

O/296/12

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION
Nos. 2539350 & 2534630
BY SLUMBERSOUND BEDS LIMITED
TO REGISTER THE TRADE MARKS**

SLUMBERSOUND BEDS LTD

AND



BOTH IN CLASS 20

AND

**IN THE MATTER OF THE CONSOLIDATED OPPOSITIONS THERETO
UNDER Nos. 100431 and 100573 BY
MR SHAREZ HUSSAIN**

**AND IN THE CONSOLIDATED MATTER OF APPLICATION
No. 2532070
BY Mr SHAREZ HUSSAIN
TO REGISTER THE SERIES OF TWO TRADE MARKS
SLUMBERSOUND
SLUMBER SOUND
IN CLASSES 20 & 35**

AND

**IN THE MATTER OF THE OPPOSITION THERETO
UNDER No. 100199 BY
MR TAMOOR SHAZAD**

BACKGROUND
Opposition 100199

1) On 18 November 2009 Mr Sharez Hussain applied, under number 2532070, to register the following series of two trade marks:

SLUMBERSOUND
SLUMBER SOUND

2) In respect of the following goods:

Class 20: Furniture; mirrors; bedroom furniture; upholstered furniture; cushions, pillows; beds; bed frames; mattresses; double beds; single beds; divans; sofa beds; bunk beds; pine beds; metal beds; bed bases; parts and fittings for the aforesaid goods.

Class 35: Retail services, connected with the sale of furniture, mirrors, bedroom furniture, upholstered furniture, cushions, pillows, beds, bed frames, mattresses, double beds, single beds, divans, sofa beds, bunk beds, pine beds, metal beds, bed bases; mail order retail services connected with the sale of furniture, mirrors, bedroom furniture, upholstered furniture, cushions, pillows, beds, bed frames, mattresses, double beds, single beds, divans, sofa beds, bunk beds, pine beds, metal beds, bed bases; electronic shopping retail services connected with the sale of furniture, mirrors, bedroom furniture, upholstered furniture, cushions, pillows, beds, bed frames, mattresses, double beds, single beds, divans, sofa beds, bunk beds, pine beds, metal beds, bed bases.

3) The application was examined and accepted, and subsequently published for opposition purposes on 22 January 2010 in Trade Marks Journal No.6820.

4) On 4 March 2010, Mr Tamoor Shazad, filed a notice of opposition. The grounds of opposition, subsequently amended, are in summary:

- a) Mr Shazad states that on 11 November 2009 he registered Slumbersound Beds Limited (No.07072816) at Companies House. He began in October 2009 to purchase stock and equipment for his business sales premises. He states that he began to acquire goodwill and reputation in the name of the company and in the names "SLUMBERSOUND BEDS", "SLUMBERSOUND" and "SLUMBASOUND and device". He states that his ex-employer, Mr Hussain, deliberately filed the mark in suit to prevent Mr Shazad from trading in competition with Mr Hussain. Mr Shazad contends that the mark in suit offends against Section 3(6) and 5(4)(a) of the Act.

5) On 19 October 2010, Mr Hussain filed a counterstatement which basically denied Mr Shazad's claims. Mr Hussain puts Mr Shazad to strict proof of use of all the marks claimed to have been used.

Opposition 100431

6) On 17 December 2009 Slumbersound Beds Ltd (hereinafter SB), applied under number 2534630 to register the following trade mark:



7) In respect of the following goods in Class 20: Furniture, mattress, adjustable beds, beds incorporating divan base, beside cabinets, children's beds, furniture being convertible into beds.

8) The application was examined and accepted, and subsequently published for opposition purposes on 9 April 2010 in Trade Marks Journal No.6830.

9) On 21 April 2010, Mr Sharez Hussain, filed a notice of opposition. The grounds of opposition are in summary:

a) The opponent is the proprietor of the following trade mark:

Number	Mark	Filing Date	Class	Specification
2532070	SLUMBERSOUND SLUMBER SOUND	18.11.2009 Pending	20	Furniture; mirrors; bedroom furniture; upholstered furniture; cushions, pillows; beds; bed frames; mattresses; double beds; single beds; divans; sofa beds; bunk beds; pine beds; metal beds; bed bases; parts and fittings for the aforesaid goods.
			35	Retail services, connected with the sale of furniture, mirrors, bedroom furniture, upholstered furniture, cushions, pillows, beds, bed frames, mattresses, double beds, single beds, divans, sofa beds, bunk beds, pine beds, metal beds, bed bases; mail order retail services connected with the sale of furniture, mirrors, bedroom furniture, upholstered furniture, cushions, pillows, beds, bed frames, mattresses, double beds, single beds, divans, sofa beds, bunk beds, pine beds, metal beds, bed bases; electronic shopping retail services connected with the sale of furniture, mirrors, bedroom furniture, upholstered furniture, cushions, pillows, beds, bed frames, mattresses, double beds, single beds, divans, sofa beds, bunk beds, pine beds, metal beds, bed bases.

