

O-288-08

**TRADE MARKS ACT 1994
IN THE MATTER OF APPLICATION No 2412280
BY SEAN GILLSON
TO REGISTER A SERIES OF SIX TRADE MARKS
IN CLASS 5**

**AND IN THE MATTER OF OPPOSITION THERETO
UNDER No. 94983
BY CAROLINE ROSE AND PATRICIA ROSE
T/A ROSE & CO APOTHECARY**

BACKGROUND

1) On 27 January 2006, Sean Gillson applied under the Trade Marks Act 1994 for registration of the following series of six trade marks:

ZAM-BUK
ZAMBUK
ZAM BUK
Zam-Buk
Zam Buk
Zambuk

2) In respect of the following goods in Class 5 “Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; antiseptic ointments; dermatological substances in the forms of ointments; medicinal ointments; medicated ointments for application to the skin; herbal ointments; herbal ointments for application to the skin; parts and fittings for any of the aforesaid goods.”

3) On 16 February 2007 Caroline Rose and Patricia Rose t/a Rose & Co. Apothecary filed notice of opposition to the application. The grounds of opposition are in summary:

a) The applicant worked for the opponents and was fully aware of the opponents’ use of the mark Zam-Buk. The application was made in bad faith and offends against Sections 3(6) and 5(4)(a) of the Trade Marks Act 1994.

4) The applicant subsequently filed a counterstatement denying that the application was filed in bad faith and that the opponents had used the mark. He also put the opponents to proof of use.

5) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. The matter came to be heard on 20 August 2008 when the opponent was represented by Mr McLeod of Messrs Hammonds and the applicant was represented by Mr Alkin of Counsel instructed by Messrs Appleyard Lees.

OPPONENTS’ EVIDENCE

6) The opponents filed a witness statement, dated 23 August 2007, by Caroline Rose. She states that she trades in partnership with her mother Patricia Rose, and that they have been trading since 1987. She states that the partnership initially traded from a shop in Haworth specialising in traditional medicines, toiletries and household goods. Ms Rose trained as an aromatherapist and since then has blended and formulated her own unique range of products. In 2000 a second shop was opened in Leeds and the concept was franchised in the same year. In 2004 a distribution contract was signed with Grafton International, a UK specialist distributor, supplying retailers of health and beauty markets.

7) Ms Rose states that:

“4. ZAM-BUK is a traditional antiseptic ointment with a rich history used for various skin conditions and irritations. It has been made in the UK for over 100 years, exhibit CR2 shows information on the product. The Zam-Buk Company in Leeds, then Fisons Limited, originally manufactured the product. Some years after, Fisons Limited was acquired by Fisher Scientific UK Limited which decided to cease the production of ZAM-BUK in 1994 and authorised us to manufacture and sell ZAM-BUK ourselves. Fisher Scientific UK Limited wrote to their customers who enquired about the ointment to inform them that Rose & Co. Apothecary was now making the product and gave them our contact details. Exhibit CR3 shows copies of letters received from clients explaining that our details were sent by Fisher Scientific UK Limited or Rhone-Poulenc Rorer Limited in response to their requests about ZAM-BUK and copies of letters showing orders for ZAM-BUK products.

5. We started manufacturing and packaging ZAM-BUK in May 1996 and managed to build a steady wholesale business supplying independent pharmacies and health stores. The product was first sold in our shop and by mail order then put on the website for on-line orders in 1999 – copies of an email from Eagle Intermedia Publishing Ltd. the on-line marketing company in charge of the development of the website for Rose & Co. Apothecary since 2001 and copies of Nominet registration for Zam-Buk domain names are enclosed in exhibit CR4. When Doctor James Le Fanu mentioned in his column in the Sunday Telegraph dated 16 June 2002 and then again on 29 September 2002 that ZAM-BUK was made and sold by Rose & Co. Apothecary, commercial success was immediate. Exhibit CR5 shows a very small sample of the orders received from customers as a result of the articles and copies of these press articles from Doctor Le Fanu referring to the sale of ZAM-BUK by Rose and Co. Apothecary.

