

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2048360
IN THE NAME OF BOXER HOLDINGS, INC
(ON ASSIGNMENT FROM JOE BOXER CORPORATION)
TO REGISTER A TRADE MARK IN CLASS 25**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO 45855
IN THE NAME OF BARTER INTERNATIONAL GROUP LIMITED**

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in the name of Boxer Holdings, Inc (on assignment from Joe Boxer Corporation)
to register a trade mark in Class 25**

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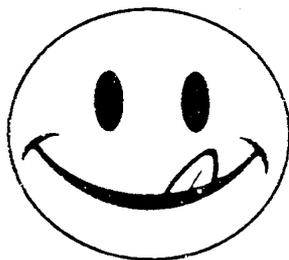
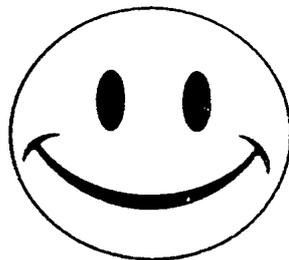
**IN THE MATTER OF Opposition thereto under
No 45844 by Barter International Group Limited**

DECISION

On 12 December 1995, Joe Boxer Corporation, World Headquarters, 1265 Folsom Street, San Francisco, California 94103, United States of America, applied to register a series of two trade marks in Class 25 for the following specifications of goods:

Complete articles of clothing; underwear; pyjamas; nightshirts and nightgowns; dressing gowns; hosiery; ties; and footwear.

The respective marks are:



By an assignment dated 4 April 2000, the application was assigned to Boxer Holdings, Inc, of the same address.

The application, numbered 2048360 was published for opposition purposes on 7 August 1996, and on 6 November 1996, Barter International Group Limited filed notice of opposition to the application. The grounds on which the opposition is based are, in summary:

1. **Under Section 3(1)** Because the application is devoid of any distinctive character.
2. **Under Section 3(3)** Because the trade mark the subject of the application is confusingly similar to the opponents' trade mark and use by the applicants will lead to deception and confusion.
3. **Under Section 3(4)** Because use of the trade mark is prohibited.
4. **Under Section 3(6)** Because the application is made in bad faith as it is not the mark of the applicants.
5. **Under Section 5** Because registration of the mark does not comply with the provisions of Section 5.

The opponents ask that the Registrar refuse the application in the exercise of her discretion and that costs be awarded in their favour.

The applicants filed a counterstatement in which they deny these grounds of opposition.

The matter came to be heard on 22 May 2000, when the applicants were represented by Mr Christopher Morcom of Her Majesty's Counsel, instructed by Lloyd Wise Tregear, their trade mark attorneys, and the opponents by Mr Richard Miller of Her Majesty's Counsel, instructed by Venner Shipley & Co, their trade mark attorneys.

The opponents' evidence

This consists of a statutory declaration dated 28 August 1997 by Franklin Loufrani.

Mr Loufrani says that in 1971 he designed the logo of a smiling face. He refers to exhibit FL1 which is a copy of the trade mark stating that:

the trade mark has been in continuous use throughout the world since 1972.

in 1994 the opponents were granted an exclusive licence to use the trade mark in the European Union, Eastern Europe and Russia.

licences have been signed directly or indirectly with a number of well known (specified) companies for use in relation to a variety of (unspecified) goods and services.

Mr Loufrani says that the mark has been used throughout the United Kingdom, with licences being signed with a number of companies (which he lists) in respect of goods including clothing, bicycle bells, bags and plushes. He refers to exhibit FL2 which consists of copies of advertisement incorporating the device of a smiling face, which in all but one instance appear to originate from outside the United Kingdom. The example which can be linked to the United Kingdom comes from British Telecom and depicts a face with the mouth represented by a telephone handset. The advertisement is undated.

Mr Loufrani lists the world wide royalty figures received for the years 1993 to 1996, and advertising expenditure for the years 1995 and 1996, stating that separate figures for the United Kingdom are not available.

5 Mr Loufrani refers to exhibit FL3. This includes extracts from:

S The International Licencing Directory for the years 1988 and 1993/94

10 the 1988 edition, under the heading of France shows the SMILEY character to be the responsibility of Michel Oks Productions based in Paris, and under Associated Offices contains an entry GB, Universum Press - covering Hungry and Yugoslavia.

15 the 1993/4edition lists Mr Loufrani as the representative for Europe, with others shown in Germany and the United States.

S Licensing Today Worldwide dated Summer 1997 containing an article setting out the history of SMILEY, confirming the registration as a trade mark in 1971, and launch in 1972.

20 S Licensing Today Worldwide dated December 1996 listing the opponents as the United Kingdom representative for SMILEY.