- b) Mr Hussain states that the marks are similar and that both parties' goods and services are identical or similar and that therefore the application offends against Section 5(2)(b).
- c) Mr Hussain also contends that SB was incorporated on 11 November 2009 (Company number 07072816) with Mr Tamoor Shazad as the Director. Mr Hussain contends that Mr Shazad was the prime mover and guiding force behind SB and that Mr Shazad was well aware that Mr Hussain's had accrued goodwill through use of the trade marks SLUMBERSOUND, SLUMBERDREAM and SLUMBERZONE in relation to, broadly speaking beds, bedroom furniture and retailing of beds and bedroom furniture. Mr Hussain states that Mr Shazad was employed by him and his company and thus was very aware of the use made of these marks. He therefore contends that the mark in suit offends against Section 5(4)(a) and 3(6).

10) On 22 June 2010, SB filed a counterstatement which basically denied Mr Hussain's claims. The applicant did not put Mr Hussain to proof of use.

Opposition 100573

11) On 12 February 2010 Slumber Sound Beds Ltd, applied under number 2539350 to register the following trade mark:

SLUMBERSOUND BEDS LTD

12) In respect of the following goods in Class 20: Beds, mattresses.

13) The application was examined and accepted, and subsequently published for opposition purposes on 28 May 2010 in Trade Marks Journal No.6837.

14) On 3 June 2010, Mr Sharez Hussain, (hereinafter Mr Hussain) filed a notice of opposition. The grounds of opposition are in summary:

- a) The opponent is the proprietor of the trade mark shown in paragraph 9(a) above.
- b) Mr Hussain states that there is no company registered under the name Slumber Sound Beds Ltd, but there is a company registered under the name Slumbersound Beds Ltd (no. 07072816). Mr Hussain also contends that SB was incorporated on 11 November 2009 (Company number 07072816) with Mr Tamoor Shazad as the Director. Mr Hussain contends that Mr Tamoor was the prime mover and guiding force behind SB and that Mr Shazad was well aware that Mr Hussain had accrued goodwill through use of the trade marks SLUMBERSOUND, SLUMBERDREAM and SLUMBERZONE in relation to, broadly speaking, beds, bedroom furniture and retailing of beds and bedroom furniture. Mr Hussain states that Mr Tamoor was

employed by him and his company and thus was very aware of the use made of these marks.

- c) Mr Hussain states that the marks are similar and that both parties' goods and services are identical or similar and that therefore the application offends against Sections 5(1), 5(2)(a), 5(2)(b), 5(4)(a) and 3(6).

15) On 22 June 2010, Slumber Sound Beds Ltd filed a counterstatement which basically denied Mr Hussain's claims. The applicant did not put Mr Hussain to proof of use. The applicant did not even comment on the issue of their identity, I therefore am going to proceed on the basis that they are indeed company number 07072816 as it claims and should have completed the form as Slumbersound Beds Limited not Slumber Sound Beds Limited. I will therefore refer to them hereinafter as SB.

16) During the course of these three cases being dealt with they were originally consolidated, then unconsolidated before being consolidated once again. Although I accept that the Mr Shazad is the sole decision maker for his company SB I accept that in relation to costs, the limited company is the applicant is two of the actions whilst it has nothing to do with the case where Mr Shazad is personally opposing Mr Hussain. For the purposes of clarity, when summarising the evidence and throughout the decision I shall simply refer to these two men, although I accept that in two of the cases references to Mr Shazad should technically be seen as referencing SB. I shall of course draw a distinction when it comes to the matter of costs. As the cases are consolidated I shall simply summarise the evidence once and rely upon it as and when required during my decision.

17) Both Mr Hussain and Mr Shazad filed evidence. Both parties seek an award of costs in their favour. Neither side wished to be heard and neither side provided any submissions.

MR HUSSAIN'S EVIDENCE

18) Mr Hussain filed witness statements dated 18 November 2010 and 16 February 2011. He states that he is a director of Slumberdream Ltd (company no. 6172595). He states that his business and its predecessors in title have been trading since 1991. Although based in Birmingham he states that they sell throughout the UK. The company has used a number of trade marks upon beds and mattresses. Regarding the use of various marks he states:

"13. I have and my predecessors in title have been using the trade mark SLUMBERDREAM approximately since January 1991 in relation to beds and mattresses in the UK and the use has been continuous since 1991.

14. The turnover under the mark SLUMBERDREAM in relation to beds and mattresses in [sic] period June 2009 to May 2010 was just over £2.7 million. This

figure is a good average for the yearly turnover under this mark for the last 5-10 years.

15. We put the SLUMBERDREAM goods onto the market ourselves in the UK. They are generally sold to end consumers in the retail premises of third parties. We have for example supplied to Carpet Right, Harveys and other independent retail stores, all of which are in the UK. We get our products into the retail stores by employing a sales agent.

16. We started using the mark SLUMBERZONE in 2000 and we have used it continuously in the UK since 2000. The turnover under SLUMBERZONE has been approximately in the range of £100,000 to £150,000 per year during the last five years.

17. We started to use the mark SLUMBERSOUND [sic] summer 2009. We did not have much time to get a large turnover before December 2009 but the turnover under the SLUMBERSOUND / SLUMBER SOUND brand was approximately in the region of £25,000 during this time.

18. In addition to using SLUMBERDREAM and SLUMBERZONE and SLUMBERSOUND, we have used SLUMBERDREAM from summer 2009 to present as a trading style and then as a company name, i.e. Elkdale Limited t/a SLUMBERDREAM and then we changed the name of Elkdale Ltd to SLUMBERDREAM Limited.”

