

O-218-03

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NOS 2243946
AND 2244002 BY SAGA LEISURE LIMITED
FOR THE TRADE MARKS:**



AND

SAGA CAR DIRECT

**AND THE CONSOLIDATED OPPOSITIONS
THERE TO UNDER NOS 52398 AND 52247
BY CARS DIRECT GROUP LIMITED**

**Trade Marks Act 1994
In the matter of application nos 2243946
and 2244002 by Saga Leisure Limited
for the trade marks:**



**SAGA CAR DIRECT
and the consolidated oppositions
thereto under nos 52398 and 52247
by Cars Direct Group Limited**

BACKGROUND

1) On 30 August 2000 Saga Leisure Limited (afterwards referred to as Saga) applied to register the following trade marks:

SAGA CAR DIRECT



The applications were accepted and published for opposition purposes for the following services:

The bringing together, for the benefit of others, of a variety of motor vehicles and parts of motor vehicles, enabling customers to conveniently view and purchase those goods in a showroom; consultancy services relating to the acquisition of goods and services.

Insurance and financial services, all relating to the supply, distribution, purchase and lease purchase of motor vehicles and their parts and fittings.

Repair and installation services relating to vehicles and to repair shops for vehicles.

Vehicular transportation services, transportation of vehicles for sale or repair; chauffeur and car rental services; collection and delivery services for vehicles; vehicle recovery and roadside assistance services.

The above services are in classes 35, 36, 37 and 39 of the International Classification of Services respectively.

2) Cars Direct Group Limited (afterwards referred to as CDGL) filed oppositions to both applications and relies upon the following trade marks in support of its oppositions:

- United Kingdom trade mark registration no 2019522 for the trade mark **CARS DIRECT** which is registered for the following services:

factoring of motor vehicles; sales and disposal of motor vehicles for others; auctioneering services, services relating to sale by tender, sales analysis, computer database maintenance and management; all relating to motor vehicles; consultancy, information and advice services relating to the foregoing.

collection and delivery of motor vehicles; relocation of motor vehicles.

The above services are in classes 35 and 39 respectively of the International Classification of Goods and Services. The application for the trade mark was filed on 2 May 1995 and the trade mark was registered on 10 January 1997.

- United Kingdom trade mark application no 2227004 for trade mark **CARS DIRECT** for the following goods and services:

office stationery and forms, all relating to the sale, purchase, rental, leasing or operation of motor vehicles.

marketing and re-marketing of motor vehicles; management and monitoring of motor vehicle fleets; demonstration of motor vehicles; establishment and maintenance of registers of motor vehicles, vehicle owners and or vehicle buyers; advertising relating to the sale, purchase, rental, leasing or operation of motor vehicles

vehicle pricing; payment of fines and of release charges in relation to motor vehicles

inspection, maintenance, servicing, repair, refurbishment, cleaning and valeting of motor vehicles

rental and leasing of motor vehicles; storage of motor vehicles; arrangement of vehicle recovery; provision of drivers for motor vehicles; vehicle inspection and condition assessment; provision of information and advice relating to or in connection with motor vehicles

preparation and dissemination of reports relating to or in connection with motor vehicles; design and production of office stationery and of forms, all relating to the sale, purchase, rental, leasing or operation of motor vehicles

The above goods and service are in classes 16, 35, 36, 37, 39 and 42 respectively of the International Classification of Goods and Services.

3) CDGL states that the marks applied for contain the words CAR DIRECT, which is substantially identical to CDGL's CARS DIRECT trade mark and that the services "transportation of vehicles for sale or repair" and "collection and delivery services for vehicles" in the opposed applications are identical to, or contained wholly within, the services "relocation of motor vehicles" and "collection and delivery of motor vehicles" contained in CDGL's registration no 2019522. In addition the services "repair services relating to vehicles", "car rental services" and "vehicles recovery" in the opposed applications are identical to, or are contained wholly within, the services

“repair of motor vehicles”, “rental of motor vehicles” and “arrangement of vehicle recovery” contained in CDGL’s prior application no 2227004. Registration of Saga’s marks in respect of the above identified services would, therefore, be in contravention of Section 5(1) of the Trade Marks Act 1994 (the Act).

4) The remainder of the services specified in the opposed applications are similar to the services contained in CDGL’s registration and application, and there exists a likelihood of confusion and/or association on the part of the public. Registration of Saga’s marks would therefore be in contravention of Section 5(2) (a) of the Act or, in the alternative, the marks applied for are similar to the trade marks of CDGL and all of the services contained in the opposed applications are similar to those specified in CDGL’s registration and application and there exists a likelihood of confusion and/or association on the part of the public. Registration of Saga’s marks would, therefore, offend the provisions of Section 5(2) (b) of the Act.

5) CDGL has used the trade mark CARS DIRECT in the United Kingdom since 1989. The business started off mainly as the re-marketing of ex-fleet and finance vehicles but has now expanded; in particular CDGL is now engaged in the selling of new vehicles. CDGL has seen its annual turnover rise from around £5.5 million in 1991 to around £27.4 million in 1999. CDGL has therefore achieved a reputation for its CARS DIRECT mark in relation to the various goods and services of its registration and application and registration of Saga’s marks would offend the provisions of Section 5(4) (a) of the Act.

6) CDGL requests the refusal of the applications in their entirety and an award of costs.

7) Saga filed counterstatements in which the grounds of opposition are denied and also seeks an award of costs.

8) Both sides filed evidence.

9) The hearing took place on 22 July 2003. Saga was represented by Mr James Mellor of Counsel, instructed by Dechert Solicitors and CDGL was represented by Mr Roger Wyand QC instructed by Lewis & Taylor, Trade Mark Attorneys.