S France Soir from 1972 showing the SMILEY in the letter “o” of Soir

25 S 1997 Guide to The Licensing World listing Mr Loufrani and Nicolos Loufrani as the United Kingdom representatives for SMILEY.

30 Mr Loufrani refers to exhibit FL4 which consists of copies of advertisement and features relating to the SMILEY device, all originating from outside the United Kingdom.

35 Mr Loufrani next refers to the registration of the trade mark in France in 1971, which was subsequently extended in 1972 under the Madrid Agreement to cover other countries, which he lists, but which does not include the United Kingdom. He sets out details of the goods and service classes in which the mark has been registered. He refers to exhibit FL5 which consists of a details of the registrations and applications for the SMILEY trade mark, of which only one, a Community trade mark application covers the United Kingdom but the application date shown post dates the date of application for the mark which is the subject of these proceedings.

40 Mr Loufrani goes on to refer to legal proceedings in France. He claims that the trade mark is a well known mark, and to give his view that use of the mark applied for by the applicants would be associated with him, and takes unfair advantage of the distinctive character and repute of his trade mark.

45 **Applicants’ evidence**

This consists of two Statutory Declarations and three Affidavits. The first Affidavit is dated 26

February 1998 and comes from Stephen P. Langmaid, the Chief Financial Officer of Joe Boxer Corporation, a position he has held since 1994, having been with the company since 1993. Mr Langmaid confirms that he has access to all of his company's records.

5 Mr Langmaid says that the HAPPY FACE design was in common usage in the United States in the 1960's. He says that the authorship of the design is claimed by Harvey Ball who says that he created the design in 1963 for an insurance company, a claim which Mr Ball is said to have made on television in 1996. Mr Langmaid refers to exhibit A which is a transcript of a television news article entitled "American Journal" History of the Happy Face, December 30 1996. The article makes reference to YELLOW HAPPY FACES being everywhere and part of American culture in the sixties, and includes an interview with Harvey Ball who confirms his involvement with the design, and its coming back into fashion. Mr Langmaid refers to exhibit B which consists of an extract from the 15 July 1996 edition of Newsweek magazine which refers to the comeback of the SMILEY, and depicts various items decorated with the design.

15 Mr Langmaid says that his company created designs based on the original HAPPY FACE in 1993, and has used them since at least September of that year in the United States, and from 1994 in the United Kingdom involving some \$300,000 of sales. He says that his company has sought to register these as trade marks in Classes 14 and 25 in various countries, details of which are set out in exhibit C, and which for the United Kingdom includes a trade mark application (the mark in suit) in Class 25 for a SMILEY and a LICKY logo, and a trade mark registration in Class 14 for the same marks.

25 Mr Langmaid comments on the opponents' claims to the use they have made of the mark, and for the reasons given concludes that there is no evidence that there has been activity by them in the United Kingdom under the HAPPY FACE design, commenting in particular on the lack of separate turnover figures. Mr Langmaid also notes the dates that the opponents commercial activities in the United Kingdom are said to have commenced, and the filing of their applications to register trade marks.

30 A selection of advertisements and promotional materials are shown as exhibits D to T which includes

35 S details of a press launch of Joe Boxer watches held on 25 July 1995, the watches and other sundry items including boxer shorts bearing the SMILEY and LICKY logos.

S various promotional leaflets, materials and labels bearing the name Joe Boxer and depicting the SMILEY or LICKY logos.

40 S elasticated waist band, swing tag and sew-in labels for clothing, carrier bag, boxes for watches, all bearing the name Joe Boxer in conjunction with several forms of the LICKY logo.

S buttons for clothing bearing the LICKY logo.

45 S items of clothing bearing the name Joe Boxer and depicting the LICKY logo as a design or on the sew-in label.

Mr Langmaid casts doubt upon the opponents' claim that their mark is well known, stating that his company's mark was well established in the United States some years before Mr Loufrani claims to have designed it. He concludes his Affidavit saying that his company has used their SMILEY and LICKY logo marks in respect of watches and clothing, and that he is not aware of any confusion.

The next documents consist of two Statutory Declarations dated 27 February 1998 and 27 March 1998 made by Esmond Anthony Hitchcock, a partner in the firm of Lloyd, Wise Tregear & Co, the applicants' representatives in these proceedings.

In the first of these Declarations Mr Hitchcock refers to exhibit A which consists of a video tape shown as an exhibit to the Affidavit dated 4 February 1998 of Thomas N Onda. He says that video tape he exhibits has been transferred from the NSTC to the PAL format.