6. Sean Gillson is my cousin. He is a motor mechanic by trade. He was declared bankrupt in 1999, as shown in exhibit CR6. We offered him help in 2003 while he was experiencing further financial difficulties and the cessation of his vehicle repair business at the same time as going through a divorce. He had no employment and no home. We let him stay in one of our flats rent-free. He helped out with general maintenance at first but then, in view of the success of our products, and especially Zam-Buk as a result of the Telegraph articles, he was placed in our workshop for the manufacturing and packing of the ZAM-BUK product among others. He worked as a free lance with no contract of employment. I taught him how to make the products, the method of manufacture, how to pack them and delegated the buying of raw materials and packaging to him. He had access to all our commercial customer and manufacturing information. We gave him a car to assist with development of the business. At the same time, his mother, my aunt, and his sister Julie Feather, my cousin, were working in our Haworth shop. Sean Gillson worked with us for approximately a year, until August 2003. Exhibit CR7 shows a copy of a newspaper article detailing the success of the business with the Zam-Buk product is enclosed, showing his sister, Julie Feather, in the shop with the product. All three family members saw and were involved with the success we achieved with Zam-Buk.

7. It subsequently transpired that Sean Gillson, his sister and his mother had been planning a new business with the same concept as Rose & Co. Apothecary and had taken a lease on a shop a few miles from Haworth in Hebden Bridge, as shown in Exhibit CR8. The shop has the same styling and fittings as our apothecary shop in Haworth, selling, in particular, treatments, soaps, beauty products, ointments and related products. My aunt took our entire supplier database for their business and Sean took all our formulae and know-how for the manufacture of the products which constitutes years of knowledge and training in safe blending of active ingredients, manufacture and production, as well as the car. This shop is called Feathergill's Emporium and has a website at www.feathergills.co.uk. Printouts of this website and an extract of the professional directory business services 192.com are shown in Exhibit CR8. The name of their shop is an amalgamation of the names Feather and Gillson. They manufacture and sell the same products we taught Sean how to make, to our formulations. As well as the product knowledge he took at the time, they also continue to launch copies of products launched by Rose & Co. Apothecary shortly after we launch them, see documents enclosed in Exhibit CR9.

8. Tim Grace, who worked until 2002 at the company Classic Label Company, created the artwork for Rose & Co. Apothecary and in particular the "ZAM-BUK" label. Tim Grace has recognized the artwork on the tin produced by Sean Gillson as a copy of the one he designed in 1996 with deletion of the weight and the wording "unequaled as an embrocation" at the base of the tin. Exhibit CR10 shows Tim Grace's letter of 13 August 2007, a sample of his artwork compared to the label on the tin available on the Feathergill's Emporium website and other products available on Feathergill's showing imitation of those available on the Rose & Co. Apothecary website.

9. Fisons Limited was the original owner of the UK trade mark registrations Nos. 266690, 421307 and 299674 ZAM-BUK. These marks were then assigned to Hoffman La Roche AG (also called Roche) in December 1994. UK trade mark registration No. 299674 was assigned to Bayer Consumer Care AG in December 2005. The trade marks expired on 30 September 2002, 8 December 2005 and 18 January 2006. Printouts from the UK Intellectual Property Office database are provided in Exhibit CR11.

10. When the last ZAM-BUK trade mark registration expired on 18 January 2006, Sean Gillson filed a new trade mark application under No. 2412280 on 27 January 2006 in the knowledge that we had prior rights in the use of the mark ZAM-BUK. We were concerned by his dishonest behaviour when he set up his business using our resources (information, know how and commercial database) but when we realised that he had also applied to register the trade mark, we felt that this confirmed that his conduct had fallen well below the normal standards of commercial behaviour.

11. Sean Gillson took advantage of his position at Rose & Co. Apothecary to establish his own business and to apply to register the mark that we have been using for more than 10 years.

12. As evidenced in Exhibit CR12, sales of ZAM-BUK products in the UK from October 2004 to present are approximately £500K (at retail value, including VAT). ZAM-BUK products are made available to the public through shops and online and via our distributor, Grafton International Ltd. As an example of our turnover, during the period April 2005 to April 2006 the business turned over £568,525.00. Since the launch of the product in May 1996, Rose & Co. Apothecary has spent in excess of £10,000 promoting it, in particular by means of advertising on the Internet through search engines, print advertising appearing in particular in leaflets, in magazines in the UK and local press titles. Examples of promotional activities for our ZAM-BUK products and for our business that have taken place in the UK are attached as Exhibit CR13.”

8) Ms Rose finishes by repeating that the application offends against Sections 3(6) and 5(4)(a). The exhibits referred to are summarised below:

CR1: Copy of a letter from Barclays Bank confirming that a legal charge was raised on 84/86 Main St. Howarth on 16 February 1987. Confirmation of the shop in Leeds and details of both shops, their ethos, range of products and name of wholesale supplier, Grafton International. Also included is a range of stockists of the opponents’ products throughout the UK.