EVIDENCE OF CDGL

Witness statement of Graham Johnstone

10) This is dated 7 December 2001. Mr Johnstone is the Chairman and Director of Cars Direct Group Limited. He states that the name CARS DIRECT has been used extensively and throughout the United Kingdom since March 1989. Since its incorporation CDGL has been involved in the re-marketing of vehicles by selling them through a sealed-bid auction. This means selling by auction of cars that fleets are trying to dispose of. Past and present clients of CDGL include Abbey National, Axa Insurance, Bank of Scotland, BT plc and Royal Mail. CDGL currently re-sell between 400-500 vehicles per month. CDGL’s core activities have rapidly expanded to include the movement, storage and delivery of vehicles; the repair and refurbishment of vehicles; vehicle rental on a nationwide basis; the management of

fleet vehicle pools and the design and production of business forms for the motor trade. CDGL is also in the process of expanding further to cover the establishment of a network of vehicle holding sites throughout the United Kingdom and the offering of a complete pool management service to clients. Since April 2001, CDGL has also expanded into the actual sale of vehicles and the acquisition of new vehicles on behalf of clients. At Bundle 4A, Tab 9 Mr Johnstone exhibits pages from CDGL's website, which allows prospective purchasers to view and bid for vehicles on-line. This website receives around 30,000 to 45,000 page impressions per week.

11) CDGL has negotiated a tie-up with National Grid whereby National Grid employees are able to bid for that company's ex-fleet vehicles through CDGL. Mr Johnstone exhibits (at Bundle 4A, Tab2) his Statutory Declaration used in the prosecution of CDGL's trade mark application no 2019522 which shows turnover figures in the years 1991-1995 inclusive. These are as follows:

Year	Turnover (£)
1991	5,675,754
1992	5,373,908
1993	5,615,895
1994	7,187,580

The current witness statement shows figures for the years 1996 to date. These are shown below:

Period Ending	Turnover (£)
June 1996	12.1m
June 1997	17.0m
June 1998	21.3m
June 1999	27.4m
June 2000	22.7m
June 2001	19.2m

Mr Johnstone breaks down the turnover figures as follows:

	1996	1997	1998	1999	2000	2001
Re-marketing and associated services	£1.6m	£16.5m	£19.9m	£25.9m	£22.7m	£19.2m
Business stationery	£232k	£242k	£216k	£249k	£253k	not available
Vehicle rental	£270k	£278k	£917k	£926k	£1.5m	£1.5m
Logistical (vehicle movement) & fleet pool management	) ) ) £58k	£76k	) £166k ) )	) £547k ) )	) £804k ) )	) £723k))
Other services	)		£349k	£253k	not available	not available

In relation to advertising, the following sums of money have been spent:

Period Ending	Expenditure (£)
June 1990	18,673
June 1991	5,084
June 1992	1,191
June 1993	1,308
June 1994	1,718
June 1995	7,833
June 1996	12,746
June 1997	23,481
June 1998	19,013
June 1999	40,534
June 2000	4,000 (approx)
June 2001	13,000(approx)

12) More recently CDGL has started to advertise nationally in both the Daily Mail newspaper and the magazine Auto Trader. Bundle 4A, Tab 13 shows the relevant advertisement. Bundle 4A, Tab 14 shows copies of a selection of press cuttings relating to the CDGL along with examples of various press releases that they have issued. I note that some of these press articles refer to CDGL's successful action against Barclays Bank. Bundle 4A Tab 15 shows evidence of exhibitions and trade fairs attended by CDGL in the United Kingdom. The Daily Mail advertisement is in the form of a galley proof. No details of when the advertisement appeared are given.

13) In September 2001, CDGL hosted a vehicle sale at the Rockingham Motor Speedway in Corby, an event televised by BBC2 in their Sunday Grandstand programme. I am not sure what relevance the televising of the event has to this case. Mr Johnstone also advises that there was a significant increase in the number of "hits" on CDGL's website in the weeks immediately following that event.

14) In relation to the policing and enforcement of CDGL's rights, Mr Johnstone gives details of various actions that CDGL has taken to protect the trade mark CARS DIRECT, including a Community trade mark application to register CARSDIRECT for vehicles and a variety of vehicle-related services, which was withdrawn in light of CDGL's opposition and representations it made. Bundle 4B, Tab 17 shows the names of all the companies that CDGL have taken action against, including Business Cars Direct, UK Cars Direct, Just Cars Direct and New Cars Direct.

15) In response to Saga's counterstatement, Mr Johnstone puts forward a number of arguments in relation to the similarity of the respective goods and services and also as to the likelihood of confusion between the respective marks. I do not propose to reproduce these arguments here, but will refer to them where necessary in my decision.

Witness statement of Derek Cooper

16) This is dated 5 November 2002. Mr Cooper explains that he is a Chartered Patent Attorney and Registered Trade Mark Attorney of Lewis & Taylor, the representatives of CDGL in this case.

17) In response to the witness statement of Ms Janet Thomson (see below), in particular where she says that Saga sell to private individuals who are 50 years old and over and promote themselves largely through direct mailing and advertising, Mr Cooper argues that the promotion of their services has been directed to a wider audience than this. Mr Cooper uses the example of a flyer from Saga describing their services in a magazine from the Royal Horticultural Society dated January 2002. Mr Cooper presumes that this flyer will also have been sent to all the other members of the RHS (around 300,000). Mr Cooper also mentions that a leaflet from Saga was enclosed in the Winter 2002 edition of the Royal Society for the Protection of Birds magazine. Although the above mentioned leaflets refer to Saga's holidays and not their Car Direct scheme, they will nevertheless have been received by many members of the RHS and the RSPB who are younger than the age of 50. Mr Cooper argues that this demonstrates the scattergun approach that Saga adopt to their mailings, and if they were to follow a similar line with SAGA CAR DIRECT then this would only serve to expose the name to a much wider audience than the over 50s.