19) He also states / provides the following information:

- His company employed Mr Tamoor Shazad on and off during the period 2002-22 December 2009. Mr Shazad undertook a number of tasks such that he would have been aware of the use of the above trade marks and the customers of the business.
- Mr Shazad set up company No. 07072816 Slumbersound Beds Ltd on 11 November 2009 with himself as a director, and filed the trade mark application 2534630 (17 December 2009) whilst still in the employ of Mr Hussain. Copies of a Companies House search at exhibit SH002 confirm these details. Mr Shazad gave Mr Hussain a letter of resignation dated 15 December 2009 giving one week's notice. A copy of this letter is at exhibit SH001. It is dated 15 December 2009 and states that he is resigning his position as “machinist” from the date of the letter. The letter is addressed to Elkdale Ltd. Also attached is a copy of the P45 completed by Elkdale Ltd t/a Slumber Dream UK dated 22 December 2009 which gives Mr Shazad's leaving date as 11 December 2009.
- Mr Shazad approached Mr Hussain's customers suggesting that the two businesses were the same and offering goods under the trade marks used by Mr Hussain.

- Exhibit SH003: This consists of a number of brochures dated 1999/2000, 2004/05, and 2010. There are also price lists for the years 1999/2000, 2001, 2004/05, 2006 and 2010. Further there is an undated “contract beds” catalogue and price list, and also a similar brochure but dated 2008/09. All of these display prominently the name of the company as Slumberland (UK) Limited. They talk about the Slumberland range and their manufacturing facilities etc. The beds and mattresses all have names such as Warwick, York, Luxor, Supreme, Regent etc. There is also a range of Slumberflex memory foam beds. On the back page of one brochure and also on some of the mattresses’ labels, in addition to Slumberland, there is also the Slumberzone and device brand. These would appear to be used in 2010. There are also some sample invoices from the period August 2009 – October 2009, showing deliveries to Plymouth, London and Milford Haven. The invoices all carry the Slumberland (UK) Ltd mark.
- Exhibit SH004: This consists of a brochure dated 2000, which shows use of the Slumberland Ltd name and also shows mattress labels which have the Slumberzone and device mark upon them. There are also a selection of invoices from September/October 2009 showing use of the Slumberland name.
- Exhibit SH005: This consists of a brochure which is headed “Trade Price List 2009/2010” for the mark SLUMBERSOUND. It shows the names of five beds (Superdeluxe, Winchester, Chester, Oxford and Studio) and seven headboards (QA Fan, Studio Plain, Royal/Rome, Hilton. Ashford, Alisha/Club, Warwick President). However, I note that at page 104 of exhibit SH003 the name Chester is used for beds under the Slumberland mark and also all of the names of the headboards also appear in brochures and pricelists for Slumberland. This exhibit contains a large number of invoices. However, the vast majority appear to show sub brands such as Paris and Milan which are in the the Slumberland brochure or have names which are common to both Slumberland and Slumbersound. I am not able to distinguish which is which and so do not take note of them in relation to either mark. There are six invoices dated between 10 May 2010 and 20 May 2010 which show sales of 30 Winchester mattresses. The invoices have Slumber Dream at the top and do not mention Slumbersound anywhere upon them. The total cost of these mattresses is £1,710. There are also seven invoices dated between 22 June 2009 and 2 March 2010 which show sales of 32 mattresses and two slider sets under the “Oxford” sub brand. The value of these sales is shown as £1,883. Again these invoices have Slumber Dream at the top and do not mention Slumbersound anywhere upon them. There are also photocopies of labels which are used upon mattresses which have the Slumbersound mark upon them but these are not dated.
- Exhibit SH006: This contains a contract for the Interiors Furniture Exhibition in January 2010 in Birmingham, it is dated 29 October 2009. Mr Hussain states that on the stand the marks SLUMBERZONE, SLUMBERDREAM, SLUMBERSOUND/SLUMBER SOUND were all represented. He accepts that the

exhibition is after the relevant date but he points out that the booking was made in 2009. Also attached is a photograph of a carrier bag which shows the marks Slumberdream and Slumberzone and device upon it. It invites the recipient to visit the stand at the NEC exhibition.

- Exhibit SH007: This consists of “to whom it may concern letters” which state that labels including “Slumbersound” have been provided to Mr Hussain but as they are dated 2010 these are not particularly relevant. The other items show that Slumberdream has been used consistently over a number of years.

MR SHAZAD’S EVIDENCE

20) Mr Shazad, a Director of SB, filed two witness statements dated 20 December 2010 and 20 April 2011. These appear to differ only in minor instances. He states that English is not his first language but that he has been advised by a trade mark attorney and also a business advisor. He states:

“After working for the applicant at his business Slumberdream Limited for 8 years principally as a machinist I physically ceased attending their business in September 2009 officially resigning by letter dated 15 December 2009.”

