

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION **m** 9127
BY SMARTE INTERNATIONAL INC
FOR INVALIDATION OF THE TRADE MARK **m** 1481338

DARIGARD

STANDING IN THE NAME OF
TANGERINE HOLDING LTD.

DECISION

The Trade Mark DARIGARD is registered under the number 1481338 for ‘Animal feedstuffs included in Class 31’.

5 The mark was filed on 1 November 1991 and the mark was placed on the register on 24 June 1994. The registration now stands in the name of Tangerine Holdings Ltd., Wild Goose House, Goe Lane, Freckleton, Preston, PR4 1HX.

By an application made on 12 August 1996, Smarte International Inc applied for invalidation of the above mark based on the following sections of the Act:

- ! s 47(2)(b), because they have an earlier right as set out in s 5(4);
- 10 ! s 60(3), as the mark has been registered in the name of their UK agent or representative.

15 The Registered Proprietor denies the Applicants’ grounds in a counter statement and both have submitted evidence and ask for their costs. Neither party requested a hearing, accepting instead that the Registrar should make his decision on the basis of the submitted, written evidence.

The Evidence

Three Statutory Declarations are included in evidence:

- ! for the Applicants, from Ms Anne Henrietta Smarda dated 20 May 1997, a Director of Smart ImmunoSystems Limited (formerly known as Smarte International, Inc.);
- 20 ! for the Register Proprietor, from Mr Alan Haythornthwaite a director of Tangerine Holdings Limited, (formally called Farmsense Limited, formerly called NuWave Health Products Limited); and
- ! a second declaration from Ms Smarda, dated 15 January 1998.

25 Both parties agree that, at least from 1985 to July 1991, Alan Haythornthwaite (AH) was the UK agent for Smarte International Inc. (Smarte) importing animal health products in the nature of dietary additions under a number of trade marks. Exhibit AS 3 contains invoices from Smarte to AH dated from 1986 to May 1991 and Exhibit AS 4 shows that AH was still claiming to be Smarte’s ‘sole agent in the UK and Ireland’ on 25 April 1991. Exhibit AS 5
30 contains a number of press releases, advertisements and labels relating to Smarte’s products; some of these clearly originated from AH for use in this country. Whether AH continued as Smarte’s agent after July 1991 is in dispute.

It appears from the evidence that Smarte did not manufacture the products that were sold in the UK. Rather these seem to have been made by others including Natur's Way Management Co. (Natur's Way) of the USA. From Exhibit AS 6, following discussions between AH and Natur's Way in July 1991, AH proposed a draft agreement with Natur's Way whereby they would source products directly to AH rather than via Smarte. AH also proposed an additional paragraph be added to the draft stating that Nu-Wave (AH's trading business at that time) would use and respect Natur's Way and Smarte's trade marks and trade names wherever appropriate in the UK. Unfortunately these trade marks were not listed or categorised by proprietor. The schedule to the draft agreement, however, included a list of trade names and their corresponding UK name; a product called Somatic Guard is listed with a UK name of DARIGARD.

Paragraph 9 of the draft agreement records the parties acknowledgement of the part played by Smarte 'to the introduction and initial marketing strategies for the sale of Natur's Way products in the UK' and also records Natur's Way's desire for Nu-Wave to reach an agreement with Smarte recognising this contribution. This recognition was to take the form of continued involvement through 'technical consultancy'. There is no evidence that the agreement was ever completed but Smarte concedes that AH sourced goods from Natur's Way directly from September 1991.

It is against this background that AH disputes his company continued to act as the agent for Smarte after July 1991, claiming that the relationship changed, with Mr J J Smarda of Smarte being retained merely for technical consultancy.

In her second statutory declaration, Ms Smarda claims that Smarte entered into a joint venture with a Swiss company called Hofmann AG from around June 1991 and that it was agreed that AH would buy products from Hofmann which, it is claimed, he did in July/August 1991. There is, however, no evidential support for these claims. Nevertheless, Exhibit AHS1 shows that Hofmann AG supplied AH with a product under the trade mark DAIRY GUARD in January 1992.

Turning to the issue of registration of marks, Smarte had not registered the mark DAIRY GUARD in the UK or the other marks which had been used here and did not apply to register the mark DAIRY GUARD in Canada until 1993 (Exhibit AHS3). AH says that his company filed for registration of the mark DARIGARD in the UK in November 1991 and that he had the consent of Smarte to register the trade names used by Smarte. This is a claim Smarte deny. Finally, AH accepts he knew that DAIRY GUARD was a brand used for a product sold by Smarte in USA and Canada and he also accepts that DARIGARD was derived from the words 'diary guard', although he says that the former is, in practice, pronounced 'darrygard'.

The Decision

The picture that emerges from this evidence is that the registered proprietor operated as an importer for Smarte from 1985 to July 1991. The products imported by AH appear to have included some of Smarte's trade marks although some or all the products were manufactured for Smarte by Natur's Way. Once direct links became established between AH and Natur's Way in July 1991, the relationship between Smarte and AH deteriorated. When it became

apparent to AH in September 1991 that Smarte did not have any trade names registered in the UK, he applied to register the marks of interest to him in his company's name.