EVIDENCE OF SAGA

Witness statement of Janet Thomson

18) This is dated 25 April 2002. Ms Thomson is employed by Saga Services Limited as Head of Group and European Development. Ms Thomson explains that the Saga business has diversified from offering holidays only in the United Kingdom to becoming synonymous with a broad range of goods and services all aimed at the over 50s market. Core areas of activity now include the provision of financial and insurance services as well as investments, utility services and the provision of a credit card. The database of customers that Saga holds has over 6.5 million names and a core part of the Saga business strategy is to try and cross-sell as many products and services as possible. The concept of Saga Car Direct originated in 1999 and was launched on 27 October 2000. Sometime in or after August 2000 focus groups comprising twelve Saga customers taken from the Saga database were set up. The SAGA CAR DIRECT name and the SCD logo were shown to the focus groups together with a mock-up of the brochure and a product card. As part of a pilot scheme, around 200,000 Saga customers were either sent a mail shot, leaflet, brochure or letter regarding Saga Car Direct. Ms Thomson states that once a stock of used cars taken in part exchange has built up the cars would be "recycled" to Saga customers.

19) Current sales of the Saga Car Direct project are between 25-40 vehicles per week. Press coverage promoting the service has appeared in over 108 publications including The Observer, Daily Express, The Sun, The Sunday Times, The Sunday Mirror, Which Magazine and The Financial Times. Bundle 6A, Tab 8 shows a table which details the various media where press coverage has appeared, together with circulation figures and shows that over 29 million people have had an opportunity to see and hear the coverage. Bundle 6A, Tab 9 shows examples of the coverage which appeared in the various publications.

20) An undertaking called Tangerine Green was commissioned to make enquiries about the nature of the business of CDGL. Tangerine Green's report includes a copy of the CDGL financial statement for the year ended 30 June 2000. This shows that in the financial year ending 30 June 2000 the annual turnover was £1,483,818 and for

the financial year ending 30 June 1999 £1,317,422. The report also states that new cars are sold under the brand Cars Select and not Cars Direct.

21) As a result of the investigations carried out by Tangerine Green (shown at Bundle 6A Tab 11) and the evidence of Mr Graham Johnstone, Ms Thomson suggests that: CARS DIRECT is a fleet and finance disposal centre and buys used ex-fleet cars from entities such as Parcel Force and Abbey National. CDGL sells used cars to trade buyers in the main and that sales to private individuals represent a very small part of its business; it sells cars through sealed auctions which are advertised in specialist car magazines and on line. A key difference between the Saga Car Direct service and that of CDGL is the involvement of a local franchised dealer by Saga (organised by Velo Limited), CDGL provides the service directly. Ms Thomson argues that on the basis of the above, the differences between the services offered by Saga and those offered by CDGL are significant. Saga is offering to sell only new cars and only to Saga customers, who are private individuals aged 50 years and over. Saga promotes itself largely through direct mailing and advertising, although the national launch of SAGA CAR DIRECT did incorporate some national advertising and media coverage. CDGL appears to be selling largely, if not exclusively, ex-fleet used cars and does so through sealed auctions. It is selling largely, if not exclusively, to the trade and is buying exclusively from the trade. The remainder of Ms Thomson's witness statement consists of submissions in relation to the issue of confusion and I will therefore say no more about it.

Witness statement of Nicole Ziman

22) This is dated 26 April 2002. Ms Ziman is an Assistant Solicitor with Dechert, the representatives of Saga in this case. Ms Ziman refers to a witness statement of Graham Johnstone dated 19 December 2001 (shown at Bundle 2, tab 4), in particular page 29, where he refers to Cars Direct of Oldham in Lancashire, against whom CDGL is currently taking action. On 15 April 2002 Ms Ziman telephoned Cars Direct of Oldham and spoke to the manager, Paul Knox. Mr Knox advised that he had received a settlement agreement from CDGL dated 22 November 2001 but that he had not responded. He has not heard anything from them since. Mr Knox advised that until it had approached him he had not come across CDGL; except when customers of CDGL, who had obtained his telephone number in error, rang through to him with complaints about the cars which they had bought from CDGL. Mr Knox also explained that there are numerous organisations known as Cars Direct throughout the country, many of whom operate in the used car section of the motor industry. Owing to this, the auction house, Manheim Motor Auctions insists that each Cars Direct which registers with it must include the suffix of the locality in which it operates so that they can be sure which Cars Direct they are dealing with. On obtaining this information Ms Ziman telephoned Manheim Motor Auctions who confirmed that nationally, Manheim Motor Auctions has eight companies called Cars Direct registered with them. This information was confirmed by Mr Raza of the Northampton Branch.

Witness statement of Stuart Goldberg

23) This is dated 26 April 2002. Mr Goldberg is a Trainee Solicitor with Dechert. Mr Goldberg explains that he has watched and made notes on a copy of a video made by

two representatives of Tangerine Green on the premises of CDGL. The copy of the video is attached at Bundle 6B, Tab 14. Tab 15 of the same bundle shows a report Mr Goldberg prepared about the video, which includes an outline transcription of the conversations and actions.

24) Mr Goldberg refers to Graham Johnstone's witness statement of 19 December 2001, particularly, pages 26, 27 and 30, where he claims that CDGL have taken some sort of action against a number of companies in relation to use of the name CARS DIRECT. Mr Goldberg contacted these companies to verify this and this was shown to be true in most cases. Mr Goldberg spoke to Neil Howe of Car Imports Direct Limited, who advised him that following the objection by CDGL to the company's name, it was changed to Japanese Cars Direct. Two companies, German Cars Direct (GCD) and Trade Cars Direct (TCD), were an exception. GCD had not been contacted at all by CDGL and TCD were not able to be contacted.

Witness statement of Kathleen O'Rourke

25) This is dated 26 April 2002. Ms O'Rourke is an Assistant Solicitor with Dechert. She explains that Dechert instructed Trade Mark Investigators, Tangerine Green in this case in April 2001. A copy of their report is attached at Bundle 6B, Tab 16. Further enquiries were carried out as a result of the initial report and further reports are shown at Bundle 6B, Tabs 17, 18 and 19.

