

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2117664 BY
ST LEONARDS MOTORS LIMITED
TO REGISTER A TRADE MARK IN CLASSES 12, 37 AND 39**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 47032
BY DAIMLER-BENZ AG**

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15 **BACKGROUND**

On 5 December 1996 St Leonards Motors Limited applied to register the trade mark **SLM** in respect of goods and services in Classes 12, 37 and 39. The specifications read as follows.

20 Class 12 Automobiles; cars; caravans; motor-coaches; motor-cycles; tyres; vans; vehicles for locomotion by land; parts and fittings for all the aforesaid goods; all included in Class 12.

25 Class 37 The services are vehicle repair services; vehicle maintenance services; vehicle cleaning services; all included in Class 37.

Class 39 Vehicle rental services; all included in Class 39.

30 The application is numbered 2117664.

On 17 June 1997 Daimler-Benz AG filed notice of opposition to this application. The opponents state that they are the legal successors to Mercedes-Benz AG and that they are the manufacturer and retailer of a range of motor vehicles and other goods bearing the trade mark SL. It is claimed that the SL trade mark has been used for at least several decades and that the opponents have established extensive goodwill in the trade mark. The opponents also claim that they have a number of registered trade marks which include the trade mark SL and an application for a Community Trade Mark for the trade mark SL in Classes 12, 37 and 39 amongst others. They claim that this application has an earlier filing date than the application in suit.

40 The grounds of opposition in summary are as follows:

1. Under Sections 3(6) and Section 32(3) in relation to at least Class 12 in that the applicants have no bona fide intention to use the trade mark in respect of motor vehicles.
2. Under Section 5(2)(a) and/or 5(2)(b) in that use of the trade mark in suit would be likely to deceive and cause confusion.

3. Under Section 5(3) because the trade mark in suit takes unfair advantage of, and is detrimental to, the distinctive character and or repute of the opponents' SL trade mark.

5 4. Under Section 5(4)(a) because use of the trade mark in suit is likely to cause deceit and confusion.

The opponents also claimed that their trade mark SL is a well known trade mark within the meaning of Article 6bis of the Paris Convention.

10 The opponents filed a counterstatement in which they denied the grounds of opposition.

15 Both sides ask for the exercise of the Registrar's discretion. As there is no power to refuse an application which otherwise meets the requirements of the Act I need say no more about that aspect of the respective parties' cases.

Both sides seek an award of costs in their favour

20 Both sides filed evidence in these proceedings.

The matter came to be heard on 21 July 1999 when the applicants were represented by Mr David Getty, of Gaby Hardwicke Yearwood & Griffiths, and the opponents were represented by Mr Derek Moore, of Jensen & Son.

25 **OPPONENTS' EVIDENCE**

30 This consists of a statutory declaration executed by Mr Derek Moore on 24 December 1997. Mr Moore is a trade mark attorney and states that he is an authorised signatory in relation to all intellectual property matters of the opponents. He declares that unless otherwise stated all the facts and figures within the declaration come from his own personal knowledge or from consulting records of the opponents to which he has access.

35 Mr Moore states that the opponents first introduced a vehicle under the SL trade mark in 1952, a gull wing racing sports car. In 1957 a roadster version of this car was put on sale. Mr Moore declares that the trade mark SL has remained in constant use since this time.

40 Mr Moore states that the SL is a luxury vehicle which is expensive. A page from "Autocar" magazine of 19 November 1997 is exhibited to show the prices of the vehicles. The prices of the five SL models therein range from £58,340 to £103,040. Mr Moore exhibits figures which show the actual sales of vehicles are as follows:

1992	1993	1994	1995	1996
1,195	985	1,100	1,273	1,150

45 (Figures for 1997 were also included, however, as these are after the relevant date I take no cognisance of them.)

Mr Moore declares that the SL is advertised extensively. The only figures within the relevant period which are given are for 1994 and 1997 which are respectively £412,000 and £633,380. Samples of promotions and advertising are exhibited.

5 Mr Moore exhibits figures which show the worldwide sales of vehicles as follows:

1992	1993	1994	1995	1996
26,117	17,703	18,189	17,984	16,371

10 Mr Moore goes on to state that since 1996 the opponents have produced the SLK vehicle. He declares that 382 were sold in 1996 and the advertising expenditure in that year for the vehicle was £87,000. He also states that the opponents have produced an SLC model, which is no longer available new but can be purchased on the second hand market.