CR2: Copies of pages from the internet showing some of the history of the ZAM-BUK product. It includes a page from the opponents’ website which clearly indicates that the product available from the opponents is made to the same formula that Fisons used and that the opponents are recommended by Roche and Fisher Scientific. It states “After a long absence from our medicine chests, Zam-Buk is back. Made by Rose & Co Apothecary exclusively, it is available in an old-fashioned silver ointment tin.” Another page mentions that Fisons “de-listed” the product.

CR3: Letters from clients stating that Fisher Scientific had provided details of the opponents as the manufacturers of the product known as ZAM-BUK. There are also copies of letters from Fisher Scientific dated 6 October 2003 to Mrs Donnelly, and from Rhone-Poulenc Rorer (who took over Fisons) dated 7 April 1998 to Mr Gibson informing them of this fact, and supplying the address of the opponents. The letter from Fisher Scientific makes it clear that they no longer manufacture or supply the product. It states that the opponents are the manufacturers and suppliers of Zam-Buk. The letter from Rhone-Poulenc has similar wording.

CR4: A copy of the domain registration for zambuk.co.uk dated 6 February 2004, zam-buk.com dated 12 August 2003, ZAM-BUK.INFO created 24 September 2004, and a copy of a letter from Eagle Intermedia Publishing stating that the opponents have been selling ZAM-BUK since 2001.

CR5: Copies of the Sunday Telegraph articles referred to dated 16 June 2002 and 29 September 2002 which mentions the opponents as suppliers of Zam-Buk.

Also copies of various letters from customers stating that they had seen the articles and wish to purchase the product known as Zam-Buk.

CR6: A copy from the Insolvency Register which shows that the applicant was declared bankrupt in 1999.

CR7: A copy of an article about the opponents shop supplying Zam-Buk with a photograph of Julie Feather and the product inside the shop. This is dated June 2001. The article mentions that the opponents have had enquiries for the product from all parts of the globe.

CR8: Copies of pages from the Feathergill's website which describes themselves as "a wonderful little apothecary shop".

CR9: Copies of pages from websites. These appear to show the same products but are clearly two separate websites.

CR10: Copy of a letter dated 13 August 2007 from Tim Grace stating that he designed the label for the opponents' product ZAM-BUK. He provides copies of his label and that of the applicant's and states that they are identical except for the exclusion of the weight (20g) and the words "unequaled as an embrocation". Also included is a letter from the Classic Label Company Ltd which confirms that it has been supplying the opponents with Zam-Buk labels since May 1996.

CR11: Copies of pages from the IPO website relating to trade marks now expired. These confirm the statements of Ms Rose.

CR12: Copies of invoices for, inter alia, Zam-Buk, to Grafton International from 8 October 2004 – March 2007. These show thousands of tins being supplied.

CR13: Copies of various advertising materials showing use of the mark ZAM-BUK in a variety of formats by the opponents.

APPLICANT'S EVIDENCE

9) The applicant, Sean Andrew Gillson, filed a witness statement, dated 29 November 2007. He states that " I trade under the name Zam-Buk Manufacturing. I have been trading in skin care products to retail outlets since February 2003". He states that he manufactures and sells skin care products to retail outlets and museums. Mr Gillson states that he has been interested in collecting historical medicaments including their advertising material and associated literature such as books and magazine articles for over twenty years. At exhibit SAG1 he provides photographs of old bottles, jars and tins along with advertising materials for items such as Zam-Buk, Lion ointment and Zee Kol as well as obviously old books on the subject of first aid and medical matters.

10) Mr Gillson states that during the period 5 August 2002 to 9 February 2003 he rented 7 Scartop Cottage, Stanbury, Keighley. At exhibit SAG2 he provides an email from Mr Taylor of TR& S Properties. He states that in February 2003 he decided to

set up his own business and rented and moved to 11-13 Bridgehouse Lane, Howarth, West Yorkshire.

11) Mr Gillson states that from December 2002 to July 2003 he was employed by Cullingworth Commercials & Freight Services Ltd. At exhibit SAG3 he provides a letter from this company dated 12 November 2007 which states: “Mr Gillson as [sic] asked us to confirm he was working for ourselves during the period December 2002 to July 2003. Please take this letter as confirmation as [sic] Mr Gillson was working for us during this time.” The letter is signed by R. Feather. Mr Gillson states that during the period February 2003 – July 2003 he worked on establishing his own business in his free time. From July 2003 he concentrated full time on his own business.