21) He states that he then set up his own company, incorporating it on 11 November 2009. He states that use of the company name is synonymous with using his company’s trade marks. He states that he first used the mark SLUMBERSOUND / SLUMBERSOUND BEDS in October 2009 in order to secure capital for his company. Around this time he purchased materials in order to begin making beds and mattresses. He provides invoices at exhibit TS2 which are dated 20 November 2009 to 21 April 2010. A number of these pages are duplicated e.g. pages 2 & 3; 7, 8 & 11; 9 & 12; 26 & 27; 29 & 30, whilst others are so badly copied they cannot be read e.g. pages 20, 23 & 25. He points out that, such orders have a lead time and so his use would have of necessity begun prior to the date of the first invoice. He states that as a wholesale company he did not use advertising but relied upon word of mouth. He states that the name of his company would have been visible on the factory unit at Atlas Ind. Est. However, I note that the first invoice, ignoring those amended by hand, that shows this address is dated 14 December 2009. At exhibit TS3 he provides photographs of a delivery lorry with the name of the company upon it but these are not dated and he provides no evidence of when the sign writing occurred or an invoice for the work. The sign does not reflect the trade mark at paragraph 6 above. At exhibit TS4 Mr Shazad provides examples of labels used on his company’s products. This is not the mark at paragraph 6 above. It does have the word “SlumberSound” and then as a sub brand place names such as Cardiff, Chester etc. A number of these sub brands are identical to those used by Mr Hussain’s company.

22) At exhibit TS6 Mr Shazad provides a list of invoices issued by his company. These are listed by invoice number. Curiously invoice 1 is dated 20 April 2010 whilst invoice 3 is dated 16 March 2010, invoice 8 is dated 31 April 2010 (although there are only 30

days in April) and invoice 9 27 March 2010. The earliest invoice listed is dated 16 March 2010. Also attached are copies of a number of the invoices, however, these are so poorly copied that little can be read. He states:

“7. The sale of products bearing the mark SLUMBERSOUND by my company since trading commenced has totalled £127, 597.23 comprising with [sic] invoices from clients evidencing these sales shown in exhibit TS6. A total of 2356 units have been sold since November 2009. Sales have been made to bed retailers all around the UK, as evidenced by exhibits TS2 and TS6.”

23) Mr Shazad states that the above shows that his company had a reputation in the UK since at least October 2009, and that although he did not realise the need to register the marks as they did not have professional advice he asserts that he had common law rights, in the marks applied for, from October 2009. He states that there are a number of marks on the register which have the prefix “Slumber” and that no-one has a monopoly over this word as it is descriptive of beds and mattresses. He states:

“11. On 18 November 2009 the applicant applied for the opposed application namely the mark SLUMBERSOUND /SLUMBER SOUND. The application was submitted 7 days after I had incorporated my company Slumbersound Beds Ltd and at least one month after I first started using the mark in the UK.”

24) Mr Shazad points out that he was a shop floor worker in Mr Hussain’s business and had no knowledge of trading decisions being made, and that he did not participate in Board meetings and so had no idea that Mr Hussain intended to use the mark Slumbersound. He repeats his belief that Mr Hussain filed his application in bad faith to prevent Mr Shazad setting up as a competitor. He also states:

“15. The opposed application has been filed in the name of Mr Sharez Hussain, not in the company name of Slumbersound Ltd. As I/my company owned the mark Slumbersound / Slumbersound Beds at the time the opposed application was filed for, I consider that the applicant was not entitled to claim that they were the owner of the mark at the time of filing for it. Also they could not have had a bona fide intention to use the mark at the time of filing, as such use would have caused confusion with me/my company’s rights in the mark which were well-established at the time of filing the opposed application.

16. The opposition has been filed in my personal name. However, as Director of the company Slumbersound Beds Ltd I can make the statement as a representative of my company. Any use of the mark/company name SLUMBERSOUND/SLUMBERSOUND BEDS by Slumbersound Beds Ltd accrues to my benefit as Director of the company. In the marketplace my company is interchangeable with me and vice versa, at least for trade mark/goodwill purposes under section 5(4)(a) TMA 1994.”

25) At exhibit TS7 are “to whom it concerns letters” which indicate that Mr Shazad began his business in and around November 2009. TS9 is state of the register evidence regarding the word “slumber” in class 20.

26) Mr Shazad denies that he worked at Mr Hussain’s factory during November and December 2009. He states that he was paid by mistake for these two months and that the money has been repaid. He disputes Mr Hussain’s claims to have used the Slumbersound mark and claims that the price list is merely a mock up and that the marks around the edge of the document show that it is a draft. He points out that there is no evidence of it being distributed. He makes a number of comments regarding the evidence of Mr Hussain which do not assist me in my decision. He denies trying to steal clients from Mr Hussain. Mr Shazad also provides the following exhibits:

- TS1: A witness statement by Taher Mahmood, a business advisor, dated 24 March 2011. He states that he has been an advisor to Mr Shazad and his company since October 2009.
- TS3: copies of his bank statement which shows payments from Elkdale Ltd on 24 November 2009 of £211.26, 27 November £235.79, 8 December 2009 £ 235.59 and 14 December £299.30.
- TS4: A witness statement filed in the Companies Name Tribunal action by Mr Jamil Ahmed, who is now an employee of Slumbersound Beds Ltd, stating that until March 2010 he used to work for Mr Hussain. He states:

“During the period of September 2009 to the end of December 2009 I can confirm that Mr Tamoor Shazad was not present in the factory of my former company and I was not aware that Mr Shazad was employed by my former company during this time.”