15 Mr Moore states that the opponents are applicants for the pending Community Trade Mark no. 486423 for the trade mark SL. This application was filed on 5 March 1997 but claims a priority application date of 19 September 1996. The specifications for this application are in Classes 3, 9, 12, 14, 16, 18, 25, 27, 36, 37, 39 and 41. In Classes 12, 37 and 39 the specifications are as follows:

- 20 Class 12: Automobiles and parts therefor
- Class 37: Motor vehicle care, maintenance, servicing, repair, cleaning
- 25 Class 39: Transport of persons and goods; car rental

Mr Moore declares that the opponents are the proprietors of the following United Kingdom trade marks which include the letters SL or SLK:

- 30 1522702 MERCEDES SL 280 Motor land vehicles; all included in Class 12
- 1522704 MERCEDES SL Motor land vehicles; all included in Class 12
- 1522716 MERCEDES SL 600 Motor land vehicles; all included in Class 12
- 35 1522717 MERCEDES SL 500 Motor land vehicles; all included in Class 12
- 1522718 MERCEDES SL 320 Motor land vehicles; all included in Class 12
- 40 1565406 MERCEDES SLK-CLASS Motor land vehicles; all included in Class 12

Mr Moore states that the opponents are the proprietors of various Community Trade Mark applications which include the trade marks SL or SLK. Various of these have later filing and/or priority dates than the application in suit and consequently do not have a bearing on the instant proceedings. The applications with an earlier filing date and/or priority date are as follows:

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	113928	CLASSE SLK	Automobiles and parts thereof (included in Class 12)
	(now registered)		
5	113944	SLK-CLASS	Automobiles and parts thereof (included in Class 12)
	(now registered)		
	114041	SLK-KLASSE	Automobiles and parts thereof (included in Class 12)
	(now registered)		
10	114090	CLASSE SL	Automobiles and parts thereof (included in Class 12)
	(now registered)		
	114124	SL-CLASS	Automobiles and parts thereof (included in Class 12)
15	(now registered)		
	114975	SLK 230	Automobiles and parts thereof (included in Class 12)
	(now registered)		
	114983	SLK 200	Automobiles and parts thereof (included in Class 12)
20	(now registered)		
	115055	SLK	Vehicles and parts therefor (included in Class 12)
			(The application also includes specifications in Classes 3,6, 9, 14, 16, 18 and 25.)
25			
	115121	SL 600	Automobiles and parts thereof (included in Class 12)
	(now registered)		
	115154	SL 500	Vehicles and parts therefor (included in Class 12)
30			
	115188	SL 430	Automobiles and parts thereof (included in Class 12)
	(now registered)		
	115196	SL 360	Automobiles and parts thereof (included in Class 12)
35	(now registered)		
	115238	SL 320	Automobiles and parts thereof (included in Class 12)
	(now registered)		
40	115303	SL280	Automobiles and parts thereof (included in Class 12)
	(now registered)		

Mr Moore goes on to state that the opponents are the proprietors of a pending Community Trade Mark for the trade mark SLR, no. 598,581. However, this has a later filing date and priority date than the application in suit and therefore has no bearing upon the instant proceedings.

Mr Moore concludes by stating that some of the applications are shown in the name of Mercedes-

Benz AG, which company was merged by absorption into its parent company, Daimler-Benz AG on 26 May 1997.

APPLICANTS' EVIDENCE

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This consists of a statutory declaration executed by Mr Derek John Miller on 17 March 1998.

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Mr Miller has been employed by the applicants for twenty years and for the last three years has been a director of the applicants. He declares that the contents of his declaration are taken from his own personal knowledge or from the records of the applicants, to which he has full access.

Mr Miller states that the applicants have been trading as St Leonards Motors since 1959.

15

He declares that the trade mark SLM is used by the applicants in relation to the following goods and services:

20

- (a) The sale of new and used cars
- (b) Servicing and repairing used cars, including bodywork repairs and engine repairs
- (c) The sale to members of the public of parts and accessories, including tyres
- (d) The sale to other garages of parts and durables such as oils, lubricants and paint
- (e) The cleaning and valeting of vehicles
- (f) The sale, servicing and repair of commercial vehicles.

25

Mr Miller states that the applicants have previously traded in caravan sales, car hire and the sale of petrol under the SLM trade mark, although such activities were not current at the date of application for the trade mark in suit.

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Mr Miller goes on to declare that the SLM trade mark was first used in around late 1979 or early 1980; during 1980 the applicants changed their letterheads to include a stylised SLM logo. He states that in 1980 the applicants attracted publicity for the SLM trade mark in the context of rallying, by using the number plate SLM 1 on their Fiat 131 Mirafiori in competitive rallying.

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Mr Miller exhibits a variety of examples demonstrating the use by the applicants of the trade mark SLM (both in a stylised and non-stylised form). He states that the trade mark has been used extensively since 1979/80.

