

O-280-03

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 2250127
IN THE NAME OF AXEL E HERTLEIN
TO REGISTER A TRADE MARK IN CLASS 34**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 52294
BY ROTHMANS OF PALL MALL LIMITED (LONDON) AND
ROTHMANS OF PALL MALL LIMITED (SWITZERLAND)
AS JOINT OPPONENTS**

TRADE MARKS ACT 1994

**IN THE MATTER OF application
No. 2250127 in the name of
Axel E Hertlein to register a
trade mark in Class 34**

and

**IN THE MATTER OF opposition
thereto under No. 52294 by
Rothmans of Pall Mall Limited
(London) and Rothmans of
Pall Mall Limited (Switzerland)
as joint opponents.**

BACKGROUND

1. On 25 October 2000, Axel E Hertlein filed an application to register the trade mark FAIRLIGHT in Class 34 in respect of the following goods:

Tobacco; pipe tobacco; cigarettes; smokers articles; matches.

2. On 20 March 2001 notice of opposition to this application was filed. Following an agreed substitution, the joint opponents now stand as Rothmans of Pall Mall Limited (London) and Rothmans of Pall Mall Limited (Switzerland). For convenience I will refer to the joint opponents as Rothmans.

3. The grounds of opposition are in summary:

1. Under Section 5(4)(a) -by virtue of the law of passing off
2. Under Section 3(6) -because the application was made in bad faith

4. Further grounds under Section 3(3)(b) and S5(2)(b) were withdrawn at an early stage.

5. The applicant filed a counterstatement in which essentially the opponents' claims were rejected.

6. Both sides request an award of costs. Only the opponents filed evidence in these proceedings. The matter came to be heard on 22 May 2003, when the applicant was represented by Mr Stobbs of Boulton, Wade and Tennant, his trade mark attorneys and the opponents were represented by Mr Malynicz of Counsel instructed by BATMark Ltd the opponents' agent.

EVIDENCE

7. The opponents' evidence consists of a witness statement dated 17 April 2002 of Michael Stanley Leathes, General Manager of BATMark Ltd, the Intellectual Property Management Company of the British American Tobacco Group of Companies ("The BAT Group"). Mr Leathes explains that both opponents are wholly owned members of the BAT Group. He confirms that he is authorised to make the Witness Statement and that the facts set out in it are from his own knowledge or derived from the opponents' records.

8. Mr Leathes says that Rothmans are the proprietors of the trade mark ROTHMANS and other intellectual property rights in respect of cigarettes, tobacco and other related products in the UK. He exhibits a brief history of the company which began in 1890 with the sale of hand-made cigarettes to tobacconists in London.

9. Mr Leathes says that the Rothmans King Size Filter brand of cigarettes was first launched in the UK in January 1957 and has continued to be sold since in the same recognisable get-up or trade dress. He provides a representation of what he says is the current pack design sold in the UK. The representation is computer generated, in colour and is within the body of the witness statement and show what I take to be the front of the packet. He goes on to say that combined sales volumes for these cigarettes in the UK for the period 1990 to 2001 was in excess of 10.5 billion cigarettes equating to an average of more than 1 billion cigarettes per year.

10. Mr Leathes says that the strength of the ROTHMANS brand is due to the fact that the cigarettes are on sale nationally in virtually every high street tobacconists or confectioners, supermarket chains, petrol stations and various off licences. The brand is also, he says, found in many self-service cigarette vending machines in eg. public houses, social clubs, snooker halls and night clubs.

11. Mr Leathes says that Rothmans have spent substantial amounts of money advertising and promoting the ROTHMANS King Size Filter brand in the UK via both major sporting sponsorships and traditional nationwide promotional campaigns and activities. He says that due to changes within Rothmans no records are available thus no accurate figures of the money spent specifically in the UK over the last five years can be given, however between April 1990 and December 1995 in excess of £7million was spent. From its first sale in 1957, the total amount spent on promoting the ROTHMANS King Size Filter brand would, says Mr Leathes, be in the tens of millions of pounds.

12. Mr Leathes says that there has been virtually no change in the get-up or trade dress of the ROTHMANS King Size Filter cigarettes. He exhibits at MSL2 copies of advertising materials to illustrate this.

13. At MSL3, Mr Leathes exhibits material to illustrate Rothmans' sponsorship activities. The exhibit, he says, consists of pages taken from an internal Rothmans' booklet dated 1995. He goes on to give details of various events, teams and drivers relating to the

sponsorship. He also exhibits at MSL4 and MSL5 material from motor racing's governing body the IFA and from ITV Sport to illustrate attendance and viewing figures for the British Grand Prix during the 1990s.