- TS12: This consists of pages from the internet dealing with crop marks on documents, and is used by Mr Shazad in reference to the price list supplied by Mr Hussain.

MR HUSSAIN’S EVIDENCE IN REPLY

27) Mr Hussain filed witness statements dated 16 February 2011 and 18 November 2010. He disputes Mr Shazad’s claim not to have worked at his factory during November and December. He states:

“7. My company uses a “clocking in” system, which records the time that a worker spends at our premises. We pay our staff on the basis of how much time they are clocked in for so it is very important for us that we know accurately how long they are clocked in for so that we can pay them every penny we owe them. The “clocking in” system is set up so that each worker can only clock in for themselves and one cannot clock in for another. The “clocking in” system is a “hand punch”

clocking system which electronically recognises the palm print and finger prints of the worker to stop one man clocking in for a work mate. Our clocking in system, which must have been operated by Mr Shazad when he was physically at our premises records that Mr Shazad attended our premises during the period between the end of September 2009 and 15 December 2009. My firm only pays if you are clocked in and of course we paid Mr Shazad for this time, and Mr Shazad was paid the following amounts during October 2009, November 2009 and December 2009:”

Week	Week ending	Net pay £
27	09/10/09	212.35
28	16/10/09	219.75
29	23/10/09	241.15
30	30/10/09	228.37
31	06/11/09	223.84
32	13/11/09	265.67
33	20/11/09	211.26
34	27/11/09	235.79
35	4/12/09	235.59
36	11/12/09	299.30

28) Mr Hussain points out that the above amounts mean that Mr Shazad was working on average 30 hours per week as his hourly rate was £9.50. Mr Hussain questions how Mr Shazad was manufacturing mattresses when the machinery for their manufacture was not supplied until at least 20 November 2009 according to the invoices that Mr Shazad supplied. Mr Hussain disputes much of Mr Shazad’s statement, even to the extent of stating that the statement was, for the most part, not written by Mr Shazad as the English used was far beyond Mr Shazad’s linguistic ability. He also points out that the style of branding, the sub brands as well as the main brand are all copies of those used by his company.

29) Mr Hussain also filed three witness statements. These are proforma statements slightly personalised by the signatories. They all state that the signatory deals with Slumberdream. One of these was subsequently withdrawn and I do not place much weight on these documents. He also provides the following exhibit:

- SH001: This contains wages sheets which show that Mr Shazad was on the payroll of Elkdale Ltd during the period 9 October 2009 to 14 December 2009.

30) That concludes my summary of the evidence filed, insofar as I consider it necessary.

DECISION

31) I shall deal with the applications in the order in which they were received by the Registry. The first application received was No. 2532070. This was opposed under

Section 3(6) and 5(4)(a) by Mr Shazad. I shall first consider the opposition under Section 3(6) which reads:

32) I now turn to consider the 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.”

33) 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.”

34) In case O/094/11 [*Jan Adam*] Mr Hobbs Q.C. acting as the Appointed Person summed up the bad faith test in the following manner:

“31. The basic proposition is that the right to apply for registration of a trade mark cannot validly be exercised in bad faith. The invalidity of the application is not conditional upon the trade mark itself being either registrable or unregistrable in relation to any goods or services of the kind specified. The objection is absolute in the sense that it is intended to prevent abusive use of the system for acquiring title to a trade mark by registration. Any natural or legal person with the capacity to sue and be sued may pursue an objection on this ground: see the Judgment of the Court of Justice in Case C-408/08P Lancôme parfums et beauté & Cie SNC v. OHIM [2010] ECR I-00000 at paragraph [39] and the Opinion of Advocate General Ruiz-Jarabo Colomer at paragraphs [63] and [64]. Since there is no requirement for the objector to be personally aggrieved by the filing of the application in question, it is possible for an objection to be upheld upon the basis of improper behaviour by the applicant towards persons who are not parties to the proceedings provided that their position is established with enough clarity to show that the objection is well-founded.

32. Any attempt to establish bad faith must allow for the fact that there is nothing intrinsically wrong in a person exercising *‘the right to apply the rules of substantive and procedural law in the way that is most to his advantage without laying himself open to an accusation of abuse of rights’* as noted in paragraph [121] of the Opinion delivered by Advocate General Trstenjak in Case C-482/09 Budejovicky Budvar NP v. Anheuser-Busch Inc on 3 February 2011. In paragraph [189] of his judgment at first instance in Hotel Cipriani SRL v. Cipriani (Grosvenor Street) Ltd [2009] EWHC 3032 (Ch); [2009] RPC 9 Arnold J. likewise emphasised:

... that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Art. 107 can hardly be said to be abusing the Community trade mark system.

These observations were not called into question in the judgment of the Court of Appeal in that case: [2010] EWCA Civ 110; [2010] RPC 16. They were re-affirmed by Arnold J. in Och-Ziff Management Europe Ltd v. Och Capital LLP [2011] ETMR 1 at paragraph [37].

33. The line which separates legitimate self-interest from bad faith can only be crossed if the applicant has sought to acquire rights of control over the use of the sign graphically represented in his application for registration in an improper manner or for an improper purpose. The appropriate remedy will in that case be rejection of the offending application for registration to the extent necessary to render it ineffective for the purpose which made it objectionable in the first place.