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Mr Miller states that the applicants operate from several different sites and they intend opening a further showroom during 1998. He declares that the applicants have achieved a total turnover in goods and services traded under the SLM trade mark, by the time of the date of application for the trade mark in suit, in excess of £134 million. Mr Miller states that the annual turnover in respect of goods and services under the trade mark SLM for the seven years preceding the date of application in suit is as follows:

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1990	In excess of £9m
1991	In excess of £8m
1992	In excess of £8m
1993	In excess of £8m
1994	In excess of £9m

1995 In excess of £10m

1996 In excess of £15m

(As the application was filed on 5 December 1996 the applicants cannot seek benefit from the whole of the turnover attributed to 1996.)

5

Mr Miller estimates that the applicants have spent £1,680,000 on advertising bearing the SLM trade mark between 1980 and 1996. Mr Miller gives the following figures for actual turnover in advertising for the years 1990-1996:

1990 £117,000

10 1991 £100,000

1992 £100,000

1993 £100,000

1994 £120,000

1995 £130,000

15 1996 £188,000

Mr Miller declares that the advertising appears in a range of the local press.

20 Mr Miller estimates that 90% of the applicants' customers are from East Sussex. However, he states that the remaining 10% of the customers are spread throughout the United Kingdom.

25 Mr Miller declares that in his twenty years of service with the applicants he has never heard of any confusion having arisen between the applicants and the opponents. He goes on to state that he has made extensive enquiries amongst his fellow directors, senior employees and receptionists; none of these have reported any instances of confusion between the applicants and the opponents.

This concludes my summary of the evidence.

30 **DECISION**

At the Hearing Mr Moore accepted that there were no grounds for the opposition under Section 3(6) and Section 32(3). I therefore dismiss these grounds of opposition.

35 I turn now to the grounds of opposition under Sections 5(2)(a) and/or 5(2)(b). The pleadings make no reference to any specific trade mark registrations or applications. The actual ground of opposition states:

40 "The application consists of the letters SLM and as such consists of the opponent's well-known trade mark SL and an additional non-distinctive letter. This use by the applicant is likely to deceive and cause confusion among members of the public and accordingly, the application should be refused under Section 5(2)(a) and or 5(2)(b)."

45 In the opponents' evidence reference is made to various earlier registrations and applications. However, no details of the specific applications and/or registrations upon which the opponents rely are included in the grounds of opposition. Mr Getty argued that the opponents had inextricably linked this ground of opposition to the trade mark SL being allegedly a well-known trade mark. I have some sympathy with the view of Mr Getty. I also note that the opponents

failed to particularise the earlier rights upon which they rely in their pleadings; these only became evident in the evidence. However, I consider that in the instant case it would be captious to state that the only basis upon which Section 5(2) can be considered is in relation to the trade mark SL being a well-known trade mark. The applications and registrations of the opponents were referred to in the evidence; they were referred to in a general manner in paragraph 2 of the grounds of the opposition, although they were not particularised. If the applicants wished to raise this as an issue they had a large amount of time following the filing of the evidence in chief of the opponents.

Section 5(2) of the Act states:

“5.(1)

(2) A trade mark shall not be registered if because -

(a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

The term “earlier trade mark” is itself defined in Section 6 as follows:

“6.(1) In this Act an “earlier trade mark” means -

(a) a registered trade mark, international trade mark (UK) or Community trade mark which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,

(b) a Community trade mark which has a valid claim to seniority from an earlier registered trade mark or international trade mark (UK), or

(c) a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention as a well known trade mark.”

None of the trade marks relied upon by the opponents are identical to the trade mark in suit. Therefore, the opponents cannot seek benefit from Section 5(2)(a) Act. The grounds of opposition under Section 5(2)(a) are dismissed.

I will first deal with the claim that the trade mark SL is a well-known trade mark within the terms of Section 6(1)(c) of the Act.

The parameters for a well known trade mark under the Paris Convention are defined in Section 56 of the Act, which states:

5 “56-(1) References in this Act to a trade mark which is entitled to protection under the Paris Convention as a well known trade mark are to a mark which is well known in the United Kingdom as being the mark of a person who -

(a) is a national of a Convention country, or

10 (b) is domiciled in, or has a real and effective industrial or commercial establishment in, a Convention country,

whether or not that person carries on business, or has any goodwill, in the United Kingdom.

15 References to the proprietor of such a mark shall be construed accordingly.

Section 55(1)(b) defines a convention country as follows:

20 “(b) a “Convention country” means a country, other than the United Kingdom, which is a party to the Convention.”