14. Mr Leathes says that to develop brand awareness, Rothmans' sponsorship was not limited to the ROTHMANS brand name but included and incorporated the get-up of the ROTHMANS King Size Filter pack. He exhibits at MSL6 material to illustrate this.

15. Mr Leathes says that in view of all the advertising, promotional and sponsorship activities along with the volume of sales, the ROTHMANS name is well known to smokers and the general public alike. Such recognition, he says, goes beyond merely the name ROTHMANS and includes those elements of get-up and trade dress which are inseparable from the brand, particularly the specific manner in the use of colours blue and white, the stylised lettering and the apportionments of gold and red. It is, he says, apparent that the ROTHMANS brand is aurally and visually well known.

16. Mr Leathes claims that the fame of the ROTHMANS brand name and the get-up employed in the ROTHMANS King Size Filter pack can be found from independent sources. At MSL7 he exhibits an open letter from the Tobacco Manufacturers' Association to support his claim.

17. Mr Leathes says that there are similarities between the get-up of the FAIRLIGHT pack and the ROTHMANS King Size Filter pack which leads him to conclude that the design of the FAIRLIGHT pack deliberately sought to copy and mimic the distinctive aspects of ROTHMANS King Size Filter pack get-up.

18. Mr Leathes exhibits various material, which was unchallenged by the applicant, from which it seems that the applicant and his brother Klaus J Hertlein are jointly engaged in running Top Brands International Tobacco Products (Top Brands) and that one of the products they offer is FAIRLIGHT cigarettes.

19. Referring to the statement of grounds which accompanied the Notice of Opposition, Mr Leathes repeats how Rothmans became aware of advertisements for FAIRLIGHT cigarettes. He exhibits a number of internet printouts from a variety of websites showing advertisements posted by Top Brands by which, he says, the applicant makes blatant attempts to pass off FAIRLIGHT products as ROTHMANS. These printouts variously identify FAIRLIGHT cigarettes as being e.g. "Rothmans lookalike" "look-alike and flavour similar to Rothman's" or "generic Rothman".

20. Mr Leathes says that this is not the first dispute between the parties. He says that Rothmans have commenced actions against the manufacturer of FAIRLIGHT packaging in the German courts. He describes how the German manufacturer at one time used by Top Brands undertook not to manufacture any more FAIRLIGHT in the design which was then being used. Mr Leathes explains that Rothmans has also sought to prevent FAIRLIGHT being sold in markets where damage is likely to arise to the ROTHMANS brand. He says that Rothmans took action against the applicant and Klaus J Hertlein in

the Austrian Courts. Mr Leathes exhibits translations of statements made separately by Axel and Klaus Hertlein in the Austrian Court proceedings.

21. Within the body of his witness statement are printed colour representations of what are said to be the current packaging of the applicant's and opponents' cigarettes. At MSL13 Mr Leathes exhibits each of the packets. He sets out his comparison of the two packets. He says that the applicant's packet has not only been promoted as a ROTHMANS look alike but has been designed as one. He goes on to say that it is entirely possible that actual confusion will occur where "transactions are conducted quickly or with inexperienced or less discernable customers". He exhibits pictures of a tobacco display in a newsagents' at MSL14 illustrating how cigarettes are displayed.

22. Mr Leathes says that Rothmans' main concern is that consumers will mistakenly assume that FAIRLIGHT is in some way endorsed by or associated with ROTHMANS King Size Filter.

23. Mr Leathes says that if FAIRLIGHT cigarettes are allowed to go on sale, substantial numbers of people will be deceived and confused and that this will damage the substantial goodwill associated with the ROTHMANS King Size Filter brand. He also says the taste of the cigarettes will not be of the same quality and this will further damage the Rothmans' reputation and goodwill.

24. As the applicant filed no evidence that concludes my summary of the evidence.

DECISION

25. I will deal first with the objection under Section 5(4)(a) which states:-

“**5.-(4)** A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

- (a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or
- (b) ...

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

26. The conventional test for determining whether a party has succeeded under this section has been restated many times and can be found in the decision of Mr Geoffrey Hobbs QC sitting as the Appointed Person in *WILD CHILD* Trade Mark [1998] RPC 455. Adapted to these proceedings, the three elements that must be present can be summarised as follows:

1. that the opponents' goods have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
2. that there is a misrepresentation by the applicant (whether or not intentional) leading or likely to lead the public to believe that goods offered by him are goods of the opponent; and
3. that the opponents have suffered or are likely to suffer damage as a result of the erroneous belief engendered by the applicant's misrepresentation.