S 72 of the Act states:

5 '72. In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it.'

In view of this, there is an clear onus on the Applicant to make out the case for invalidation. I have kept this principle in mind in my consideration of the evidence and pleadings in this case.

10 Turning, now, to the first stated ground for invalidation of the mark in suite, this is contained in s 47(2)(b), which states:

'(2) The registration of a trade mark may be declared invalid on the ground -

(a) ...

15 (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.'

S 5(4) states:

20 '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

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

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an 'earlier right' in relation to the trade mark.'

30 The Applicants in this case claim they are the Proprietors of an earlier right under 5(4). Possible candidates for such rights are given in s 5(4) as laws protecting unregistered trade marks (in particular passing off), or laws of relating to copyright, design right or registered designs.

To succeed in a passing off action, it is necessary for the Applicants to establish that at the relevant date (1 November 1991): (i) they had acquired goodwill under their mark, (ii) that use of the 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.¹ In my view none of this can apply in this case as the Applicants have not proved they had the necessary goodwill in the UK under the DAIRY GUARD mark as required. The Applicants have been unable to show that DAIRY GUARD was sold in the UK before the relevant date - that is the date AH made his application for the mark. The evidence for use of the mark DAIRY GUARD is as follows:

(1) Exhibit AH5 contains two types of 'stick-on' labels, one type titled 'DAIRY GUARD II' which has stamped next to a printed expiry date 'JAN 1992' and the other type is titled DAIRY GUARD with the 'TM' following as a superscript; these are undated. Both labels carry the Canadian address of Smarte International.

(2) In the second Declaration from Ms Smarda, Exhibit AHS1 contains a brochure produced by Hofmann AG featuring the mark DAIRY GUARD (page 4). The Applicants claim they entered into a joint venture with this firm in June 1991. The brochure shows an address in Bützberg, Switzerland.

(3) A fax from Mr Haythornthwaite to 'HOKOVIT AG' (this, apparently, is a trading name for Hofmann AG) requesting delivery of 1000kgs of DAIRY GUARD. This fax is dated 31 December 1991.

(4) There is evidence (Exhibit AHS2) that Hofmann AG supplied DAIRY GUARD to Mr Haythornthwaite in January 1992.

(5) The Registered Proprietor, Mr Haythornthwaite, states that he was aware of DAIRY GUARD as a brand used for a product sold by Smarte International Inc. in US and Canada.

None of this shows that the mark was used in the UK before 1 November 1991, and Smarte therefore cannot have any goodwill under the mark in the UK to be damaged. No other rule of law has been brought to my attention, and no evidence has been provided appertaining to copyright, design right or registered designs. This ground therefore fails.

Taking the second ground of objection first, s 60(3) together with s 60(1), state:

60.-(1) The following provisions apply where an application for registration of a trade mark is made by a person who is an agent or representative of a person who is the proprietor of the mark in a Convention country.

(2) ...,

(3) If the application (not being so opposed) is granted, the proprietor may

(a) apply for a declaration of the invalidity of the registration, or

(b) apply for the rectification of the register so as to substitute his name as the proprietor of the registered trade mark.

¹A fuller summary of the position can be found in WILD CHILD [1998] RPC 455, page 460ff.

In her declaration Ms Smarda says that DAIRY GUARD is the phonetic equivalent of the Applicants' trade mark, DARIGARD. AH denies this, saying he coined the mark DARIGARD and it is 'not generally pronounced as "Dairy guard"'. It is invariably pronounced Darry guard'. I find the latter assertion rather unconvincing; a product so named and sold as a 'foodstuff for cattle' must, in my view, obviously trade on the association with 'dairy'.
5 However, there are spelling differences between the marks and, coupled with the obvious other visual difference that one consists of two words and the other of one, it is difficult for me to conclude that similarities between the marks so overwhelm the differences that they can be considered to be the same mark. Although it may be appropriate to interpret 'the mark' in
10 s 60 as covering minor variations which do not affect distinctive character, the difference between DAIRY GUARD and DARIGARD are more than that. Though, the marks would be similar marks for the purposes of s 5(2) in the Act, they are not the same mark for s 60. Mr Haythornthwaite may admit in his declaration that he derived the spelling of DARIGARD 'to a degree' from DAIRY GUARD, the source of his inspiration cannot be relevant to whether the
15 marks are the same mark for the purposes of s 60. This ground therefore fails and the application therefore fails.

The Applicants' pleadings under s 47 do not include s 3(6) of the Act and I have not therefore been called upon to consider the issue of bad faith in relation to the DARIGARD application. In view of this, it would not be proper for me to express a view on that point and, in any
20 event, would be assisted by a clearer indication of the Registered Proprietor's understanding of Smarte's trading intentions in the UK under the DAIRY GARD mark.

The Registered Proprietor is therefore successful in these proceedings and is entitled to a contribution towards his costs. I therefore order the Applicants to him pay the sum of £400.00

25 **Dated this 11th day of June 1999**

Dr W J Trott
Principal Hearing Officer
For the Registrar, the Comptroller-General