The opponents are domiciled in a Convention country i.e. Germany and so could potentially seek benefit from this provision. However, they have not established that the trade mark SL is a well known trade mark. The evidence upon which they rely contains no evidence as to how the public would perceive the trade mark SL. Although in certain situations the trade mark SL is used solus it is also often used with other trade marks of the opponents. In his opinion in *General Motors Corporation v Yplon SA Case C-375/97 of the European Court of Justice* Advocate General Jacobs states:

30 “The protection of well-known marks under the Paris Convention and TRIPS is accordingly an exceptional type of protection afforded even to unregistered marks. It would not be surprising therefore if the requirement of being well-known imposed a relatively high standard for a mark to benefit from such exceptional protection.”

35 The protection to be afforded under the Paris Convention is in Advocate General Jacobs is exceptional, he goes on to state that :

40 “I accordingly conclude in answer to the first question that a trade mark with a reputation within the meaning of Article 5(2) of the Directive is to be interpreted as meaning a mark which is known to a significant part of the relevant sectors of the public, but which need not attain the degree of renown as a mark which is well known within the meaning of the Paris Convention.”

45 So if the opponents are to successfully argue that their trade mark SL is entitled to protection under the Paris Convention they must do more than just demonstrate reputation, they must supply evidence that supports a claim for an exceptional type of protection. The opponents have not

done this. They have furnished evidence as to turnover, publicity, period of usage; the standard fare for proceedings before the Registrar. For a successful claim to protection under the Paris Convention I consider that it would be necessary to show that the trade mark is well-known to a substantial proportion of the public - and in this context I think it is the public at large, rather than the restricted parameter of the relevant public. To justify a claim to being a well-known trade mark it is necessary to supply survey evidence in support of the claim; survey evidence that demonstrates that the trade mark is known to a substantial percentage of the public. Mere turnover figures and the history of use will not be sufficient to justify the claim to the trade mark being well-known. It is very feasible for a trade mark to have a large turnover but be virtually unknown, outside of a limited sphere e.g. the manufacturers of cans to the brewing industry will be known to only a few persons (those involved in the brewing industry) and so will their trade marks. To have anything other than the highest test for proof of a trade mark being well-known would be contrary to the jurisdiction based nature of trade mark rights. As Advocate General Jacobs states the nature of the protection is **exceptional**. It is one thing for a party to state that they have a reputation in a trade mark, it is quite another to state that the trade mark is a well-known trade mark as per 6bis. This ground is often pleaded in proceedings before the registrar with little evidential basis. In the instant case the opponents' claim is further weakened by the fact that the evidence often shows use of the trade mark SL in conjunction with other trade marks. Use with other trade marks does not stop a trade mark effectively fulfilling its task, however, proof of reputation and/or being well-known will be more difficult.

Ultimately all I have before me is an assertion that because of certain usage that the trade mark SL is well-known. I have no evidence that actually demonstrates that it is well-known; which is clearly a matter of public perception. The only logical way that a party can prove that a trade mark is well-known is to supply evidence that a lot of people actually do know the trade mark.

I do not find that the trade mark SL is a well known trade mark under 6bis of the Paris Convention.

I turn now to the prior applications/registrations. In considering the issue of confusion I take account of the guidance given by the European Court of Justice (ECJ) in *Sabel BV v Puma AG (1998) RPC 199*. The relevant sections of the ECJ's decision are set out below:-

“..... it is clear from the tenth recital in the preamble to the Directive that the appreciation of the likelihood of confusion ‘depends on numerous elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified’. The likelihood of confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case.

That global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components. The wording of Article 4(1)(b) of the Directive - ‘there exists a likelihood of confusion on the part of the public’ - shows that the perception of marks in the mind of the average consumer of the type of goods or services in question plays a decisive role in the global appreciation of the likelihood of

confusion. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details.

5 In that perspective, the more distinctive the earlier mark, the greater will be the likelihood of confusion. It is therefore not impossible that the conceptual similarity resulting from the fact that two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, either per se or because of the reputation it enjoys with the public.”

10 I also take into account the decision of the European Court of Justice in *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc (1999) RPC 117*. In particular I take note of the following:

15 A global assessment of the likelihood of confusion implies some interdependence between the relevant factors, and in particular a similarity between the trade marks and between these goods or services. Accordingly, a lesser degree of similarity between these goods or services may be offset by a greater degree of similarity between the marks, and vice versa. The interdependence of these factors is expressly mentioned in the tenth recital of the preamble to the Directive, which states that it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion, the appreciation of which depends, in particular, on the recognition of the trade mark on the market and the degree of similarity between the mark and the sign and between the goods or services identified.

25 and

It follows that, for the purposes of Article 4(1)(b) of the Directive, registration of a trade mark may have to be refused, despite a lesser degree of similarity between the goods or services covered, where the marks are very similar and the earlier mark, in particular its reputation, is highly distinctive.