12) Mr Gillson states that in January 2006 he enquired of Bayer Consumer Care AG, the proprietor of expired UK Trade Mark Registration No. 299674, whether he could sell a product under the Zam-Buk name. He was informed that Bayer had no interest in the matter. He does not identify whom he spoke to regarding this important issue. He states that he therefore instructed his Trade Mark Agent, Appleyard Lees, to file an application.

13) Mr Gillson states that as a result of his interest in historical medicaments and his collection of same and associated literature he has acquired a “wide breadth of knowledge on the subject”. He states that this includes formulations of products, much of which was stated on the various tins in which the products were sold. He states that his version of Zam-Buk is identical to that originally sold by Fisons whereas the opponent’s product differs. He refers to a software programme which provides basic information on essential oils such as its uses. The printouts, at exhibit SAG5, seem to offer very limited information.

14) Mr Gillson states that he manufactures a wide variety of different products. He states that a number of these are sold under generic and descriptive names such as Cellulite Oil. He states that his formula for this differs from the same named product offered by the opponent. He confirms that his sister, Julie Feather opened a shop in August 2003 in Hebden Bridge. He states that “My sister’s shop is a toy and gift shop selling a large range of products. My sister purchases skin care products from me as a small part of the items stocked in her shop.”

15) Mr Gillson then states:

“10. I note that Caroline Rose states in her Witness Statement in paragraph 4 that she and Patricia Rose have made and sold a product under the mark Zam-Buk since 1994. To the best of my knowledge, Caroline and Patricia Rose did not manufacture a product for sale under the mark Zam-Buk until around the end of 2002. Exhibit SAG7 provides an e-mail received from James A Pemberton. Mr Pemberton took over the business of Mr Spencer Fawcett who manufactured a product under the mark Zam-Buk and sold this product to Caroline and Patricia Rose until Mr Fawcett died at around the end of 2002. Following Mr Fawcett’s death Caroline and Patricia Rose obtained the formulation for this product from Mr Fawcett’s estate.”

16) Exhibit SAG7 consists of an e-mail dated 19 November 2007 from Mr Pemberton which states:

“Dear Sirs,
Zambuk ointment was made by Spencer Fawcett of Hale, Cheshire. He supplied Rose & Co. of Hawarth [sic], Yorkshire until his death about six years ago. During his long illness I made Zambuk for Rose & Co. When Spencer died the recipe book was given to Rose & Co. This was sent by post to them in Hawarth [sic] by Spencer’s executor. Caroline and her mother visited Spencer shortly before his death in a Cheadle hospice.”

17) Mr Gillson states that the labelling he uses on his product is based upon the original label and not copied from the opponents.

OPPONENTS’ EVIDENCE IN REPLY

18) The opponents filed a witness statement, dated 1 May 2008, by Patricia Rose. She states that she has read the applicant’s evidence and she provides a number of exhibits to refute his evidence. The exhibits are summarised below where I find them useful:

PR1: Consists of a letter from Mr Thornhill dated 2 April 2008 along with bank statements. Mr Thornhill states that Rose & Co Apothecary rented his property at 11-13 Bridgehouse Lane Haworth from June 2002 to August 2003. He then rented the property to Sean Gillson for approximately six months.

PR2: This is a letter from Rawse Varley & Co. Chartered Accountants, dated 8 April 2008. They confirm that they have inspected the business accounts of the opponents and that Mr Gillson was paid an average of £75- 80 per week for the period 5 April 2002- 31 August 2003. During the same period similar payments were made to Mr Gillson’s mother and sister.

PR3: An e-mail from Mr Poultney of Eagle International Publishing Ltd. He states that he carried out several training sessions at the opponents apothecary in Haworth during 2001-2003. He states that as far as he can recall Mr Gillson worked at the premises for much of this period.

PR4: A letter, dated 3 April 2008 from Ms Sisley who owns a business next door to the apothecary shop owned by the opponents in Haworth. She states that she lives in her premises and that during the period 2002-2003 Sean Gillson worked in the opponents manufacturing premises in Bridgehouse Lane Haworth and lived in the apothecary shop accommodation at 84 Main St, Haworth.

PR5: A letter from Susan Gale a Director of The Old Apothecary Ltd in Hampshire. She states that she was a franchisee of the opponents during 2002-2003 and Sean Gillson was an employee of the opponents’ company. He helped to refurbish the premises in Hampshire at the beginning of 2002 and also drove a company vehicle delivering products for the opponents.