26) Tangerine Green Reports- Conclusions Drawn

- CDGL is engaged in advertising ex-fleet and ex-lease vehicles on its website which are then offered for sale by tender online. These vehicles can be purchased by both trade and private individuals, but CDGL does not accept vehicles for sale from either traders or private individuals.
- CDGL also appears to sell new vehicles through a subsidiary company called Cars Select.

Second Witness statement of Kathleen O'Rourke

27) This is dated 26 April 2002. Ms O'Rourke explains that apart from the current set of proceedings there is also the matter of trade mark registration number 2019522 and application for invalidity number 12503 thereto by Saga Leisure Ltd. Although addressed specifically to the invalidity proceedings, the following witness statements, shown at Bundle 2, Tabs 6-13 are also relevant to these set of proceedings.

Witness statement of Angela Boakes

28) This is dated 23 April 2002. Ms Boakes is employed by Saga as a business development manager with responsibility for the Saga Car Direct project and details a telephone conversation that she had with Graham Johnstone of CDGL on Monday 19 February 2001. From memory and notes made about the conversation (shown at Bundle 6B, Tab 13), Ms Boakes believes that Mr Johnstone told her that he was aware of Saga's trade mark application for the SAGA CAR DIRECT mark and went on to say that his business was focussed on leasing and finance and that it was involved in new and used cars and provided a variety of services. In return Ms Boakes

told Mr Johnstone that the SAGA CAR DIRECT business was dealing exclusively in new cars. The conversation ended with Mr Johnstone saying that he would talk to his colleagues about the trade mark issue.

Witness statement of Graham Comber

29) This is dated 23 April 2002. Mr Comber explains that he is a Customer Service Adviser at SAGA CAR DIRECT and that he spoke to Graham Johnstone on 9 February 2001. Mr Comber recollects Mr Johnstone saying that he had seen the Saga trade mark application for SAGA CAR DIRECT and that he was concerned that it infringed a trade mark of his company. He also said that his company had been trading for 11 years. Mr Comber passed Mr Johnstone's details on to Ms Angela Boakes.

Witness statement of Robert Mercer

30) This is dated 25 April 2002. Mr Mercer is a Consultant to the motor industry and explains that the name SAGA CAR DIRECT was chosen because Saga wanted to focus on the fact that cars were the nature of the venture, rather than telephone sales; it focuses the mind on the precise nature of the business, which is providing cars directly to Saga customers. Mr Mercer further claims that he had never heard of CARS DIRECT at the time the name was chosen for Saga's venture. Once told of the existence of CDGL Mr Mercer spent some time searching for it on the Internet and did not find it very visible.

Witness statement of Martin Sprake

31) This is dated 24 April 2002. Mr Sprake is the Used Vehicle Re-Marketing Manager at Velo Limited. He explains that Velo worked with CDGL in early 1999. He states that Saga is a very well known brand selling very different services to those of CDGL. CDGL re-markets used vehicles, which they promote and offer to the trade; Saga is a retail organisation offering new vehicles to private individuals. Saga's customers are only those people who fulfil Saga's age criteria and the "direct" aspect of the scheme is reflected in the way it operates. All Saga's vehicles come from recognised, fully franchised dealerships, but a customer wishing to buy a car through Saga Car Direct would not be able to do so by approaching one of those dealerships. The customer has to go directly to Saga's call centre.

Witness statement of Michael McRae

32) This is dated 25 April 2002. Mr McRae is the Operations Director of Velo Limited. He gives details of the nature of Velo's business. He advises that although Velo would be running the service for Saga the customer would at all times feel that he was dealing with Saga. Initially the first contact by the customer would be to telephone Saga's call centre. When an order for a new car was received this would be passed to Velo so that it could source the vehicle and subsequently deal directly with Saga's customers to arrange insurance cover for registration of a new vehicle and to arrange delivery of the vehicle. Mr McRae, despite having worked in the motor industry for more than 35 years, says that he had never heard of Cars Direct until it

was brought to his attention that CDGL was objecting to the SAGA CAR DIRECT name.

Witness statement of Dennis Webb

33) This is dated 26 April 2002. Mr Webb is the Managing Director of Clarke's Motor Services Limited, a franchised dealership, selling both new and used cars. He has 28 years of experience working in franchised dealerships of this nature. Mr Webb states that he has in the past received advertising and faxes from CDGL seeking to supply his company with cars. He thought that CDGL supplies new cars to the trade. He states that for about 5 years there have been many companies like CDGL, all of whom use words like "cars" and "direct" either in their name or in the description of what they offer. Mr Webb also asserts that there does not seem to be one main player in that sector of the industry and they all seem to have very similar trading titles.

Witness statement of John Whiteman

34) This is dated 26 April 2002. Mr Whiteman is the Project Director of the International Car Distribution Programme (ICDP), a not-for-profit collaborative research project covering the major markets of Europe which focuses on ways of improving the efficiency and effectiveness of all aspects of the car retailing and supply industry. The project is supported by more than 40 companies involved in the car industry, encompassing manufacturers of cars and parts, retailers, and providers of ancillary services such as lubricants, logistics and insurance.

35) Mr Whiteman states that before being contacted by Dechert he was unfamiliar with CDGL and that based on the statements of Graham Johnstone, dated 7 and 19 December 2001, he understands that it is an intermediary; handling used cars to be disposed of by companies and purchased primarily by used car retailers. It also handles less than 10,000 cars per year and operates from two sites in the East Midlands. Mr Whiteman's assessment of CDGL is that it is a small player in the very large market for ex-company cars. On the basis of information supplied by Mr Johnstone, CDGL is a small operator of auctions selling 26,000 cars since 1993 and with recent sales of 400-500 per month, which is an annual rate of 5,000-6,000. Allowing for an estimate of cars that are presented in each auction but not sold, the total number of vehicles handled may be in the region of 10,000 per annum. These sales may be compared with the number of cars of between three and five years of age which are being disposed of by businesses, probably about one million, implying a market share of 0.6% of the market. The number of vehicles which CDGL handles may be compared with the 900,000 handled by the market leader BCA, or the more than two million handled in total by all auction houses; implying a share of 0.5% of the market. The ancillary services offered by CDGL are similar to those provided by other intermediaries and for most of the ancillary services there is generally a large scale competitor to CDGL, eg on vehicle logistics where the major operator, Walon UK, transports more than one million cars per year.