30 Finally the court gave the following judgement on the interpretation of Article 4(1)(b):

35 “On a proper construction of Article 4(1)(b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, the distinctive character of the earlier trade mark, and in particular its reputation, must be taken into account when determining whether the similarity between the goods or services covered by the two trade marks is sufficient to give rise to the likelihood of confusion.

40 There may be a likelihood of confusion within the meaning of Article 4(1)(b) of Directive 89/104 even where the public perception is that the goods or services have different places of production. By contrast, there can be no such likelihood where it does not appear that the public could believe that the goods or services come from the same undertaking or, as the case may be, from economically-linked undertakings.”

45 In the view of Mr. Geoffrey Hobbs QC, acting as the Appointed Person, in the *Balmoral case (1999) RPC 297*:

5 “The tenth recital to the Directive and these observations of the Court of Justice indicate that an objection to registration under Section 5(2) of the Act should be taken to raise a single composite question: are these similarities (in terms of marks and goods or services) which would combine to create a likelihood of confusion if the “*the earlier trade mark*” and the sign subsequently presented for registration were used concurrently in relation to the goods or services for which they are respectively registered and proposed to be registered?”

10 [This represents the “holistic” approach to the issue of confusability rather than the previous dualistic approach.]

15 The trade marks upon which the opponents rely all include the letters SL, in combination with a variety of other elements; with the exception of Community Trade Mark no. 486423 (for the trade mark SL solus), which is still pending. Mr Moore argued that the public would consider the trade mark SLM as indicating goods emanating from the opponents because of the closeness to their various SL trade mark applications and registrations.

20 In the purchase of a car a very careful decision is made. This is an issue which was dealt with in *The LANCER Trade Mark Case (1987) RPC 303*; at page 325 of that decision Fox LJ stated:

25 “We are concerned here with the market in cars. A car is an expensive piece of equipment. Its purchase will usually be considered with some care, and will be assisted in a competitive market by an abundance of brochure literature. When considering risks of confusion, therefore, the purchase of a car is not to be equated with an everyday purchase over a shop counter. Nor is it likely to be purchased over the telephone.”

30 When trade marks consist of two or three letters a small difference between the trade marks obviates the likelihood of confusion or deception. The public are well versed in differentiating between letter marks that have only one difference. It is also necessary to take note of the comments in *LANCER* as to the nature of the purchasing decision. As Fox LJ stated in *LANCER* there must be a real risk of confusion, not just a fanciful one. The purchase decision is not spur of the moment, it is a decision born of careful and deliberate consideration. The mechanics of purchasing a car - insurance, registration with DVLA, finance etc - militate further against any confusion; a car cannot normally be purchased one minute and driven away the next. I note that the specifications of the trade mark in suit encompasses goods other than motor cars and services. In relation to all the applications and registrations of the opponents, with the exception of Community Trade Mark application no. 486423, all the specifications are limited to motor land vehicles, vehicles and parts thereof or automobiles and parts thereof. The specifications in relation to the services of the application in suit are further away from the goods of the opponents. I also consider that in the nature of the decision in purchasing the services of the application in suit there would need to be very close proximity between the trade marks at issue for there to be a likelihood of confusion. Application no. 486423 as well as encompassing automobiles and parts thereof also includes services which are identical to those of the trade mark in suit. In relation to Class 12 goods, for the reasons outlined above, there is not a likelihood of confusion. Although the Class 12 goods of the application in suit encompass a wider area than automobiles the distance between the trade marks and the nature of the purchasing decision militates against confusion. When buying, for instance, the smallest part or fitting for a vehicle the purchaser is invariably making a

very clear and specific decision; in the knowledge that if the part is not exactly correct it will not serve its purpose. In relation to the Classes 37 and 39 the distance between the trade marks and the way in which the public are used to differentiating between letter marks, will militate against confusion.

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I do not consider that there is a danger of confusion with the trade mark applications and registrations of the opponents referred to in their evidence. (I note that if I had found that there was a likelihood of confusion with a pending application, and similar goods or services were involved, I could not refuse the application in suit, or part of it, until the trade mark was registered.)

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I dismiss the grounds of opposition under Section 5(2)(b)

I turn now to the grounds of opposition under Section 5(3) of the Act. Section 5(3) states:

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“(3) A trade mark which -

(a) is identical with or similar to an earlier trade mark, and

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(b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is protected,

shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark, in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

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Earlier trade mark is again defined by Section 6 of the Act. I have already decided that the trade mark SL of the opponents is not a well-known trade mark within the meaning of 6bis of the Paris Convention. As in relationship to the Section 5(2) ground of opposition I consider it appropriate to consider the applications and registrations of the opponents referred to in their evidence.