34. In a case where the relevant application fulfils the requirements for obtaining a filing date, the key questions are: (1) what, in concrete terms, is the objective that the applicant has been accused of pursuing? (2) is that an objective for the purposes of which the application could not properly be filed? (3) is it established that the application was filed in pursuit of that objective? The first question serves to ensure procedural fairness and clarity of analysis. The second question requires the decision taker to apply a moral standard which, in the absence of any direct ruling on the point from the Court of Justice, is taken to condemn not only dishonesty but 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'*: Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd [1999] RPC 367 at 379 (Lindsay J). The third question requires the decision taker to give effect to the principle that innocence must be presumed in the absence of evidence sufficient to show that the applicant has acted improperly as alleged.

35. In assessing the evidence, the decision taker is entitled to draw inferences from proven facts provided that he or she does so rationally and without allowing the assessment to degenerate into an exercise in speculation. The Court of Justice has confirmed that there must be an overall assessment which takes into account all factors relevant to the particular case: Case C-529/07 Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH [2009] ECR I-4893 at paragraph [37]; Case C-569/08 Internetportal und Marketing GmbH v. Richard Schlicht [2010] ECR I-00000 at paragraph [42]. As part of that assessment it is necessary as part of that approach to consider the intention of the applicant at the time when the application was filed, with intention being regarded as a subjective factor to be determined by reference to the objective circumstances of the particular case: Chocoladefabriken Lindt & Sprüngli GmbH (above) at paragraphs [41], [42]; Internetportal und Marketing GmbH (above) at paragraph [45]. This accords with the well-established principle that „national courts may, case by case, take account -on the basis of objective evidence -of abuse or fraudulent conduct on the part of the persons concerned in order, where appropriate, to deny them the benefit of the provisions of Community law on which they seek to rely’: Case C16/05 The Queen (on the applications of Veli Tum and Mehmet Dari) v. Secretary of State for the Home Department [2007] ECR I-7415 at paragraph [64].

36. The concept of assessing subjective intention objectively has recently been examined by the Court of Appeal in the context of civil proceedings where the defendant was alleged to have acted dishonestly: Starglade Properties Ltd v. Roland Nash [2010] EWCA Civ 1314 (19 November 2010). The Court considered the law as stated in Royal Brunei Airlines v. Tan [1995] 2 AC 378 (PC), Twinsectra Ltd v Yardley [2002] 2 AC 164 (HL), Barlow Clowes International Ltd v. Eurotrust International Ltd [2006] 1 WLR 1476 (PC) and Abu Rahman v. Abacha [2007] 1 LL Rep 115 (CA). These cases were taken to have decided that there is a single standard of honesty, objectively determined by the court and applied to the specific conduct of a specific individual possessing the knowledge and qualities that he or she actually possessed: see paragraphs [25], [28], [29] and [32]. This appears to me to accord with treating intention as a subjective factor to be determined by reference to the objective circumstances of the particular case, as envisaged by the judgments of the Court of Justice relating to the assessment of objections to registration on the ground of bad faith.”

35) In terms of the date at which the matter falls to be considered, it is well established that the relevant date for consideration of a bad faith claim is the application filing date or at least a date no later than that (*Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH* [2009] ECR I-4893; *Hotpicks Trade Mark*, [2004] RPC 42 and *Nonogram Trade Mark*, [2001] RPC 21).

36) Mr Shazad’s main thrust under this ground of opposition revolves around the contention that Mr Hussain was aware that Mr Shazad had started up a business under the name Slumbersound. Mr Shazad claims that he began the business in October 2009, although this is contested by Mr Hussain who claims that Mr Shazad was working

for him at the time. These statements are not mutually exclusive as it is possible that Mr Shazad could have been working for Mr Hussain, as the payslips filed as evidence seem to indicate, but starting up his own company in his spare time. I accept that it is odd that he did not submit a letter of resignation until December 2009. It would appear that Mr Shazad did not start work in a factory unit until December 2009 and it is unclear when the unit had a sign advertising the name of the company. Mr Shazad did not register his company until 11 November 2009. He claims that when Mr Hussain submitted his application for the trade mark on 18 November 2009 it was with the knowledge that Mr Shazad was starting a company under this name and was intended to prevent him competing in the same marketplace. However, Mr Shazad has not provided any evidence as to how Mr Hussain became aware that Mr Shazad was starting up in competition. The earliest invoice for materials is dated 20 November 2009 and so whilst Mr Shazad may have been making preparations to go into business he could not, at the relevant date, have sold any products. He states that he did not advertise but relied upon word of mouth, but again does not provide any link to Mr Hussain, even to the extent of mutual customers. The question he has singularly failed to answer is how Mr Hussain became aware of Mr Shazad's plans to use the mark SLUMBERSOUND. This also conveniently ignores the, admittedly sketchy, evidence of Mr Hussain that his business had been using the mark in late 2009 and the counter accusation that Mr Shazad deliberately set out to steal the mark in suit along with a number of other marks of Mr Hussain's company that he appears to have also used. Nor has Mr Shazad shown that he had, at the relevant date, any goodwill in the mark applied for. There is virtually no activity prior to the relevant date other than speaking to a business advisor, which would not generate goodwill in the mark. In the absence of any goodwill and having failed to show how the applicant, Mr Hussain, could have been aware of Mr Shazad's interest in the mark I come to the conclusion that there is no evidence which supports the claim that the application was made in bad faith. The opposition based upon Section 3(6) therefore fails.