EVIDENCE IN REPLY OF CDGL

36) This consists of a witness statement, dated 30 October 2002, by the same Graham Johnstone as previous witness statements in these proceedings. In response to the witness statement of Janet Thomson, Mr Johnstone says that she appears to have several misconceptions regarding the true nature of CDGL's business. In particular he says that it does not buy used ex-fleet cars but sells the cars by auction on behalf of the fleet owner. Ten percent of the auction sales are to private customers, which represent a significant proportion of the CDGL's customer base. Mr Johnstone also argues that Ms Thomson's attempts to draw a distinction between private individuals and the trade is artificial, since members of the car trade are private individuals in their own right who might wish to use the car purchasing services being offered by Saga. Ms Thomson appears to suggest that this distinction is emphasised by the fact that CDGL buys exclusively from the trade, when it does not. Many of the people that CDGL deal with are fleet managers and their staff, but they are also individuals who may wish to purchase cars for their own or their family's own private use through the Saga Car Direct scheme. Mr Johnstone also puts forward a number of counterarguments in relation to Ms Thomson's assertion that there is no likelihood of confusion between the respective trade marks. As these are submissions and not evidence, I will not make any further mention of them.

37) In relation to Ms Ziman's witness statement, Mr Johnstone confirms that Mr Knox has not as of yet signed the settlement agreement but that he will instruct his solicitors to pursue the matter further. In relation to Ms Ziman's telephone conversation with Manheim Motor Auctions, Mr Johnstone explains that he spoke to Tony Lambert, a manager at Manheim. During the telephone conversation, he was advised that Manheim do have eight "Cars Direct" companies on their records. Bundle 4C, Tab 36 shows a copy of a letter from Tony Lambert where he states that of the eight companies identified, two are termed as "national buyer"; these were identified over the telephone as Cars Direct of Oldham and Cars Direct of Banbury. Mr Johnstone advises that CDGL is in the process of taking action against both companies (the former has been mentioned above). Mr Johnstone disputes Mr Knox's claim that Manheim Motor Auctions require each Cars Direct company that registers with them to include the suffix of the locality in which it operates. He says that Manheim issues registration cards to all approved buyers. When someone has bid successfully for a vehicle, they hand over the card which enables Manheim to determine their particulars. Even if there were several registered buyers with similar names, their individual registration cards are quite sufficient to enable Manheim to track down which company is involved.

38) In response to the witness statement of Stuart Goldberg, Mr Johnstone asserts that Mr Goldberg is incorrect in reporting that Car Imports Direct Limited agreed to trade as Japanese Cars Direct. In fact, it agreed to trade as Japanese Imports Direct. In relation to the report provided by Tangerine Green, Mr Johnstone confirms that in the main it does accurately reflect the nature and conduct of CDGL's business. He does however reiterate that CDGL does sell to the general public and that the focus of the sales of new vehicles is the private buyer. In relation to the witness statement of Angela Boakes, Mr Johnstone states that Ms Boakes was reluctant to have an open discussion, although she did state that she had no idea why Saga had chosen the CAR DIRECT name. Mr Johnstone also recalls asking Ms Boakes to pass his details onto

her superior so that a solution could be found but no-one from Saga contacted him. In response to Robert Mercer's witness statement, Mr Johnstone expresses surprise that Mr Mercer, given the experience he claims to have in the motor trade, has not heard of CDGL.

39) Mr Johnstone disputes the assertion made by Martin Sprake, that Velo worked with CDGL "in about early 1999". He contends that their working relationship began in 1997 as shown by Bundle 4C, Tab 41, which is a history of CDGL's transactions with Velo. With reference to the witness statement of Mr McRae and in particular his description of the service offered by Saga, Mr Johnstone asserts that the words CAR DIRECT in the trade mark applied for by Saga is not purely descriptive as they claim. It does not describe a direct service between Saga and its customers as only the initial enquiry is handled by Saga; thereafter it is Velo that deals with the customer. In response to Denis Webb's witness statement, in particular where he says that "there have been many companies of this type in existence, all of which seem to use the words "cars" and "direct" either in their name or in the description of what they offer..... and that they all seem to have very similar trading styles", Mr Johnstone argues that he has not been able to quote the name or trading style of any of those companies.

40) In response to the witness statement of John Whiteman, Mr Johnstone disputes the assessment that CDGL is a small player in the large market for ex-company cars. Although he agrees that the car market is a huge industry, the same cannot be said for the vehicle auctions aspect, this element has only a relatively small number of significant players. In support of this Mr Johnstone mentions Professor D.G.Rhys, who holds the Society of Motor Manufacturers and Traders Chair in Motor Industry Economics at the Centre for Automotive Industry Research and who is also the Director of the Centre for Automotive Industry Research at Cardiff University Business School. Professor Rhys says that the average car dealer in the UK sells about 400 used cars per year. Mr Johnstone puts in no collaborative evidence re this matter. This is clearly hearsay evidence.

41) Mr Johnstone mentions that CDGL have recently embarked upon a higher profile marketing of its business; Bundle 4D, Tab 49 shows examples of some advertisements that have recently appeared in the press. These advertisements however, are dated later than the relevant date in these proceedings, 30 August 2000.

DECISION

Parallel proceedings

42) This is one of three cases between the sides. Saga are attacking a registration and an application of CDGL on absolute grounds. CDGL are attacking two applications, in a consolidated action, of Saga on relative grounds. The absolute objections revolve around the same issues; although there are differences in the specifications and the relevant dates. In coming to a decision in the cases I consider that it is appropriate to consider all the evidence that had been filed – not to create artificial barriers in relation to what was filed for one set of proceedings but not another. These are cases which, in my view, should have been consolidated. It would have saved duplication of evidence and the thankless task of checking what had been filed in one case against

what was filed in another. The effect and relevance of the evidence will of course depend on the relevant dates and the specifications. Counsel were content with my considering all the evidence in relation to each of the cases when I put this to them at the hearing.