30

I refer to the issue of reputation (and goodwill) in my findings under Section 5(4)(a) below. For the reasons given therein I find that the opponents' trade mark SL does have a reputation. As the opponents have not specified the goods and services which are not similar I find it convenient to deal with the issue of whether “use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark”. Advocate General Jacobs stated in *General Motors Corporation v Yplon SA* that:

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“Thus the national court must be satisfied in every case that the use of the contested sign is without due cause; and that it takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark. These requirements, properly applied, will ensure that marks with a reputation, whether or not the reputation is substantial, will not be given unduly extensive protection.”

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Advocate General Jacobs makes it clear that trade marks with a reputation will not be given undue protection; as in many trade mark matters there is a tension between Articles 30 and 36 of the

Treaty of Rome - a matter dealt with by the Advocate General in *Sabel v Puma* at paragraphs 50 and 51 of his opinion. In this light there must be a heavy onus upon the opponents to prove the validity of their case. Trade mark rights should not be used as an unnecessary hindrance to the free movement of goods and services throughout the European Union.

5

I have no evidence before me to indicate that the applicants' use of the trade mark is without due cause. They have used the trade mark SLM, often with a device, for a lengthy period. The name of the applicants is St Leonards Motors Limited, it is a reasonable inference that SLM is derived from this title. (Inference, of course, unlike conjecture is acceptable in the legal process - *Jones v Great Western Railway Company (1930) 144 LT 194 at page 202.*) (Mr Getty also submitted that this was the derivation of the trade mark.) Taking into account the length of use of the letters SLM by the applicants and their derivation I cannot find that use of the trade mark in suit is without due cause. The use demonstrated by the applicants further strengthens their position as it is a demonstration of their bona fides in relation to the trade mark in suit. There is nothing to indicate by inference or fact that the applicants chose their trade mark in order to derive some form of advantage from the trade marks of the opponents. The applicants would appear to have very good cause to use the trade mark in suit. I have no doubt from the evidence before me that the applicants have a reputation in the letters SLM. At the Hearing Mr Moore made much of the fact that up to the relevant date the applicants had normally used SLM with a device element. I cannot say that this sways me. The device element is subservient to the letters SLM; in the words of the often applied aphorism of the Registry: words speak louder than devices. The trade mark would be referred to orally as SLM, if referred to in correspondence it would again be SLM. Mr Moore also commented on the localised use of the trade mark in suit during the relevant period. I take note that most of the use was in a limited area, however, I cannot see that this affects the position of the applicant in relation to use of the trade mark without good cause.

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The opposition under Section 5(3) must fall as the opponents have failed to discharge the onus upon them to prove that use of the trade mark in suit would be without due cause. However, I will deal briefly with the elements of taking unfair advantage or being detrimental to the distinctive character or the repute of the earlier trade mark.

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In *Barclays Bank plc v RBS Advanta (1996) RPC 307* Laddie J considered the proviso to Section 10(6). The second part of the proviso contains wording identical with the wording of Section 5(3) of the Act. Laddie J stated:

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“At the most these words emphasise that the use of the mark must take advantage of it or be detrimental to it. In other words the use must either give some advantage to the defendant or inflict some harm on the character or repute of the registered trade mark which is above the level of de minimis”

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In accordance with my findings under Section 5(2) I do not consider that people seeing the trade mark in suit will think of the opponents; so I do not consider that the applicants' trade mark takes advantage of the distinctive character or repute of the opponents' trade marks.

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In considering whether the use of the trade mark in suit would be detrimental to the distinctive character or the repute of the opponents' trade mark SL I take into account the parameters set out in *Oasis Stores Ltd's Trade Mark Application (1998) RPC 631* at page 649 et seq.

Two letter trade marks, such as SL, do not have a great deal of distinctiveness per se. This is especially the case in relation to cars where the use of letters as indicators of trim or type is common place. The penumbra of protection, in the context of *Sabel v Puma*, will be limited owing to the limited inherent distinctiveness of the two letters SL. I also note that the limited nature of the inherent distinctiveness of the SL trade mark is indicated by its usage and registration in many contexts with other matter. Taking into account the nature of the market place and the purchasing decision I do not consider that use of the trade mark in suit would be detrimental to the various trade marks referred to in the opponents' evidence. (Of course in this context one is considering this matter in relation to the undefined non-similar goods or services.)