PR6: A letter dated 3 April 2008 from Emma Cox the owner of Apothecary II in Skipton. She states that she witnessed the opponents manufacturing Zam-Buk at

their home but after a few years they passed over the manufacture to Spencer Fawcett as he had the facilities to produce the quantities they were by then requiring. She states that she regularly saw Sean Gillson at the opponents premises in Bridgehouse Lane, and that she also placed telephone orders with him. She states that Mr Gillson would discuss stock levels and manufacturing dates with her on such occasions.

PR7: A letter dated 4 April 2008 from Bradford Metropolitan District Council. This states that the council has a signed document from Mr Gillson confirming that his previous address was 84 Main St, Haworth.

PR8: This is an expenses book which shows payments being made to “Sean” on a regular basis during 2002 and 2003.

PR9: A letter from Hilary Cook, who in 2002 was the Sales Director of FPI. She states that she dealt with Sean Gillson as an employee of the opponents during this time. She also states that FPI assisted in the manufacture of Zam-Buk because the opponents were selling so much of it that they could not keep up with the manufacture of the product.

PR12: This is a letter from The Classic Label Company Limited stating that they have been supplying the opponents with Zam-buk labels since May 1996.

PR 17: This is a copy a Profile Index for Feathergills Emporium which shows Sean Gillson as the Managing Director.

PR18: An e-mail from James A Pemberton stating that Spencer Fawcett made Zam-Buk ointment under license from Rose & Co. Apothecary. He also states that the recipe book referred to in his earlier e-mail to the applicant was the property of the opponents.

19) That concludes my review of the evidence. I now turn to the decision.

DECISION

20) The first ground of opposition is under Section 5(4)(a) which reads:

“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

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.”

21) Although the application is for a series of six marks there is, effectively, no effective difference between them. For the purpose of this decision I shall refer to the mark in the singular form. In deciding whether the mark in question “ZAM-BUK”

offends against this section, I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC, in the *WILD CHILD* case [1998] RPC 455. In that decision Mr Hobbs stated that:

“The question raised by the grounds of opposition is whether normal and fair use of the designation WILD CHILD for the purposes of distinguishing the goods of interest to the applicant from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see Article 4(4)(b) of the Directive and section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the applicant in accordance with the law of passing off.

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] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 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 the 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.

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:

(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.”

22) The date at which the matter must be judged is not entirely clear from Section 5(4)(a) of the Act. This provision is clearly intended to implement Article 4(4)(b) of Directive 89/104/EEC. It is now well settled that it is appropriate to look to the wording of the Directive in order to settle matters of doubt arising from the wording of equivalent provisions of the Act. The relevant date may therefore be either the date of the application for the mark in suit (although not later), or the date at which the acts first complained of commenced – as per the comments in *Cadbury Schweppes Pty Limited v. The Pub Squash Co Pty Ltd* [1981] RPC 429. In the instant case the applicant in his evidence states that he has been trading under the name Zam-Buk Manufacturing since February 2003. However, at the hearing it was contended that he did not begin selling the product Zam-Buk until 2006. The relevant date for section 5(4)(a) was therefore agreed to be the date of application, 27 January 2006.

23) At the hearing the applicant sought to rely upon *Scandecor Development AB v Scandecor Marketing AB and Another* [1999] FSR 26. In particular paragraph 39,

which explained the correct approach to identifying questions as to the ownership of goodwill and states:

“39. The legal response is that this problem, if not solved by agreements, is ultimately soluble only by a factual inquiry with all the disadvantages of the length of its duration, the cost of its conduct and the uncertainty of its outcome. There are no quick, cheap or easy answers to be found in hard and fast legal rules, in binding precedents or in clear-cut factual and legal presumptions. As Lord Oliver said in his speech in *Reckitt & Colman Properties Ltd v Borden Inc.* [1990] 1 W.L.R. 492 at 499C:

“Although Your Lordships were referred in the course of argument to a large number of reported cases, this is not a branch of the law in which reference to other cases is of real assistance except analogically. It has been observed more than once that the questions which arise are, in general, questions of fact.”

24) Mr Alkin contended that the Court in the above case then identified the crucial question of fact at paragraph 45 as follows:

“In relation to the disputed goodwill, what matters is the identity of the person carrying on the trading activities in the local territory with the retailers: with whom do they associate the mark “Scandecor”?”

25) Mr Alkin also referred me to paragraph 3.107 of Wadlow: *The Law of Passing Off* (3rd edition) which states:

“3-107.....

There are two distinct, and not necessarily consistent, standards in this passage. One is to ask who is in fact most responsible for the character or quality of the goods; the other is to ask who is perceived by the public as being responsible. The latter is (perhaps surprisingly) the most important, but does not provide a complete answer to the problem because in many cases the relevant public is not concerned with identifying or distinguishing between the various parties who may be associated with the goods. If so, actual control provides a less decisive test, but one which does yield a definite answer.”