Preliminary Issues

43) At a case management conference it was decided that Mr Knox, Mr Raza, Mr Webb and Mr Johnstone should attend for cross-examination. In the case of Mr Knox and Mr Raza this was not evidence that they had put into the proceedings but comments that they were reported to have made according to the evidence of others. Mr Knox, Mr Raza, Mr Webb did not appear for cross-examination. I, therefore, decided that the references to what Mr Knox and Mr Raza were stated to have said would be ignored as would the evidence of Mr Webb. Having considered the evidence involving the three I do not consider that this will have any effect upon the proceedings.

44) At the same case management conference disclosure of certain records of CDGL was ordered. On the afternoon of 21 July 2003 I received via e-mail, from the lawyers for Saga, an 89 page Excel® document. This document gave a breakdown of various customers of CDGL with an indication of their geographical location. The document was not exhibited as part of a witness statement. Mr Mellor stated at the hearing that he would arrange for the person responsible for the document to attest to it and sign a confidentiality agreement. I allowed the document into the proceedings under rules 13(11) and 33(8) of the Trade Marks Rules 2000 on the basis that the document's sole rôle in the proceedings was in relation to the cross-examination of Mr Johnstone and that it would be subject to a confidentiality order under rule 51. This confidentiality order was signed by me on 23 July 2003 and reads as follows:

“The documents in this folder are subject to confidentiality. They are not open for public inspection.

They are open for inspection by the legal representatives of Saga Leisure Limited but not to the staff of Saga Leisure Limited and the information therein is not to be divulged to the staff of Saga Leisure Limited.

They are open to inspection by Cars Direct Group Ltd and their legal representatives.”

Relevant date

45) In relation to the objection under section 5(4)(a) the relevant date could be a different date to the date of the filing of the applications. “Kerly's Law of Trade Marks and Trade Names Thirteenth Edition” states at 8-106:

“It is suggested that the issue must be determined as at the date of the application for the mark in issue. The question is whether or not use of the mark applied for is liable to be prevented as at that date. If, however, the mark the subject of the application is already in use then this may require consideration of the position at an earlier time too. The relevant date for

proving reputation and goodwill in claiming for passing off is the date of the commencement of the activities complained of.”

This position is in accordance with the findings in *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC 429. Ms Thomson states in her evidence that the concept of SAGA CAR DIRECT originated in 1999 and was launched on 27 October 2000. Sometime in or after August 2000 focus groups comprising twelve Saga customers taken from the Saga database were set up. The SAGA CAR DIRECT name and the SCD logo were shown to the focus groups together with a mock-up of the brochure and a product card. It is not clear when SAGA CAR DIRECT was first used in relation to the business. However, it only came before the public, and then only twelve of them, in or after August 2000. On the basis of the evidence before me I consider that I can only take the date of the filing of the applications as the date against which to consider the passing-off claim ie 30 August 2000. I cannot see that deciding upon this date will disadvantage CDGL. There is nothing in the evidence to suggest that its position would be any better at an earlier date. On the contrary, there will be a greater time to establish the requisite goodwill.

Use of CARS DIRECT

46) The evidence put in by CDGL to obtain its initial registration and put forward in this case gives a distorted picture of the actual use in relation to the sign CARS DIRECT. This distortion was brought to light by the evidence of Tangerine Green, whose evidence gave an excellent, objective and illuminating picture of the business with which CDGL could not find fault, and in the cross examination of Mr Johnstone. The turnover figures that Mr Johnstone gave in evidence are not the turnover figures given in the financial reports of the company. Mr Johnstone gave figures which included the value of cars sold. However, these cars were never in the ownership of CDGL, they were just acting as a selling agent/auctioneer. In the financial reports, supplied by Saga, the way of determining the turnover figures is given:

“The turnover and profit before taxation are attributable to the earning of commission on the remarketing of motor vehicles.”

According to the financial reports the turnover figures for the financial years ending 30 June were as follows:

1999 - £1,317,422
2000 - £1,483,818
2001 - £1,726,238
2002 - £2,094,066.

47) These figures include turnover in relation to businesses using another sign eg the turnover for 2001 includes £772,074 attributable to Abington Vehicle Rental Limited. The vehicle rental business still goes under this name. Mr Johnstone gives a breakdown of the turnover figures that he furnished:

	1996	1997	1998	1999	2000	2001
Re-marketing and associated services	£1.6m	£16.5m	£19.9m	£25.9m	£22.7m	£19.2m
Business stationery	£232k	£242k	£216k	£249k	£253k	not available
Vehicle rental	£270k	£278k	£917k	£926k	£1.5m	£1.5m
Logistical (vehicle movement) & fleet pool management	) ) ) £58k	£76k	) £166k ) )	) £547k ) )	) £804k ) )	) £723k))
Other services	)		£349k	£253k	not available	not available