37) I shall now consider the ground of opposition 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.”

38) In deciding whether the mark in question “SLUMBERSOUND” 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.”

39) First I must determine the date at which the opponent's claim is to be assessed; this is known as the material date. In this regard, I note the judgment of the General Court (GC) in *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Joined Cases T-114/07 and T-115/07. In that judgment the GC said:

“50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non registered national mark before the date of filing, in this case 11 March 2000.”

40) If Mr Hussain had used his SLUMBERSOUND trade mark prior to the application date then this use must be taken into account. It could, for example, establish that Mr Hussain was the senior user, or that there had been common law acquiescence, or that the status quo should not be disturbed; any of which could mean that the Mr Hussain’s use would not be liable to be prevented by the law of passing-off – the comments in *Croom’s Trade Mark Application* [2005] RPC 2 and *Daimlerchrysler AG v Javid Alavi (T/A Merc)* [2001] RPC 42 refer. However, as the applicant has provided no evidence of its use of the mark in suit the date of filing of the instant application, 18 November 2009, is the relevant date.

41) Mr Shazad must show that at the relevant date he had goodwill in his mark. However, as I have already found above Mr Shazad has not shown that he had goodwill in the mark at the relevant date. He has provided invoices for the purchase of raw materials which all post date the relevant date. These appear to have been delivered to a private address. It would appear that industrial premises were not secured until after the relevant date. The fact that Mr Shazad had sought business advice and had registered the company name prior to the relevant date does not mean that he had use of the trade mark let alone acquired goodwill in it. Mr Shazad has not provided any evidence that he had held discussions regarding the supply of goods to third parties nor even that he had provided such parties with an indication of prices and delivery schedules. As such I find that he had no goodwill in the mark in suit at the relevant date and the opposition under Section 5(4)(a) fails.

42) The result of my findings under this opposition is that the application No. 2532070 can proceed to registration.

43) I now turn to consider the opposition to application numbers 2539350 and 2534630. The oppositions to these marks were consolidated. I shall first consider the opposition to both marks under Section 5(2)(b) of the Act which reads:

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

(a)...

(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.”

44) An “earlier trade mark” is defined in section 6, the relevant part of which states:

“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.”

45) Mr Hussain is relying upon its trade mark 2532070 which is an earlier trade mark having been applied for on 18 November 2009 whereas the two marks being opposed (2534630 and 2539350) were applied for on 17 December 2009 and 12 February 2010 respectively. The Trade Marks (Proof of Use, etc) Regulations 2004 do not apply in this case.

46) In my consideration of a likelihood of confusion, I take into account the guidance from the settled case law provided by the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] E.T.M.R. 723, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH* C-120/04 and *Shaker di L. Laudato & C. Sas v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* C-334/05 P (LIMONCELLO). In the recent case of *La Chemise Lacoste SA v Baker Street Clothing Ltd* [ALLIGATOR O/333/10) Mr Hobbs QC acting as the Appointed Person set out the test shown below which was endorsed by Arnold J. in *Och-Ziff Management Europe Ltd and Oz Management Lp v Och Capital LLP; Union Investment Management Ltd & Ochocki*, [2010] EWCH 2599 (Ch).

(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods/ services in question; who is deemed to be reasonably well informed and reasonably circumspect and observant - but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other

components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements; nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;

(e) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element in that mark;

(f) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa;

(g) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either *per se* or because of the use that has been made of it;

(h) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient;

(i) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(j) if the association between the marks causes the public to wrongly believe that the respective goods or services come from the same or economically linked undertakings, there is a likelihood of confusion.

47) In essence the test under section 5(2)(b) is whether there are similarities in marks and goods which would combine to create a likelihood of confusion. In my consideration of whether there are similarities sufficient to show a likelihood of confusion I am guided by the judgments mentioned above. The likelihood of confusion must be appreciated globally and I need to address the degree of visual, aural and conceptual similarity between the marks, evaluating the importance to be attached to those different elements taking into account the degree of similarity in the goods, the category of goods in question and how they are marketed. Furthermore, I must compare the applicant's mark and the mark relied upon by the opponent on the basis of their inherent characteristics assuming normal and fair use of the marks on the goods in their specifications.

48) In the instant case Mr Hussain has provided evidence regarding use of his mark. However, whilst he has provided turnover figures he has not put these into context of the market for beds and mattresses in the UK. Mr Hussain accepts that his use is very modest and he cannot therefore benefit from an enhanced reputation. Further, in my opinion, Mr Hussain's mark has a low degree of inherent distinctiveness given that the terms "slumber" and "sound" (presumably shorthand for soundly) would be seen by

most as an indication of the quality of the bed or mattress, although it has enough distinctiveness to be registered as a trade mark especially when used on items of bedroom furniture other than beds and mattresses.

