5. That he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached.

If VisaISA are to succeed in a claim of passing off it seems to me that the last of these aspects of the test is the one that represents the highest hurdle. Passing off is likely to be easier to establish when the goods or services at issue are similar. It can nevertheless be established even where they are not similar. In the Lego case (1983 FSR 155), Falconer J expressed the test in such circumstances in the following way:

“what has to be established by a plaintiff is that there is a real risk that a substantial number of persons among the relevant section of the public will in fact believe that there is a business connection between the plaintiff and the defendant.”

In my view the weight of evidence is not sufficient to meet this test. This is because on the evidence VisaISA’s use is overwhelmingly in relation to credit cards or associated financial services. Thus although I have found that the public will have cause to wonder whether the applicants are connected with the opponents, I do not believe the evidence supports a conclusion that the public will ultimately be deceived to a material extent. The result is that the opposition fails under this heading.

I turn now to the ground under subsection (b). It was submitted that CAS had breached VisaISA’s copyright in the representation of the VISA logo. The allegation of breach of copyright arises from the similarity of the way the credit card logo is written with the form in which CAS have used the word on their packaging. Both appear in a similar and slightly sloping capital letter font, though there are some differences as Mr Pennant pointed out. However I find it difficult to see how opposition on this ground could succeed when CAS have only applied for the word mark in block capitals. Accordingly I find that the opposition under section 5(4) under this heading does not succeed.

I now turn to the opposition grounded in section 10(3) and section 11(1). These read:

“10.-(3)A person infringes a registered trade mark if he uses in the course of trade a sign which-

- (a) is identical with or similar to the trade mark, and
- (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered,

where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive

character or the repute of the trade mark.”

and “11. -(1) a registered trade mark is not infringed by the use of another registered trade mark in relation to goods and services for which the latter is registered.”

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The language of section 10(3) mirrors that of section 5(3), but whereas that section is concerned with whether or not a mark should be registered, section 10 deals with infringement by a sign which is not necessarily a registered trade mark. And section 11(1) simply states that infringement action cannot be used to resolve a conflict between two registered marks.

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The opponents’ submission is that were the mark to be registered they would be prevented from taking infringement action against CAS. This is true, but it is not a separate valid ground of opposition to registration distinct from that of section 5(3). If a sign infringes a registered mark by virtue of 10(3) it follows that it cannot be registered because of 5(3), since the test is identical. Equally if a mark can be registered because it does not fail the test of 5(3), it must follow that it cannot infringe any other mark under 10(3). The two tests are coterminous. Accordingly I do not think there is a separate issue for me to determine in relation to sections 10(3) or 11(1). The issue is resolved by my finding in relation to section 5(3). And if I am proved wrong in my finding on section 5(3), there can be no infringement under 10(3) regardless of whether the mark is registered.

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There remains the ground brought under Section 3(6) of the Act. This reads as follows:-

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“3.-(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

A number of the submissions made to me concerned a direct conflict of evidence on the question of whether CAS had demonstrated use of the mark VISA for condoms in the UK. For the applicant, Mr Pennant argued that exhibits to the opponents’ statutory declaration that went to the heart of this issue were not relevant to the registrability of the mark because they were adduced in other proceedings, and that CAS did not need to claim use to succeed in their application.

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In their statement of grounds, the opponents claimed bad faith on the basis that the application had been filed with the deliberate intention of exploiting the reputation enjoyed by the opponents in the mark. I do not see that the issue of whether or not the applicant’s claims to have used the mark in the UK are true bears directly on this point. In his submissions, Mr Rawkins suggested that any evidence that false claims of use had been made was relevant because it showed that the applicant came to these proceedings with unclean hands. But whether or not that is so, I do not believe that the evidence in front of me establishes that the applicants deliberately set out to exploit VisaISA’s reputation in the VISA mark. I therefore finds that the opposition under this heading does not succeed.

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In summary then, I find that the opponent has succeeded on the grounds under section 5(3) of the Act, although not on the other grounds set out.

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Costs

The opponents having succeeded, they are entitled to an award of costs reflecting the circumstances of the case. Bearing in mind the submissions at the hearing in relation to costs I  
5 order the applicants to pay to the opponents the sum of **£1200** in respect of the proceedings.

10 Dated this 31st day of July 1998

**P H LAWRENCE**  
**For the Registrar**  
**the Comptroller-General**  
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SAMPLE OF APPLICANT'S PACKAGING

ANNEX A



Form Filled  
Super-Lubricated  
Electronically Tested

**VISA**<sup>®</sup>  
003 Deluxe Condoms