(Mr Johnstone advised that the figure for 1996 should have been £16 million.) However, business stationery was under the name of GB Supplies, Vehicle Rental under Abington Vehicle Rental Limited and until September 2001 the services in the bottom quarter of the table were supplied under the name of Artisan Vehicle Movements. So as far as the two opposition cases are concerned the only use of the sign CARS DIRECT is in relation to what are described as re-marketing and associated services. In reality, to all intents and purposes, disposing of fleet cars by auction. In his cross examination Mr Johnstone stated that there were some new car sales in 1989. In the evidence Mr Johnstone states that the new car business began in April 2001 and by December 2001 there had been a turnover of £300,000. However, I cannot know what Mr Johnstone means by turnover. The new car business uses the name CARS SELECT. The Tangerine Green report states that customers would believe that CARS DIRECT were responsible for the CARS SELECT business owing to the signage and staff. However, April 2001 is well past the relevant date for passing-off purposes. For the issue of acquired distinctiveness, if needed, the use of the sign CARS SELECT and the lack of clarity of the turnover figures means that this use would not assist CDGL. In effect what CDGL have shown is that they have a business which for some time has used the sign CARS DIRECT in respect of the selling, usually by auction, of fleet cars. At least ninety per cent of this business is to the trade. Mr Johnstone also refers to tie ups with Abbey National and National Grid in which CDGL was used as the means for staff to bid for ex-fleet cars of the company. Mr Johnstone states that the former has 19,000 employees and the latter 8,000. Under cross-examination Mr Johnstone accepted that the National Grid tie up started in August 2001. If ten per cent of the sales of cars now goes to private buyers this would represent about four hundred cars a year. Mr Johnstone accepted the figures that the Tangerine Green team had seen at his premises represented sales for the years 2000 and part of 2001. On the basis of these figures an average of 367 cars per month were sold in 2000 and 299 in 2001. Mr Johnstone was asked about the scale of his business and he considered that taking the figures of Professor Rhys his was a sizable business as it sells considerably more than 400 cars a week. If Mr Johnstone has reported the comments of Mr Rhys accurately I cannot see that this helps him greatly. His is not an ordinary used car business. Most used car businesses own the cars, he is running an auction business. Consequently, I do not see that the comparison has any great relevance. Mr Whiteman is an expert witness and he does put the trade of CDGL in a perspective both in relation to the market as a whole and the big players in that market.

48) There has been advertising in the trade press, and in July 2002 in the local press. Mr Johnstone refers to an advertisement in The Daily Mail. A galley proof is supplied. However, he does not furnish the actual advertisement. I do not know when it appeared, where it appeared, how it appeared. One advertisement somewhere in a national newspaper at some time does not signify a great deal. There is a reference to two references in Top Gear magazine in 1997, without a photograph. I was not able to locate the article(s) or pieces in the exhibits. I have no idea what the reference was and its context. The turnover figures for publicity and advertising are, in my experience, in these matters are of a very low amount.

49) Mr Johnstone was questioned about the geographical spread of his customers. From the documentation adduced the day before the hearing it appears that the customers are clustered in Northamptonshire and its environs. It does include customers in other areas of the country. When the cars are sold to dealers the end customer will not know of CDGL's involvement. It will end with the dealer. The business has one hot spot, in Northamptonshire, and knowledge of it will irradiate outwards to those who pass the signage, to those who read the trade press and to those who might hit upon the website. It is not a service that has various centres throughout the country. Certain dealers, some of the staff of Abbey National and National Grid, visitors to the website, people driving past the premises or the signs, various people in fleets, certain individuals who have purchased cars via CDGL and some of the friends and family of the aforesaid might know of the business. However, this strikes me as a very small cross-section of the population. It is necessary to keep in mind the extent of the specifications and that there is nothing in them that limits any aspect of them to the trade.

50) In his second witness statement Mr McRae states:

“Mr Johnstone may find it surprising that I had not heard of Cars Direct until the current dispute despite having worked in a senior role at Budget for 19 years. Again, this serves to demonstrate that even though Budget has been a client of Cars Direct (as Mr Johnstone claims), I had never heard of them during my years working at Budget. A reasonable conclusion to draw from that would be not that I am being untruthful but rather that Cars Direct's profile is not as high as Mr Johnstone thinks.”

From the evidence before me I have come to the same conclusion about the profile that Mr Johnstone believes his company has.

51) The evidence tells me that CDGL enjoys a goodwill for the selling, usually by auction, of ex-fleet cars on behalf of the owners and that it uses the sign CARS DIRECT in relation to this business. I do not consider that the evidence shows that the use of CARS DIRECT is such that, if it was necessary, that it would have acquired distinctiveness in relation to any of the goods or services of the registration and application at the respective relevant dates.

52) In coming to a conclusion in relation to the goodwill I have borne in mind the comments of Pumfrey J in *South Cone Inc. v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19:

"There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s 11 of the 1938 Act (see Smith Hayden (OVAX) (1946) 63 RPC 97 As qualified by BALI [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date."

53) In the parallel proceedings I have declared the registration of CDGL invalid and refused its application. I proceed on this basis, the decisions may of course be overturned upon appeal, which means that CDGL cannot rely on sections 5(1) or 5(2) of the Act. The sole grounds of opposition remaining in under section 5(4)(a), the passing-off grounds.

54) Section 5(4)(a) of the Act states that a trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented 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. In this case the rule of law relied upon by CDGL is the law of passing-off.

55) I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC in the *Wild Child case* [1998] 14 RPC 455. In that decision Mr Hobbs stated that:

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

.....Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In

paragraph 184 it is noted (with footnotes omitted) that; “To establish a likelihood of deception or confusion in an action for passing-off where there has been no direct misrepresentation generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
- (2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact. In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;
- (d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.””

56) In the parallel proceedings I found that the trade mark CARS DIRECT described a characteristic of the goods and services and was devoid of any distinctive character. It is very much a trade mark that tells the consumer what the business is. There is a large amount of jurisprudence in relation to passing-off and non-distinctive signs. Lord Simons in *Office Cleaning Services Ltd v Westminster Window & General Cleaners* [1946] 63 RPC 39 at 43 stated:

“It comes in the end, I think, to no more than this, that where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. But that risk must be run unless the first user is allowed unfairly to monopolise the words. The Court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be expected from the public where a trade name consists wholly or in part of words descriptive of the articles sold or the services to be rendered.”