27. The very full guidance given by Mr Hobbs in the *WILD CHILD* case, by reference also to Halsbury's Laws of England, can be found at pages 460 and 461 of that decision.

28. Mr Malynicz, whilst readily accepting that the opponents' evidence has flaws, invited me to find that the ROTHMANS King Size Filter cigarette is one of the most well-known brands in the UK. I am unable to make that finding.

29. The BAT Group, of which the opponents are said to be wholly owned members, is described as the world's most international tobacco company. It is said they sell more than 300 brands in over 200 markets. Rothmans began selling cigarettes in London well over 100 years ago. In respect of one brand, the ROTHMANS King Size Filter cigarette, sales began in the UK in 1957. Sales between 1990 and 2001 are said to be in excess of 10.5 billion equating to more than 1 billion cigarettes per year.

30. No specific figures are given on advertising spend within the UK but Mr Leathes claims that between April 1990 and December 1995 more than £7m was spent on advertising. He also claims that "since its first sale in 1957 it can be said with some certainty that the total amount spend (sic) on promoting ROTHMANS King Size Filter cigarettes would be in the 10's of millions of pounds." Copies of various advertising and sponsorship material has been filed along with an example of the ROTHMANS King Size Filter cigarette packet.

31. Although the evidence is, in some aspects, poor and somewhat unsupported, I have no reason to doubt the figures given and furthermore the applicant has not challenged them in any way. Whilst I am unable to find that the ROTHMANS King Size Filter cigarette is one of the most well-known brands in the UK, I do accept that the evidence shows the opponents have a goodwill as a manufacturer and supplier of cigarettes. The evidence shows that goodwill to be identified through their use of the word ROTHMANS alone and use of the word ROTHMANS in combination with the get-up of the ROTHMANS King Size Filter cigarette packet.

32. The applicant has applied for registration of the word FAIRLIGHT alone. The opposition is not based on any objection to the word FAIRLIGHT alone but rather on the way they say the applicant intends to use his mark. That intention to use is based on how the mark is said to have already been used, i.e. in combination with a get-up which the opponents say is deceptively similar to that used by them. Although this use is made by

Top Brands whereas this application is made in the name of an individual, I do not regard this as material as it is clear from the unchallenged evidence that Top Brands and the applicant are very closely connected.

33. This raises the question of whether my considerations under Section 5(4)(a) should be based purely on the mark in the form it is applied for or whether other circumstances should be taken into account.

34. The point has been considered before in *MAGIGROW/MAGI-GROW* Trade Marks, a decision of the Appointed Person dated 19 December 2001 (0-583-01) which Mr Malynicz referred me to.

35. Having taken *WILD CHILD* [1998] RPC 455 as the starting point, the Appointed Person went on to conclude:

“61. In *WILD CHILD* there was no prior use on the part of the applicant for registration. By contrast the applicant has used the *MAGI-GROW* trade marks since 1995. The present case therefore raises the additional question of whether the actual presentation of the trade marks should be taken into account.

62. As far as I am aware, no case has discussed the additional question for the purposes of section 5(4)(a) of the TMA. However, the point was decided by the Court of Appeal in relation to section 11 of the Trade Marks Act 1938 in *OPEN COUNTRY Trade Mark* [2000] RPC 477. An application to register *OPEN COUNTRY* for clothing was opposed by the proprietor of *OPENAIR* in respect of identical goods. Both marks were in use at the date of the application. The opponent sought to rely on the way the applicant’s mark had been used as an illustration of normal and fair use. On appeal from the registry, the judge rejected that approach:

It seems to me that in making the comparison, the section and authority of *Re BALI* and, in particular, the speech of Lord Upjohn, require a comparison between the opponent’s mark as used and the applicant’s mark in notional and fair use. It does not seem to me that it is appropriate to compare the way in which the marks were actually presented, the actual contention being that what was in fact being done was an attempt to pass off the goods of the applicant as the goods of the respondent because the marks were similarly presented. It does not seem to me to be logical or right to use that argument as a reason to oppose registration.

On further appeal, Aldous L.J., at page 482, disagreed:

The test laid down in *Smith Hayden*, adapted in accordance with the speech of Lord Upjohn in *BALI*, is the test applicable whether the applicant has or has not used his trade mark. However, no court would be astute to believe that the way that an applicant has used his trade mark was

not a normal and fair way to use it, unless the applicant submitted that it was not. It does not follow that the way that the applicant has used his trade mark is the only normal and fair manner. However in many cases actual use by an applicant can be used to make the comparison.