In his second Declaration Mr Hitchcock refers to exhibit B. This consists of an account of a story that appeared in the Sunday Telegram & Gazette newspaper of Worcester Massachusetts, concerning an exhibition to be held at the Worcester Historical Museum relating to the SMILE button. The story confirms the involvement of Harvey Ball dating from 1963.

The next document is an Affidavit dated 4 February 1998, from Thomas M. Onda, a United States Attorney and partner in the firm of Steinhart & Falconer LLP.

Mr Onda refers to a video tape provided as an exhibit which he says is a segment that he recorded from the television programme American Journal. The tape is the original of that referred to and shown as exhibit A by Mr Hitchcock.

The final Affidavit is dated 4 May 1998, and comes from William D Wallace, the Executive Director of the Worcester Historical Museum in Massachusetts. He confirms that he has been a Director of the Museum since 1976, and that he has full access to the records.

Mr Wallace says that in 1996 the Museum provided an exhibition commemorating the HAPPY FACE logo and its origins, and he refers to exhibit A which consists of a news story announcing the exhibition and including a photograph of exhibits depicting the SMILE logo. The wording of the story is identical to that shown in exhibit B by Mr Hitchcock. He refers to exhibits B and C which consist of a list of exhibits from the exhibition and which are items bearing the SMILE logo, the earliest dating from 1964, and a segment of the photograph forming part of exhibit A showing the SMILE logo on a badge for wear.

Mr Wallace says that Harvey Ball, a resident of Worcester, is acknowledged as the originator of the HAPPY FACE logo, and has been the subject of a number of articles in the local press, a sample of which are shown as exhibit D. The earliest dating from January 1972, they all recount the history of the HAPPY FACE and are consistent in linking the design with Harvey Ball around 1963. Mr Wallace says that in preparation for the exhibition the museum made enquiries as to the origins of the HAPPY FACE logo, the results are reflected in the labels shown as exhibit E. These recount the origin and development of the logo and attribute it to having been designed by Harvey Ball in 1963.

That concludes my review of the evidence, and I turn to consider the respective grounds upon which the opposition has been brought.

Decision

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At the hearing Mr Miller stated that he would not be arguing the grounds founded under Section 3(3) or 3(4) and that the objection under Section 5 was to be found in subsection (4)(a) with the objection under Section 3(1) being in the alternative. It was not entirely clear whether the objections under Section 5(1), 5(2) and 5(3) were withdrawn, or whether Mr Miller did not intend to make submissions. In any case, as the opponents do not claim the protection of an “earlier trade mark” within the meaning of Section 6, these grounds cannot succeed and I dismiss them. With this in mind the grounds of opposition rest under Section 3(1), Section 3(6) and Section 5(4)(a).

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I turn first to the ground under Section 5(4)(a). That section reads as follows:

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-

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(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

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

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No reference is made to any rule of law other than the law of passing off. Mr Hobbs QC set out a summary of the elements of an action for passing off in WILD CHILD Trade Mark 1998 RPC 455. The necessary elements are said to be as follows:

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S that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

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S 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

S that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

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The opponents’ claim to a goodwill or reputation in the United Kingdom rests solely in their statement that the trade mark has been used, and that a number of licences have been signed allowing use of the mark in respect of goods including clothing, bicycle bells, bags and plushes. There is no evidence whatsoever that any sales have been effected, either by the opponents or the licensees, and no details of the licences have been provided. Royalty figures have been given but these are worldwide, the opponents stating that separate figures for the United Kingdom are not available. Mr Morcom submitted that the revenue derived from royalties was low, particularly as they related to the opponents’ worldwide licencing activities, and that the United Kingdom share

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would be even lower. Mr Miller attempted to bolster the figures, saying that they would have been derived from sales which would have been on a more significant level, although there is no evidence to support this. I do not, therefore, see how I can conclude that the opponents have any reputation or goodwill in the United Kingdom, or that use of their mark by the applicants will amount to misrepresentation or likely to cause damage to the opponents. Accordingly, the objection founded under Section 5(4)(a) fails.

Turning next to the grounds under Section 3(1). That section reads as follows:

3.(1) The following shall not be registered -

(a) signs which do not satisfy the requirements of section 1(1),

(b) trade marks which are devoid of any distinctive character,

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or rendering of services, or other characteristics of goods or services,

(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade:

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.

Section 1(1) in turn reads:

1-(1) In this Act “trade mark” means any sign capable of being represented graphically which is capable of distinguishing the goods or services of one undertaking from those of other undertakings.

A trade mark may, in particular, consist of words (including personal names), designs, letters, numerals or the shape of goods or their packaging.

Mr Morcom conceded that should the trade mark be found to be devoid of any distinctive character, his clients use would be insufficient to enable it to proceed on the basis of acquired distinctiveness.