49) As the case law in paragraph 46 above indicates I must determine the average consumer for the goods of the parties. I must then determine the manner in which these goods are likely to be selected by the said average consumer. The average consumer would be the vast majority of the general public of the UK who purchase a bed or bedroom furniture. Although not covered in evidence I am assuming that the vast majority of the population own a bed of some description and bedroom furniture. Clearly, the goods which could be included within the specifications of both parties vary enormously in terms of price and complexity. Some items such as a bedside cabinet or pillow could be quite cheap and may not be the subject of lengthy consideration. However, other items such as wardrobes and beds can be very expensive and would be given a great deal of thought. Overall, I believe that the vast majority of the goods will not be purchased or selected without considerable care.

50) I shall now consider the goods of the two parties. For ease of reference, I set out the relevant specifications of both parties below:

Mr Hussian's specification	Mr Shazad's specifications
In Class 20: Furniture; mirrors; bedroom furniture; upholstered furniture; cushions, pillows; beds; bed frames; mattresses; double beds; single beds; divans; sofa beds; bunk beds; pine beds; metal beds; bed bases; parts and fittings for the aforesaid goods.	2534630: Class 20: Furniture, mattress, adjustable beds, beds incorporating divan base, beside cabinets, children's beds, furniture being convertible into beds. 2539350: Class 20: Beds, mattresses.

51) It is clear that Mr Hussain's specification encompasses the entirety of both of Mr Shazad's specifications. I will therefore regard the goods of both parties (in both cases) as being identical.

52) I now turn to consider the marks of the two parties. For ease of reference these are reproduced below:

Mr Hussain's Trade Marks	Mr Shazad's Trade Marks
SLUMBERSOUND SLUMBER SOUND A series of two marks	No. 2534630 
	No. 2539350 SLUMBERSOUND BEDS LTD

53) Mr Hussain mark consists of a series of two marks. By definition, a series has to be virtually identical. In this case the only difference is that in one instance the words are conjoined whereas in the other they are shown as separate words. Mr Hussain's weakest case is that where the words are separate and so that is the mark I shall use in the comparison. I shall first compare Mr Hussain's mark to Mr Shazad's 2534630 mark.

54) Visually there are differences, in that Mr Shazad's mark has a device of an ellipse, the wording is underlined in red and parts of the letters appear to be missing as though they had been chipped. Mr Shazad's mark is also spelt slightly differently being "Slumbasound" as opposed to Mr Hussain's "Slumber Sound" mark. Mr Shazad's mark also contains the word "beds". The marks share the same first five letters (SLUMB), differ in that the letters "er" of Mr Hussain's mark contrast to the letter "a" in Mr Shazad's mark and then share the next five letters (SOUND) which would, in my view be seen as a separate word. There are visual differences, but the marks are overwhelmingly visually similar.

55) Aurally, both marks begin with the word/s "slumber" or "slumba" which would be pronounced in an identical manner. They then both have the word "sound", the only difference being that Mr Shazad's mark also has the word "beds" in it. Again the marks are overwhelmingly similar.

57) Conceptually, both marks give out the same message when used on beds or mattresses in that they offer the user a sound nights' sleep. This message does not work with other items of bedroom furniture, where the conceptual message would be lost. On beds and mattresses they convey an identical image whilst on other items of bedroom furniture they either convey the same or no message.

58) Taken overall although there are a number of relatively minor differences between the marks there are considerable similarities which far outweigh the differences. Trade marks 2532070 and 2534630 are highly similar.

59) I now turn to consider Mr Hussain's mark to Mr Shazad's mark 2539350. Visually and aurally these are initially identical in that they both consist of the words "Slumber" and "sound". The only difference being that in Mr Shazad's mark these are conjoined whilst being separate in Mr Hussain's mark. Mr Shazad's mark also contains the words "Beds" and "Ltd", neither of which is enough to differentiate the marks which must, in my opinion, be considered highly similar. Conceptually they are also highly similar for the same reasons outlined in paragraph 57 above.

60) Taken overall, although there are a number of relatively minor differences between the marks there are considerable similarities which far outweigh the differences. Trade marks 2532070 and 2539350 are highly similar.

61) When determining whether there is a likelihood of confusion I have to take a number of factors into consideration. There is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of

similarity between the respective goods and vice versa. I must consider whether the opponent's trade mark has a distinctive nature, the average consumer for the goods, the nature of the purchasing process and the issue of imperfect recollection. I must also take into account that these goods will not be chosen without considerable care. In the instant case the opponent's mark has a low degree of inherent distinctiveness. In both cases I have found that the goods are identical and that the marks are highly similar. In both oppositions there is a likelihood of confusion on the part of the public, or a likelihood of association with the earlier trade mark. The ground of opposition under Section 5(2)(b) succeeds in respect of marks 2534630 and 2539350.

62) Given this finding I do not need to continue considering the other grounds of opposition against both marks.

CONCLUSION

63) Mr Hussain's mark 2532070 is to be registered, Mr Shazad's marks 2534630 and 2539350 are to be rejected.

COSTS

64) Mr Hussain has been successful in defending his mark and also in opposing the two marks of Mr Shazad and he is therefore entitled to a contribution towards his costs.

Preparing a statement and considering the other side's statement x3	£900
Preparing evidence	£1200
Fees	£400
TOTAL	£2500

65) I order Mr Shazad to pay Mr Hussain the sum of £700, and in addition I order Slumbersound Beds Ltd to pay Mr Hussain the sum of £1800. These sums 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 2nd of August 2012

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