In relation to the issue of detriment to the reputation of the opponents I take into account that the trade marks are not identical, indeed for Section 5(2) purposes I have found them not confusing. This in itself is not a bar to a finding under Section 5(3), there being no requirement for confusion. In the words of Mr James in *Oasis* the reputation of the trade mark SL must be likely to be damaged or tarnished in some significant way:

“By ‘damaged or tarnished’ I mean affected in such a way so that the value added to the goods sold under the earlier trade mark because of its repute is, or it likely to be, reduced on scale that is more than de minimis.”

Owing to the distance between the trade marks and the lack of definition of what are non-similar goods and/or services I can see nothing that would lead me to the conclusion that the opponents' SL trade mark would be tarnished or damaged. I find that use of the trade mark in suit would not be detrimental to the repute of the opponents' SL trade mark.

The grounds of opposition under Section 5(3) are therefore dismissed.

I note that the opponents have pleaded opposition both under Sections 5(2) and 5(3); that the trade mark in suit is for use with both similar and non-similar goods or services. Until I asked Mr Moore, at the Hearing, to identify what he considered were the non-similar goods or services there had been no indication as to which aspects of the applicants' specifications were considered by the opponents to represent similar goods and/or services and which were not. When I addressed him on this issue Mr Moore could only state that he considered that “such things as motorcycles and tyres, for example, are not similar goods”. This matter was covered neither in the pleadings nor in the evidence. The opponents should have identified in their pleadings exactly which goods and/or services were considered to be similar and which were not; the applicants should have been aware of exactly upon what grounds they were being attacked and what issues were in play. It should not be for the applicants to wait until the Hearing to ascertain the specifics of any of the grounds of opposition. By pleading both Section 5(2) and 5(3) with no identification of the specifics of the grounds of opposition the opponents tied two strands of the opposition together into a knot, it was impossible to identify the separate strands. There seems to be a presumption that the Hearing Officer has a Gordian sword with which he can slice through the knot and separate out the strands. Even if the Hearing Officer is capable of doing this it leaves the applicants in the unacceptable position of not knowing fully and properly the grounds of opposition.

I turn finally to the grounds of opposition under Section 5(4)(a) which states:

“(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 -

5 (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, “

10 The ground of opposition is not fully particularised, it does not specifically refer to any particular rule of law e.g. passing-off. However, I do not consider that the pleading is on a par with that in *WILD CHILD Trade Mark (1998) RPC 455*. Reference is made to goodwill, deceit and confusion; I therefore consider that the ground of opposition is based certainly on the law of passing-off.

15 Mr Geoffrey Hobbs QC set out the basis an action for passing-off in *WILD CHILD*:

20 ‘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:

25 “The necessary elements of the action for passing-off have been restated by the House of Lords as being three in number:

- 30 (1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- 35 (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
- 40 (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.

45 The restatement of the elements of passing-off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House’s previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of ‘passing-off’, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing-off which were not under consideration on the facts before the House”

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:

5 (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

10 (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.

15 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:

20 (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;

25 (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

30 (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.

35 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.” ’

40 For consideration to be given to the second and third elements of the classic trinity of passing-off, the opponents must first establish that they have goodwill in the trade mark SL. Mr Getty did not consider that the opponents had established a reputation or goodwill in the trade mark SL; he made especial note that the trade mark was often used with other trade marks of the opponents. Although the exhibits show use of SL with other trade marks, they also show use of SL in various contexts solus. Trade marks are often used in conjunction with other trade marks, especially in the car industry where a second trade mark is used to indicated the model of car. In the evidence before me the opponents use SL to indicate a particular model of car. From exhibit C to the
45 declaration of Mr Moore it can be seen that the opponents designate their models by the use of letters, sometimes in combination with the word Class e.g. A CLASS. They do not make use of conventional names as many other car manufacturers do e.g. Ford Escort. The letters SL are

used to indicate the model type, it identifies the specific type of car. The letters SL by identifying the model can act also as a trade mark; it might be argued that a two letter mark such as SL can only succeed in acting as an indicator of origin through use, a trade mark by nurture rather than nature. Mr Getty in his submissions commented that the use of letters in relation to cars was common and that other companies used SL and another letter. He referred me to the references to Nissan in exhibit C to Mr Moore's declaration: where the letters SLX were used. However, I do not consider that this is on a par with the instant case as the letters were adjuncts to two other trade marks, e.g. Nissan Almera SLX, and seem to represent a reference to the trim quality of the vehicle, i.e. a sub-class of a model. From the evidence which I have before me, in relation to the length of use, the amount of use and publicity and promotion I have no doubt that the opponents have both a goodwill and a reputation in the letters SL in relation to motor cars.