26) The applicant did not contest that goodwill had been generated by sales of the product. Instead Mr Alkin contended that any goodwill that had been generated by the opponents activity did not accrue to the opponents but to their predecessors in business, Fisons or Fisher Scientific UK Ltd. He contended that on the balance of probabilities Fisons/Fisher did not authorise the opponents to use the mark in suit. He points to the assignment of the remaining mark to Roche, contending that such assignments are usually commercial deals and so is wholly inconsistent with Fisons/Fisher having given permission to the opponent to use the mark in suit. Mr Alkin contends that the relevant public did not associate use of the mark with the opponents but with their predecessors in business as the product was described as being the return of the original product, in almost identical packaging.

27) With these considerations in mind I turn to assess the evidence filed on behalf of the parties in the present proceedings as set out earlier in this decision.

- ZAM-BUK was manufactured for approximately 100 years firstly by the Zam-Buk Company, then Fisons and lastly by Fisher Scientific UK Ltd. Production ceased in 1994 when the product was de-listed.
- Fisher Scientific UK Ltd and Rhone-Poulenc Rorer Ltd wrote to members of the public providing the name and address of the opponents stating that they, the opponents were now the manufacturers and suppliers of the product Zam-Buk.
- In May 1996 the opponents began to manufacture an ointment under the name Zam-Buk, initially just in their own shops but later selling to other retailers. The product was sold on-line as of 1999.
- On 16 June 2002 and again on 29 September 2002 the opponents details were provided as being the manufacturers of Zam-Buk in an article in the Sunday Telegraph.
- The trade mark registrations 266690, 421307 and 299674 were initially registered by Fisons Ltd. In December 1994 they were assigned to Hoffman La Roche AG. Trade mark 266690 expired on 30 September 2002, trade mark 421307 expired on 8 December 2005. In December 2005 the final trade mark 299674 was assigned to Bayer Consumer Care AG before expiring on 18 January 2006.
- At exhibit CR12 copies of invoices from October 2004 – March 2007 show several thousand tins of Zam-Buk being supplied.
- At exhibit CR10 is a letter from a label supplier stating that they have been providing the opponents with Zam-Buk labels since May 1996.
- The applicant provides evidence stating that Zam-Buk was manufactured by Spencer Fawcett of Hale Cheshire for many years prior to his death in 2001. Later evidence filed by the opponents showed that this manufacturing was done under license from the opponents.
- Exhibit CR7 is a photograph from the Keighley News dated June 2001 which shows tins of Zam-Buk on the shop counter. The article mentions that the product was being sold worldwide.

28) Mr Alkin contended that the evidence does not show that the opponents were authorised by Fisher to manufacture the product. He cites the assignment of the trade marks by Fisher as evidence that they had not authorised the opponents to manufacture the product or to use the mark in suit. However, this is contradicted by the letters sent by Fisher and Rhone-Poulenc to members of public providing the name and address of the opponents and identifying them, the opponents, as the manufacturers and suppliers of Zam-Buk. There are references in the evidence to parts of the business of Fisher Scientific having been sold and the new owners having

de-listed the Zam-Buk product. To my mind it is entirely possible that the trade marks were part of a much wider commercial transaction and were assigned as part of a bureaucratic tidying up exercise.

29) As to the ownership of the goodwill it appears to me that the original manufacturer abandoned the mark and neither it nor the subsequent purchasers of the relevant part of its business had any intention of manufacturing or selling a product under the mark Zam-Buk. It also seems reasonable to infer from the comments made by various members of the public that the product had been difficult if not impossible to obtain in the UK for many years prior to the official cessation of production. I do not accept the contention that the public would automatically assume that the original manufacturer had begun production again, and thus the goodwill would accrue to the original manufacturer, not the opponents. When a brand disappears for two or more years, the public does not assume that when it turns up again it is the same product, let alone from the same trade source. I accept that the product was advertised as “the return of the original” and that the packaging was virtually identical. However, the average consumer would not, in my opinion, meekly accept such statements as an indication that the original manufacturer has resumed production.

30) To my mind, the *Scandecor* case is not on all fours with the instant case as here there was only one party using the mark in suit, the opponents. The previous user, Fisons/Fisher having effectively abandoned the mark. Clearly, control of the product rested with the opponents, who initially manufactured the product themselves but later had the product manufactured to their specification by Spencer Fawcett.