57) It was a matter dealt with in a recent decision of Laddie J, *Associated Newspapers Limited and others v Express Newspapers* [2003] EWHC 1322 (Ch):

“25. The jurisprudence to the effect that it is difficult if not impossible to succeed in a passing off action where the mark relied on is descriptive is based on the principle that no trader should be allowed to secure a monopoly over words which customers would regard not as an indication of origin but as merely descriptive of the type of goods or services being offered and which, for that reason, other traders are likely to want to use. Where a mark possesses the ability to convey to the customer an indication of a particular trade origin for goods made available under it, it can be protected by passing off proceedings.”

58) In this case the two trade marks in question are:



and SAGA CAR DIRECT.

Mr Wyand put forward the argument that CARS DIRECT had to be acting as a trade mark as it was the only sign being used by CDGL. Mr Mellor commented that the words CARS DIRECT was used in a stylised form. There has been a stylisation in use but so slight that I do not consider that it makes any difference to the issues. The argument of Mr Wyand would appear to be that if someone uses a descriptive or non-distinctive trade mark and no other trade mark it will be de facto be distinctive as the customer has nothing else to latch on to. I disagree. He or she has the location of the premises to latch onto, he or she has members of staff to latch onto, he or she might have a website address to latch onto or a telephone number or a fax number. In the lay-bys of the country there are hundreds of caravans which boast the name burger bar or snack bar or no name at all but customers manage to return to them owing to their location.

59) The only “message” that I get from the CAR DIRECT element of either of the two trade marks is that it is a description of the service supplied by Saga.

60) Some time in both the evidence and at the hearing was spent on the number of other undertakings that have used the words CAR(S) DIRECT in some form and been the subject of actions by CDGL. Mr Waiting, a sole trader, has been trading as “Company Cars Direct” since 1987. Mr Johnstone states that it was accepted at that time that Mr Waiting has an earlier right in the North East of England. Manheim has eight CARS DIRECT on its books, even if the nature of the concerns is not known. There is no indication that any of the undertakings that decided to use the sign CAR(S) DIRECT did so in any knowledge of CDGL. It would appear to have been simply chosen to indicate the nature of the service.

61) I do not consider that the trade mark CARS DIRECT is an indication of a particular trade origin and so the case of passing-off would fall on this basis. Equally, on the basis of *Office Cleaning Services Ltd v Westminster Window & General Cleaners* the presence of the word SAGA in the word only trade mark and the word

SAGA and the SCD logo in the other trade mark are sufficient to differentiate between the trade marks.

62) In *Harrods v Harrodian School* [1996] RPC 697 Millett LJ states:

“It is not in my opinion sufficient to demonstrate that there must be a connection of some kind between the defendant and the plaintiff, if it is not a connection which would lead the public to suppose that the plaintiff has made himself responsible for the quality of the defendant’s goods or services”

CDGL has to establish that the public would believe that it was responsible for the services supplied by Saga. Saga has put in evidence to show its reputation. Saga is so well-known that it is even used in the phrase “Saga louts”, to describe holiday groups of the elderly. No doubt that is not an image that Saga particularly desires to have associated with it. However, it is indicative of the fame of SAGA that it is used as a short hand for those over the age of fifty. Owing to the reputation of Saga I consider that not only the man or woman on the Clapham omnibus would believe that Saga is responsible for the services supplied under its two trade marks but also the person in the trade, not CDGL.

63) Mr Wyand pointed to the special sales of cars for particular fleet buyers. He extrapolated from this that the customer could believe that the use of the trade marks of Saga could be seen as representing a special fleet sale by CDGL of Saga cars. There is no indication that CDGL use similar language in selling particular fleets. There is no use, for instance, of Saab Finance Cars Direct. The usage clearly shows that it is clearly indicated that the cars are being sold for a fleet buyer. Even if this were not the case I cannot see that any error, taking into account the nature of the services, would survive the purchasing process. Lord Carswell CJ in *BP Amoco Plc v John Kelly Ltd* [2002] FSR 5 stated:

“We consider that it is a necessary ingredient of the tort that the customer is deceived into making the purchase by reason of the confusion engendered by the defendant's use of a get-up similar to that of the plaintiff. As Lord Jauncey said in the Jif Lemon case at page 417, "Mere confusion which does not lead to a sale is not sufficient".”

64) Mr Mellor submitted that Saga’s business has been running for some time without any incidents of confusion. I do not consider that this tells me much as the business that it has been running is in relation to new cars only. The nature of the business is such that the customer will, in the case of problems with the car, be dealing with the local franchised dealer. I consider Mr Johnstone’s point that confusion is most likely to be shown where there is a complaint and the complaint is against the wrong person is sound – as in the case of “The Nipple Advertisement” in *Neutrogena Corporation and Anr v Golden Limited and Anr* [1996] RPC 473.

65) Once I had decided in the parallel proceedings that CARS DIRECT was devoid of distinctive character the case based on passing-off was bound to fall; the foundations for the claim had been fatally mined.

Conclusion

66) The opposition is rejected in its entirety.

COSTS

67) Mr Wyand submitted that CDGL should receive compensation for going through evidence that was not relied upon at the hearing; bundle 5. He also commented upon the duplication of evidence. Mr Mellor considered that Saga should receive costs on the higher scale owing to CDGL asserting “fanciful rights”.

68) There was bound to be duplication in the evidence. As I have stated above the various cases were ripe for consolidation. Neither side requested consolidation of the proceedings so I do not see how either side can complain about duplication. Bundle 5 did not serve any purpose in the end. However, there was an awful lot of submission and extraneous matter in the evidence of CDGL. I also bear in mind that if it was not for the work of Tangerine Green, the disclosure of documents and the cross-examination of Mr Johnstone that there would have been a very distorted picture of the business of CDGL. Taking these factors into account I do not intend to move away from the normal scale. However, as this was one case amongst three, relying on effectively the same evidence and being the subject of one joint hearing I have born this in mind when apportioning costs. The costs also take into account the case management conference.

69) Saga Leisure Limited having been successful it is entitled to a contribution to his costs. I order Cars Direct Group Ltd to pay Saga Leisure Limited the sum of £1800. 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 31st day of July 2003

**David Landau
For the Registrar
the Comptroller-General**