The opponents have also argued, particularly in relation to the issues of confusion, that their reputation has extended to encompass trade marks such as SLK and SLC. The evidence submitted does not support that at the relevant date that such a claim can be justified. In the case of the SLC model the opponents state that this is no longer in production. The evidence in relation to this model is of a glancing nature, a reference in exhibit A to the declaration of Mr Moore (a book about the SL range of cars) to the production of the SLC and the ceasing of that production in August 1989. No evidence has been put before me to show that there is a residual reputation and/or goodwill in relation to SLC. The evidence in relation to the SLK is also somewhat cursory, especially in relation to the relevant date. All the evidence that can be attributed clearly to the relevant period is figures for sales of vehicles in 1996 and the advertising figures, which in relation to the trade are not particularly large. However, there is a tranche of recent case law indicating that use of a trade mark can be relatively small or for a relatively short period of time and still accrue goodwill e.g. *Pete Waterman Ltd v CBS (1993) EMLR 27*, *Jian Tools For Sales Inc v Roderick Manhattan Group (1995) FSR 924*, *Stannard v Reay (1967) RPC 589*. In the instant case I find that the evidence and exhibits are too deficient to allow me to come to a judgement in favour of the opponents in this matter; especially when it is necessary to take into account that SLK is likely to have been dominated in use by the opponents' house marks. It may be that the opponents could claim a goodwill in SLK but I do not have the evidence before me that would allow me to find thus in respect of the relevant date for the instant proceedings.

I turn now to the issue of whether there is a likelihood of confusion/deception in relation to the use of the trade marks SL and SLM. Mr Getty submitted that the goods upon which the letters SL were used were of a nature that there would be a very careful and conscious decision involved in the purchase. Consequent upon this there was not a likelihood of confusion/deception. I readily accept that in the purchase of a car a very careful decision is made. I refer to many of the issues in relation to likelihood of confusion above in relation to Section 5(2) and will not reiterate them here. I note the nature of the evidence in relation to the applicants' trade in Class 12; it is not on a like for like basis with *LANCER*; it relates to the trade in various makes of motor car. The applicants are not manufacturers of the cars they sell. Consequently, that there has been no evidence of confusion is not relevant, in relation to the specification before me in Class 12 this is very much a matter of a quia timet issue. I must consider the risk of confusion on the basis of the specification before me. I do not consider that the instant case is on a par with *Taittinger SA and others v Allbev Ltd. and another (1993) FSR 641*, where the luxury good, champagne, was involved. In that decision Gibson LJ, at page 666, accepts the conclusion of Sir Mervyn Davies that:

5 “There is a simple unworldly man who has in mind a family celebration and knows that
champagne is a drink for celebrations. He may know nothing of elderflower champagne
as an old cottage drink. Seeing “Elderflower” on the label with below the name
“Champagne” he may well suppose that he is buying champagne. Since the simple man
I have in mind will know little of champagne prices, he is likely to suppose that the has
found champagne at a price of £2.45. I do not mean that I now refer to any majority part
of the public or even to any substantial section of the public, but to my mind there must
be many members of the public who would suppose that the defendants’ “Elderflower” is
champagne. Thus it is that I find it established that the defendants’ misrepresentation is
10 a misrepresentation that is calculated to deceive.”

15 Champagne is a luxury good upon which a reasonably calculated and careful decision is likely to
be made in relation to its purchase. However, there was still perceived to be a likelihood of
misrepresentation. In the case of motor cars there is a different quantum, the decision is even
more careful and calculated. Mr Moore has also argued that because of the reputation of the
opponents in the trade marks SL, SLC and SLK that the public will view SLM as part of a family
of trade marks belonging to the opponents. For this argument to be considered it would be
necessary to establish that there was a goodwill in all three trade marks, and my finding is that the
opponents have only established a goodwill in SL. Hence this line of argument must fall.

20 In relation to the services encompassed by Classes 37 and 39 there is far less likelihood of
confusion than in relation to Class 12. The goodwill of the opponents in SL is for motor cars; in
relation to the normal usage in trade it seems unlikely to me that one would request SL services.
One would look to services by Mercedes-Benz or Mercedes, not SL.

25 Taking all these factors into account I cannot find that use of the trade mark SLM by the
applicants will lead or is likely to lead the public to believe that goods or services offered by the
applicants are goods or services of the opponents. I therefore dismiss the grounds of opposition
under Section 5(4)(a).

30 As the applicants have been successful they are entitled to a contribution towards their costs. I
consider that the applicants have been hampered in the preparation of their case by the lack of
particularisation and clarity in the pleadings. This will have created extra and unnecessary work
for their representatives. I therefore consider it appropriate to award a sum in costs above the
35 scale. I order that the opponents pay to the applicants the sum of £1000.

Dated this 6 day of August 1999

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45 **DW LANDAU**
For the Registrar
the Comptroller General