31) Mr Alkin contended that the general public will not ordinarily take a retail outlet to be the trade origin of the products it sells unless educated to do so. Whilst I accept this general premise the opponents are not running an ordinary retail outlet. It is promoted as an old fashioned apothecary where ingredients are mixed in an old fashioned manner to produce old fashioned goods that are no longer available in modern “normal” stores. One of the main reasons for consumers to purchase from the opponents is that the opponents manufacture old fashioned ointments, perfumes etc with the implication that the products are more natural than the synthetic products available in the average chemists shop or supermarket. To my mind this is an instance where the general public would be surprised if the retail outlet was not the trade origin of the products it sells.

32) I have no hesitation in finding that the opponents had, by January 2006, established goodwill in the mark Zam-Buk. The applicant selling a very similar, if slightly inferior, product under exactly the same mark is clearly misleading and would lead to damage to the opponents. The ground of opposition under Section 5(4)(a) succeeds.

33) I now turn to the other ground of opposition under Section 3(6) which reads:

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

34) Section 3(6) has its origins in Article 3(2)(d) of the Directive, the Act which implements Council Directive No. 89/104/EEC of 21 December 1988 which states:

“Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that...

(c) the application for registration of the trade mark was made in bad faith by the applicant.”

35) The Directive gives no more clue as to the meaning of “bad faith” than the Act. Subsequent case law has avoided explicit definition, but has not shirked from indicating its characteristics. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J stated at page 379:

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

36) I also refer to the comments by Richard Arnold Q.C. sitting as the appointed Person in *Brutt Trade Marks* [2007] RPC 14 at paragraphs 29, and 93-95.

“29. I agree with Mr Thorley that an allegation of bad faith is a serious allegation which must be distinctly alleged and which should not be made unless it can be properly pleaded. I also agree that it must be distinctly proved: as discussed above, the standard of proof is on the balance of probabilities, but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith. I do not believe that Mr Thorley meant to say that inference has no part to play in the proof of bad faith. As with the proof of fraud, it may be necessary and proper to rely upon inference. An example of this is *Ferrero SpA’s Trade Marks* [2004] RPC 29.

.....

93. The law regarding bad faith was recently reviewed by Professor Ruth Annand sitting as the Appointed Person in *AJIT WEEKLY Trade Mark* [2006] RPC 25. She held as follows:

[35] ... Bad faith is to be judged according to the combined test of dishonesty for accessory liability to breach of trust set out by the majority of the House of Lords in *Twinsectra Ltd v Yardley* [2002] 2 AC 164, with *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 providing the appropriate standard, namely acceptable commercial behaviour observed by reasonable and experienced persons in the particular commercial area being examined.....

[41] ... the upshot of the Privy Council decision in *Barlow Clowes* is: (a) to confirm the House of Lords' test for dishonesty applied in *Twinsectra*, i.e. the combined test [footnote omitted]; and (b) to resolve any ambiguity in the majority of their Lordships' statement of that test by making it clear that an enquiry into a defendant's views as regards normal standard of honesty is not part of the test. The subjective element of the test means that the tribunal must ascertain what the defendant knew about the transaction or other matters in question. It must then be decided whether in the light of that knowledge, the defendant's conduct is dishonest judged by ordinary standard of honest people, the defendant's own standards of honesty being irrelevant to the objective element....

[44] In view of the above and in particular the further clarification of the combined test given by the Privy Council in *Barlow Clowes*, I reject Mr Malynicz's contention that the Hearing Officer erred in failing to consider the registered proprietor's opinions on whether its conduct in applying for the mark fell below ordinary standard of acceptable commercial behaviour.

94. There was no dispute before me as to the correctness of Professor Annand's analysis. I would add three comments. First, this analysis deals with some of the problems with the reasoning of the Court of Appeal in *Harrison v Teton Valley Trading Co Ltd* [2004] EWCA Civ, [2004] 1 WLR 2577 which I identified in *Robert McBride Ltd's Application* [2005] ETMR 85 at [27]-[31]. Secondly, I do not consider that the correctness of this analysis is called into question by the recent decision of the Court of Appeal in *Abou-Rahmah v Abacha* [2006] EWCA Civ 1492. Thirdly, I consider that there is little difference between Professor Annand's exposition of the law and that given by First Cancellation Division of OHIM in *DAAWAT Trade Mark* (Case C000659037/1, 28 June 2004) at [8] and *GERSON Trade Mark* Case C00066563/1, 29 July 2004) at [13]:

