

0-244-04

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK REGISTRATION NO. 2226541
IN THE NAME OF FARMACIA CHEMISTS LIMITED

AND IN THE MATTER OF AN APPLICATION FOR A DECLARATION OF
INVALIDITY UNDER NO. 80906 BY PHARMACIA AB

DECISION

Introduction

1. This is an appeal against a written decision of Mr. Landau dated the 12th December 2003 concerning an application bought by Pharmacia AB (“Pharmacia”) for a declaration that registered trade mark number 2226541 in the name of Farmacia Chemists Limited (“Farmacia”) is invalid.
2. The registration in issue (“the Registered Mark”) comprises a series of two trade marks depicted below:

FARMACIA
URBAN HEALING



farmacia
urban healing



The colours black, white and duck egg blue are claimed as an element of each mark. It was registered as of the 21st March 2000 in respect of the following goods and services:

Class 3: *toilet and cosmetic preparations; perfumes, preparations for the hair, aromatherapy preparations, deodorants and air fresheners;*

Class 5: *herbal remedies and nutritional products; vitamins and minerals; deodorants;*

Class 42: *pharmacy advice; medical clinics and surgeries.*

3. Pharmacia is the owner of the following earlier UK registrations in respect of the trade mark PHARMACIA:

No. 1162185, registered as of the 1st October 1981 in class 1 in respect of:
chemical products used in industry and science.

No. 1162186, registered as of 1st October 1981 in class 5 in respect of:
pharmaceutical, veterinary and sanitary preparations and substances; infants' and invalids' foods; medical and surgical plasters; materials prepared for bandaging; disinfectants (other than for laying or absorbing dust), preparations for killing weeds and destroying vermin.

No. 1184730, registered as of 1st November 1982 in class 9 in respect of:

scientific apparatus and instruments; electronic apparatus and instruments all for scientific use; instruments for monitoring and testing, none for in vivo use; calculating, analysing, measuring and weighing instruments; parts and fittings included in class 9 for all the aforesaid goods.

No. 1560464 registered as of 28th January 1994 in class 10 in respect of:

intra-ocular lenses; testing apparatus for detecting allergies; diagnostic apparatus for medical purposes; all included in Class 10.

4. So far as relevant to this appeal, the application was made on the following grounds:

(i) Section 5(2)(b) of the Trade Marks Act 1994 on the basis of the earlier trade marks set out above.

(ii) Section 5(3) of the Act on the basis that the use of the Registered Mark would take unfair advantage of, or be detrimental to, the distinctive character or repute of those earlier trade marks.

(iii) Section 5(4)(a) of the Act on the basis that the use of the Registered Mark would result in passing off.

5. The Hearing Officer rejected the grounds raised under section 5(3) and 5(4)(a) of the Act on the basis that it was not established that Pharmacia enjoyed a reputation under the trade mark PHARMACIA as of the 21st March 2000. However, he concluded that the objection under section 5(2)(b) succeeded in respect of the following goods and services:

toilet preparations, preparations for the hair;

herbal remedies and nutritional products; vitamins and minerals;

deodorants;

pharmacy advice;

He duly ordered that the registration be cancelled in respect of those goods and services.

6. On the 9th January 2004 Pharmacia filed a notice of appeal to an Appointed Person under section 76 of the Act. It contends that the Registered Mark should have been cancelled in its entirety. The principal ground of appeal is that the Hearing Officer was wrong in concluding that Pharmacia had not established a goodwill and reputation under the trade mark PHARMACIA at the relevant date.

Background

7. Pharmacia is a Swedish pharmaceutical company and is part of the Pharmacia group of companies which was founded in 1911.
8. In about 1962 Pharmacia began to use the trade mark PHARMACIA as a house mark in the UK in relation to a wide range of pharmaceutical products.
9. In 1995, the Pharmacia group merged with the US corporation, Upjohn Company. From that time until April 2000 the trade mark PHARMACIA & UPJOHN was used in relation to pharmaceutical products sold in the UK. In April 2000 the branding of products reverted to PHARMACIA.