63. The differences between on the one hand, section 11 of the 1938 Act and, on the other hand, section 5(4)(a) of the TMA are well known, in particular, that under section 11 it was unnecessary to prove passing off and it was for the applicant to show its mark was registrable. Nevertheless, it seems to me, that the ratio of Aldous L.J. above is equally applicable to the determination of normal and fair use under section 5(4)(a) of the TMA. Remarks by Pumfrey J. in *South Cone Inc. v. Bessant*, 25 July 2001 appear to support that view although the applicant's mark in that case had not been used at the application date."

36. The relevant use which the Court of Appeal brought into the comparison of marks as a result of the finding referred to above was use of the respective marks on labels of a particular colour and size. The underlying assumption was that this use of other material was normal and fair use of the mark applied for.

37. In the present case, the applicant has applied for registration of the word FAIRLIGHT alone. The opposition is not based on any objection to the word FAIRLIGHT alone but rather that the applicant intends to use his mark as an instrument of deception. The intention to use is based on how the applicant is said to have already used his mark, i.e. in combination with a get-up which the opponents say is deceptively similar to that used by them.

38. A party's motives in adopting a particular mark or sign are, of course, relevant. This is an issue which has also been considered before in the case of *United Biscuits (UK) Ltd v Asda Stores* [1997] RPC 513.

39. I have no evidence before me to indicate what the applicant's motives may have been. Whilst it is far from clear to me that the applicant has entirely "clean hands" in the way he advertises his goods and has not denied that he advertises his products as a ROTHMANS look-alike, the issue I have to consider under Section 5(4)(a) is one of normal and fair use of the trade mark as applied for (the wording of the section refers to **its** use). In considering whether a mark offends against section 5(4)(a) the evidence of use has to be evidence of normal and fair use of the mark applied for. In this case the deceptive use alleged to have been occurred elsewhere owes nothing to the mark applied for, but is solely a result of the use of allegedly deceptive get up. Such use cannot be regarded as normal and fair use of the mark applied for.

40. As was the finding of the court in the *United Biscuits* case, the use of a similar word and similar get-up may be prevented under the law of passing off but would not necessarily prevent registration of the word applied for even where the word has conceptual similarities to the word appearing in the earlier mark. In the present case,

there is no similarity between the mark applied for and the opponents' cigarette packets and the objection under Section 5(4)(a) fails accordingly.

41. In reaching this finding I note the wording of Section 2(2) which preserves the right to take action under the law of passing off. Consequently, if the applicant uses his mark in the UK in combination with deceptive get-up, registration of the word FAIRLIGHT will not prevent the opponents from bringing an action for passing off.

42. I go on to consider the objection under Section 3(6) which states:

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

43. The basis for the opponents' objection under this head is again one of deliberate deception. Mr Malynicz contended that the applicant's intention is to gain a foothold for a look-alike Rothmans product in the UK.

44. In *Eicher Ltd Royal Enfield Motor Units v Matthew Scott Holder T/A Velocette Motorcycle Co* [2002] RPC 24, the Appointed Person said:

“An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not be lightly made (see Lord Denning MR in *Associated Leisure v Associated Newspapers* (1970) 2 QB 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not possible to leave fraud to be inferred from the facts (see *Davy v Garrett* (1878) 7 Ch D 473 at 489). In my judgement precisely the same considerations apply to an allegation of bad faith made under Section 3(6). It should not be made unless it is distinctly proved and this will rarely be possible by a process of inference.”

45. As I have previously indicated, it is far from clear to me that the applicant has clean hands here. Taking the evidence in totality I am left feeling somewhat uneasy about the applicant's business methods and behaviour and this unease has been increased by the lack of response from the applicant. However, none of this is sufficient to enable me to find that in applying for the mark FAIRLIGHT, the applicant was acting in bad faith. In particular, I see nothing that persuades me that the applicant cannot honestly claim to be the proprietor of the mark FAIRLIGHT. And whatever else he intends to use that mark with, I see nothing to suggest that the word FAIRLIGHT could be the instrument of any deception or contribute to it. The objection under Section 3(6) also fails.

46. The opposition having failed in its entirety, the applicant is entitled to a contribution towards his costs. This case is somewhat unusual in that the applicant did not file evidence and therefore the costs award will be somewhat lower than usual to reflect this. I order the opponents to pay the applicant the sum of £1000. 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 16th day of September 2003

**Ann Corbett
For the Registrar
The Comptroller General**