8. Neither the CTMR nor the IR provide any guidance on what acts constitute bad faith. The term bad faith is not defined in Community trade mark law. OHIM has published some guidance on its interpretation of bad faith in view of the EU enlargement and has stated among others that bad faith can be considered to mean 'dishonesty which would fall short of the standards of acceptable behaviour'. This definition for bad faith was used in the United Kingdom (*Gromax Plastics Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367) (see OHIM Bad Faith Case Study 31/01/2003...). In its case law the Cancellation Division has held that bad faith is the opposite of good faith, generally implying or involving, but not limited to, actual or constructive fraud, or a design to mislead or deceive another, or any other sinister motive. Conceptually bad faith can be understood as a 'dishonest intention'. This means that bad faith may be interpreted as unfair practices involving lack of any honest intention on the part of the applicant of the CTM at the time of filing. Bad faith can be understood either as unfair practices involving lack of good faith on

the part of the applicant towards the office at the time of filing, or unfair practices based on acts infringing a third person's rights. There is bad faith not only in cases where the applicant intentionally submits wrong or misleading by insufficient information to the office, but also in circumstances where he intends, through registration, to lay his hands on the trade mark of a third party with whom he had contractual or pre-contractual relations (see the Cancellation Division's decision in BE NATURAL of 25/10/2000, C000479899/1, at Nos. 10-11).

95. The relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: *HOTPICKS Trade Mark* [2004] EWHC 689 (Ch), [2004] RPC 2.”

37) On the basis of these authorities it is clear that a finding of bad faith may be made in circumstances which do not involve actual dishonesty. Furthermore, it is not necessary for me to reach a view on Mr Gillson's state of mind regarding the transaction if I am satisfied that his action in applying for the mark in the light of all the surrounding circumstances would have been considered contrary to normally accepted standards of honest conduct.

38) In his skeleton Mr Alkin posed and answered his own question:

“Did the Applicant apply for the mark in the knowledge that the Opponents had previously sold products under and by reference to the Mark?”

40. The applicant does not challenge the Opponents' evidence to this effect.”

39) The applicant accepts that he was aware that the opponents had sold products under the mark in suit. To my mind the evidence goes far further than this. It is clear that the applicant worked for the opponents for approximately one year. During that time he was not treated as just an employee. He was a nephew to Mrs Patricia Rose and cousin to Ms Caroline Rose. His mother and sister also worked for the family firm. He was shown all aspects of the business from mixing ingredients to ordering materials and was given considerable responsibility. I have no doubt that he would have been aware that the opponents were the only suppliers of the embrocation known as Zam-Buk in the UK. This was emphasised on the opponents website and in various newspaper articles.

40) Mr Alkin contended that the applicant:

- a) Was aware that Fisons had sold an ointment under the mark in suit for many years;
- b) Was aware that the opponents had copied the product, trade mark and packaging of the original product;
- c) Knew that such UK trade mark rights as had existed in the Mark had belonged to Roche or Bayer;

d) Contacted Bayer after the mark had expired and enquired if they would object to him registering the mark for his own use.

41) The result of the above establishes, or so Mr Alkin contends, that the applicant had no reason to think that the opponents were authorised to use or owned any rights in the Mark. Further, these rights clearly belonged to third parties. Therefore, the applicant was at liberty to assume that the opponents unauthorised use of the mark in suit had not affected his ability to register the marks in suit.

42) To my mind the four facts established in paragraph 40 do not automatically lead to the conclusion that was put forward at the hearing. The applicant was equally aware that the opponents had, by the time of his application, been using the mark in suit for ten years. He was aware that the opponent were the only ones in the UK using the mark in suit during this time, at least until he started up his own business. Although he had been part of the opponents' business he makes no comment on whether he enquired of the opponents if they had Fisons / Fishers permission to use the mark. Trade mark registrations, held by third parties, were still in existence during this use, but a reasonable commercial man would have sought advice from his trade mark attorney as to whether the use by the opponents gave them any rights to the mark

43) In my opinion this is a clear case of bad faith. The applicant was well aware of the substantial business that the opponents had built up in the mark and the fact that no other party had used the mark in the UK for a number of years. This is behaviour which falls short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the industry. The ground of opposition under Section 3(6) succeeds.

COSTS

44) As the opponents have been successful they are entitled to a contribution towards their costs. I take into account the fact that the opposition included a successful ground under section 3(6) whilst adhering to the scale of costs. I order the applicant to pay the opponents the sum of £3,200. This sum 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 21st day of October 2008

**George W Salthouse
For the Registrar,
the Comptroller-General**