There is no suggestion by the opponents that the trade mark applied for is a sign which is incapable of distinguishing, that it describes a characteristic of the goods or that its use is customary in the trade, and there is no evidence which would lead me to such a view. Consequently, Section 1(1), and Sections 3(1)(a), (c) and (d) are not an issue.. The opponents’ objection appears to rest in subsection (b) that the trade mark is devoid of any distinctive character, and in support of this contention Mr Miller referred to the statement by Stephen P

Langmaid in his Affidavit in which he says that “other parties have used a “happy face” design in the United Kingdom to promote and identify their products, but that such activities have not been in conflict with the interests of his company”. Mr Miller sought to persuade me that this was an admission by the applicants that the trade mark applied for was in common use, and consequently, it could not be distinctive of them. In my view the statement by Mr Langmaid is ambiguous and could equally be taken to mean that other traders are using similar signs but on dissimilar goods and services. I cannot, therefore, agree with Mr Miller. In the absence of any evidence to the contrary, I can only come to the view that the trademark applied for is, prima facie, a good and registerable mark. The objection under Section 3(1) is dismissed accordingly.

This leaves the matter of the ground of opposition under Section 3(6) which reads:

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

This opponents’ objection raises the question of who owns the trade mark. It seems to me that where the applicants’ claim to be the proprietor of a mark is challenged, it is appropriate to consider the guidance of the decision of the Court of Appeal in the Al Bassam trade mark case [1995] RPC 511, in which Morritt L.J. made the following observations:

at page 522 line 6 et seq:

“Accordingly, it is necessary to start with the common law principles applicable to questions of ownership of unregistered marks. These are not in doubt and may be shortly stated. First the owner of a mark which had been used in conjunction with goods was he who first used it. Thus in Nicholson & Sons Ltd’s application (1931) 48 RPC 227 at page 253 Lawrence LJ

“The case to which I have referred (and there are others to the like effect) show that it is firmly established at the time when the Act of 1875 was passed that a trader acquired a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and of the extent of his trade and that such right of property would be protected by injunction restraining any other person from using the mark.”

and at page 522 line 40 et seq:

“In my view it is plain that the proprietor is he who satisfies the principles of the common law to which I have referred. Accordingly in the case of a used mark, as in this case, the owner or proprietor is he who first used it in relation to goods for the purpose indicated in the definition of trade mark contained in Section 68 which I have already quoted.

The opponents have claimed that the application was made in bad faith because the applicants do not own the trade mark, presumably because they consider that it belongs to them, although do not go so far as to say that the applicants have knowingly attempted to appropriate that which they know is not theirs. Alternatively, it may well be that their objection is that the design of the HAPPY FACE is widely used and should continue to be free for use.

In my view the onus in such cases rests firmly with the opponents. If they are claiming that the trade mark is theirs and not the applicants', they must establish that their mark was well known, in the United Kingdom, to the point that the applicant must have known it belonged to them, or would have known through some other circumstances, for example, a trade connection. I find no evidence which shows any use of the mark at all, let alone to support a claim that the applicants would have known that the opponents were using it. Nor is there any evidence which shows that the HAPPY FACE is widely used by other traders and cannot function as a badge of origin, or that registration would deprive others of that which they are legitimately entitled to use. I find that the opponents have not established that the applicant acted in bad faith in making his application, and consequently, the opposition under Section 3(6) also fails.

The opponents ask that the application be refused in the exercise of the registrar's discretion. The Registrar has no discretion to refuse an application which meets the requirements for registration set out in the Act, and consequently, the request is dismissed.

The opposition having failed on all grounds, the applicants are entitled to a contribution towards their costs. Mr Morcom submitted that costs beyond the usual scale were appropriate, stating that the lack of particularisation of the grounds of opposition had caused more work, particularly in advising clients and in preparation for the hearing. Mr Miller stated that most of the grounds of opposition had been argued, if not the law, with the remainder either being withdrawn, or, as in the case of the registrar's discretion, obviously bound to fail, and consequently, little unnecessary work had been caused. Mr Miller noted that the Statement of Case had not been drafted by his clients, who had only recently received the papers relating to the case, inferring that they had had little time to review and particularise the pleadings.

It is always open to the applicants to challenge the sufficiency of the pleadings. Although that had not been done, I have some sympathy with Mr Morcom. That said, given that some of the Sections of the Act were clearly being used inappropriately and obviously destined to fail, a point made by Mr Morcom in his skeleton, any additional work cannot have been extensive. Taking this into account I order the opponents to pay the applicants the sum of £785 as a contribution towards their costs. 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 22 day of June 2000

**Mike Foley
for the Registrar
The Comptroller General**