10. Pharmacia's product range includes ethical drugs, consumer health products and agricultural goods. The ethical drugs are generally used for the treatment of serious or chronic illnesses and are available only on prescription. The consumer health products are available over the counter or are sold under supervision. In 1998 and 1999 UK sales exceeded £180m per annum and in excess of £9m per annum was spent on advertising and promotion.
11. Farmacia was incorporated in 1996 and began trading in November 1997 from retail premises in Drury Lane, London. The name of the outlet was FARMACIA Chemists Limited but this changed to FARMACIA URBAN HEALING in August 1998. Since then three further outlets have opened in Selfridges in London, Selfridges in Manchester, and Liberty's in London.
12. In 1999 Farmacia introduced its own range of health and beauty products branded FARMACIA URBAN HEALING. It seems that the range of goods and services has gradually expanded to include clinic services, lifestyle products, nutrition products, smoothies, tonics and most recently, a therapy range. The business has grown steadily. In 1998 it had an annual turnover of some £280,000; by 2002 this had grown to £2,400,000.
13. It is evident that the focus of the two businesses has been somewhat different. To my mind Mr. Bhandari of Farmacia fairly summarised the focus of his company's business as being the natural health and beauty product market, whereas that of Pharmacia has been on more traditional pharmaceutical products. There is no suggestion that any confusion has come to light.

The Appeal

Section 5(a)

14. The Hearing Officer recognised that Pharmacia was at all relevant times a large pharmaceutical company and that it had a goodwill in its pharmaceutical business. However, as I have indicated, he concluded on the basis of the evidence before him that Pharmacia had not established that it enjoyed a reputation under the trade mark PHARMACIA as of the relevant date, the 21st March 2000. He arrived at this conclusion for essentially two reasons. First, from 1995 until March 2000 the trade mark used by Pharmacia was PHARMACIA & UPJOHN. Secondly, where PHARMACIA and PHARMACIA & UPJOHN were used, they were invariably used as “secondary” trade marks.

15. Pharmacia submitted that the Hearing Officer fell into error in that he failed to give any consideration to the fact that a goodwill had been generated under the trade mark PHARMACIA by 1995 and this must have continued to subsist over the ensuing 5 years, particularly bearing in mind the use over that period of the trade mark PHARMACIA & UPJOHN. Moreover, he was wrong to dismiss the use of the trade mark PHARMACIA and PHARMACIA & UPJOHN as secondary marks.

16. In my judgment these criticisms are well founded. Passing off is intended to protect the goodwill of a business and it is well established that even in circumstances where a trader ceases to carry on his business, he may

nonetheless retain for a period of time the goodwill attached to that business. So long as that goodwill is retained, the trader must be able to enforce his rights in respect of any name which is attached to that goodwill: see, for example, *Ad-Lib Ltd. v. Granville* [1972] RPC 673. In that case the Vice Chancellor said at page 677:

"It seems to me clear on principle and on authority that where a trader ceases to carry on his business he may nonetheless retain for at any rate some period of time the goodwill attached to that business. Indeed, it is obvious. He may wish to reopen the business or he may wish to sell it. It further seems to me clear in principle and on authority that so long as he does retain the goodwill in connection with his business, he must also be able to enforce his rights in respect of any name which is attached to the goodwill. It must be a question of fact and degree at what point in time a trader who has either temporarily or permanently closed down his business shall be treated as no longer having any goodwill in that business or in any name attached to it which he is entitled to have protected by law."

17. The Hearing Officer rightly recognised that Pharmacia is a large pharmaceutical company and I believe there could be no doubt that it had a goodwill in its pharmaceutical business by 1995. That goodwill must have attached, at least in part, to the trade mark used in relation to that business as a whole, namely the house mark PHARMACIA. Over the following 5 years it is true that the trade mark PHARMACIA & UPJOHN was used, but this does not mean to say that the goodwill generated under the mark PHARMACIA alone was abandoned. To the contrary, it seems to me that it was likely to have been maintained through the continued use of the word PHARMACIA in the composite trade mark PHARMACIA & UPJOHN. I believe that this conclusion is supported by the fact that shortly after the relevant date, in 2000, Pharmacia reverted to the use of the trade mark PHARMACIA solus. I have carefully reviewed the evidence and exhibits before the Hearing Officer and it

seems to me to be virtually inconceivable that Pharmacia did not have, in March 2000, a continuing reputation and goodwill under the trade mark PHARMACIA in relation to its core pharmaceutical business. That goodwill must have supported the re-adoption of the trade mark PHARMACIA shortly thereafter. As Laddie J. said in *Sutherland v. V2 Music Ltd* [2002] EWHC 14: [2002] EMLR 28, at paragraph 21:

"Goodwill is of value, not only in respect of current business, but also of future business opportunities it will nurture. It is its power to support and improve future business which gives it its value and makes it saleable. It is acquired by trading and advertising in the past but its value is in the way it promotes future business."

18. I believe the matter may be tested another way. If another pharmaceutical business had commenced the use of the trade mark PHARMACIA in relation to pharmaceuticals in March 2000, I have little doubt that Pharmacia would have been able to prevent such activity by an action for passing off. I accept that PHARMACIA has been used as a house mark and in conjunction with other particular product brand names. However, by 1995, that house mark had been used on products, product literature and advertising and promotional materials in the UK for some 30 years and must have become familiar to the wide range of people with whom Pharmacia had dealings, including doctors, nurses, pharmacists, carers and patients. Indeed it was accepted by Mr. Bhandari on behalf Farmacia that Pharmacia had widely used the trade mark PHARMACIA and had spent much time and money trying to promote it. He rather took issue with the ability of Pharmacia to block a registration which merely included the trade mark FARMACIA.

19. To succeed in a claim for passing off, a claimant must not only establish that it has a goodwill. It must also demonstrate a misrepresentation by the defendant which has led or is likely to lead the public to believe that goods or services offered by him are the goods or services of the claimant and that the claimant has suffered or is likely to suffer damage as a result. Accordingly I must now turn to consider the impact of the use of the Registered Mark in relation to the particular goods and services in issue on this appeal. They are as follows:

Class 3 *cosmetic preparations, perfumes, aromatherapy preparations, deodorants and air fresheners;*

Class 5: *deodorants;*

Class 42: *medical clinics and surgeries.*

20. I will take first the class 3 and class 5 goods. I also have in mind the conclusion of the Hearing Officer, with which I agree, that the trade marks in issue are distinctively similar. The essential element of the Registered Mark is the word FARMACIA and this is aurally indistinguishable from PHARMACIA. Moreover, to the eye and conceptually the marks are extremely similar.

21. Nevertheless, these are not goods which have ever been sold by Pharmacia under the trade mark PHARMACIA and they are, to my mind, different in nature to pharmaceuticals. They have different uses and are not in competition with each other. In so far as pharmaceuticals are available over the counter they are likely to be sold in different areas of a shop to natural health and beauty products. Moreover the Registered Mark has been used in relation to

these goods by Farmacia for a number of years without any confusion coming to light. There is no explanation in the evidence filed on behalf of Pharmacia as to why the use of the Registered Mark in relation to these goods might result in passing off. In all the circumstances, I have reached the conclusion that it has not been shown that the use of the Registered Mark in relation to these goods was liable to be prevented by the law of passing off as of March 2000.

22. The position in relation to the Class 42 services, namely medical clinics and surgeries is, however, rather different. These are services which are much more closely related to the core pharmaceuticals business carried on by Pharmacia. The providers of such services are likely to be in close contact with pharmaceutical companies and the consumers using such services are likely to be given or prescribed pharmaceutical products during the course of treatment. Further, these are not services which have hitherto been provided by Farmacia. Accordingly there is no track record from which it can be inferred that no confusion is likely. In all the circumstances I have come to the conclusion that the use of the Registered Mark in relation to medical clinics and surgeries as of March 2000 would have been likely to lead members of the public and the medical profession to conclude that such services were the services of or at least connected with Pharmacia.

Section 5(3) and 5(2)(b)

23. In the circumstances of this case I see no reason to come to a different conclusion in respect of the objections to the class 3 and class 5 goods under

section 5(3) and 5(2)(b). There is, on the evidence, no reason to suppose that the use of the Registered Mark in relation to the class 3 and class 5 goods in issue would be likely either to take unfair advantage of, or to be detrimental to the distinctive character or the repute of the trade mark PHARMACIA. Similarly, and for like reasons to those set out above in relation to the objection under section 5(4), I do not believe it has been shown that the use of the Registered Mark in relation to these goods was likely to cause confusion. In this regard I agree with the decision of the Hearing Officer.

Conclusion

24. In summary, the appeal is allowed in relation to the class 42 services of medical clinics and surgeries. Registration No. 2226541 must also be cancelled in respect of these services.
25. The appeal is dismissed in relation to cosmetic preparations, perfumes, aromatherapy preparations, deodorants and air fresheners in class 3, and deodorants in class 5.
26. Pharmacia has been only partially successful on this appeal. In all the circumstances I have come to the conclusion that it is appropriate to make no order as to the costs of the appeal.

David Kitchin QC

9th August 2004

Miss Maddox of Thompson & Co appeared on behalf of Pharmacia AB

Mr. Bhandari appeared on behalf of Farmacia Chemists Ltd.