

O-297-08

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NOS 2438618 AND 2438616
BY
FARID HUSSAIN
TO REGISTER THE TRADE MARKS**

ADDICTIVE JAMES

AND

VICE ADDICTIVE

IN CLASS 25

AND

**THE CONSOLIDATED OPPOSITIONS THERETO
UNDER NOS 95204 AND 95205
BY
BOI TRADING COMPANY LIMITED**

Trade Marks Act 1994

**In the matter of application nos 2438618 and 2438616
by Farid Hussain
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**and the consolidated oppositions thereto
under nos 95204 & 95205
by Boi Trading Company Limited**

Introduction

1. On 15 November 2006, Farid Hussain applied to register the above trade marks. Following examination, both applications proceeded to publication in the *Trade Marks Journal* on 16 March 2007 with the following specification:

Clothing/headgear.

The above goods are in class 25 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

2. On 15 May 2007, Boi Trading Company Limited (which I will refer to as Boi) filed notices of opposition to both trade mark applications. The oppositions are directed at the complete list of goods. Boi claims that registration of the marks would be contrary to section 5(4)(a) of the Trade Marks Act 1994 because it has used the mark ADDICTIVE in the UK since at least as early as 2003 in respect of clothing and headgear. BOI states that its mark has a reputation in the UK clothing industry and that it possesses goodwill in the name in respect of its clothing business. It further claims that ADDICTIVE JAMES and VICE ADDICTIVE are confusingly similar to its ADDICTIVE mark and that the applicant's marks are liable to be confused with its mark and its business, resulting in damage to its goodwill and reputation.

3. Mr Farid filed a counterstatement via his address for service, Mr Inam Patel. Mr Farid denies that the marks applied for would harm the opponent's brand, claiming that the word 'Addictive' is not the main word in the applications.

4. Only Boi filed evidence. Since it relies upon the same earlier right and the same evidence to oppose both applications, the proceedings were consolidated at the time Boi filed its evidence. The parties were advised that they had a right to a hearing and that if neither side requested a hearing a decision would be made from the

papers and from any written submissions. Neither side requested a hearing and only Boi filed written submissions. I have borne in mind the written submissions in reaching my decision, referring to them directly when necessary.

Evidence

5. The opponent has filed a witness statement, dated 27 February 2008, from Diane Bellamy. Ms Bellamy has been the managing director of Boi for the last ten years. She states that the name ADDICTIVE has been used by Boi as a brand for men's casual clothing, such as tops, knitwear, jackets, t-shirts, sweatshirts, shorts and combat pants since 2001 and that it has been in continuous use throughout the whole of the UK since that date.

6. Ms Bellamy gives the following turnover figures for Boi's clothing sold under the name ADDICTIVE:

Year	Turnover by cash
2001/2002	£214,531
2002/2003	£85,672
2003/2004	£740,659
2004/2005	£568,074
2005/2006	£1,285,759
2006/2007	£599,602
Aug 2007 – Jan 2008	£493, 613

These figures are for a financial year-end date of July and represent the wholesale value, with the approximate retail value being triple the wholesale value. I note that the application date is 15 November 2006, which means that the figures for 2007 and 2008 must be discounted.

7. Ms Bellamy gives the following advertising figures for "goods sold under the brand". The figures given (again going on after the application date) are:

Year	Expenditure
2001/2002	£20,000
2002/2003	£10,000
2003/2004	£50,000
2004/2005	£40,000
2005/2006	£80,000
2006/2007	£40,000
Aug 2007 – Jan 2008	£60,000

Ms Bellamy says that Boi promotes its brands mostly at trade shows; she does not specifically state that the ADDICTIVE brand is one of those, but goes on to state that the ADDICTIVE brand is advertised in trade journals. Most of Boi's promotional costs are incurred by attending trade shows.

8. As revealed by the wholesale turnover figures, Boi's customers are clothing buyers for UK retail outlets; it does not sell or advertise directly to the public. Ms Bellamy exhibits a number of sales and purchase reports and invoices, several of which are after the relevant date (15 November 2006) and so cannot assist in proving goodwill before or at the date of application (exhibit DB1, items A-D). Items E and F of exhibit DB1 do fall within a relevant date range. At paragraph eight of Ms Bellamy's witness statement, she says that goods sold under the ADDICTIVE brand are highlighted in the invoices and sales/purchasing reports and that:

"Each batch of items sold is prefixed by an item number all of which contain the letters "AD", our internal abbreviation for the ADDICTIVE branded range...I confirm however that in all instances the goods in question were sold under one of our ADDICTIVE brand ranges."

There are many pages of plain type exhibited under item E, showing lists of fifty-nine alphanumeric references per page, and at the top of each page is the simple legend "ADDICTIVE SALES". On each page there are one or more entries which have been highlighted. All the references begin with 'DOC' followed by a number and a quantity. There is nothing to indicate why some of these references might refer to ADDICTIVE goods and some might not, but the main point about them is that I have been unable to find any entry in the lists prior to 5 January 2006 which begins with 'AD'. After this date, there are 'AD'-prefixed reference numbers, but many are unhighlighted, so I must assume this means they are not ADDICTIVE orders. In item E, a few of the customer invoices contain 'AD' references, but many contain 'B' – prefixes. These invoices do however show a reasonable UK geographical spread. I have also found the prefixes 'AD' and 'Addictive labelling' in some purchase orders and manufacturers' invoices. These show that Boi ordered the goods from the manufacturer, rather than that Boi sold Addictive branded goods in the UK before or at the relevant date. Item G in Exhibit DB2 is a letter from Boi's external IT support team confirming its database filtering in order to extract the sales figures shown in the witness statement. Item M is a report from Grant Thornton accountants verifying the accuracy of the sales and purchase figures for the ADDICTIVE brand between 1 June 2001 and 23 January 2008.

9. Items J-L of DB2 are four letters and witness statements from customers of Boi's ADDICTIVE branded goods attesting to their knowledge of the brand as being exclusively associated with Boi. These letters, headed 'To whom it may concern' appear to have been solicited solely for the purpose of these proceedings. I note that such documents are the subject of the Registrar's Tribunal Practice Notice (1/2008), "Correspondence solicited for proceedings":

"1. The Registrar has noted an increasing trend for evidence to be filed in the form of letters from third parties solicited by the parties to the proceedings. Typically, it is the Registrar's experience that such letters are headed "To whom it may concern", or even addressed to the Registrar, whilst others are less obvious in format. The procedures for filing evidence in trade mark proceedings before the registrar is governed by rule 55 of the Trade Marks Rules (2000) as amended  (365Kb). The rule states:

“(1) Where under these Rules evidence may be admitted by the registrar in any proceedings before her, it shall be by the filing of a statutory declaration or affidavit.

(2) The registrar may in any particular case take oral evidence in lieu of or in addition to such evidence and shall, unless she otherwise directs, allow any witness to be cross-examined on his statutory declaration, affidavit or oral evidence.

(3) Where these Rules provide for the use of an affidavit or statutory declaration, a witness statement verified by a statement of truth may be used as an alternative; the Registrar may give a direction as she thinks fit in any particular case that evidence must be given by affidavit or statutory declaration instead of or in addition to a witness statement verified by a statement of truth.

(4) The practice and procedure of the High Court with regard to witness statements and statements of truth, their form and contents and the procedure governing their use are to apply as appropriate to all proceedings under these Rules.

(5) Where in proceedings before the registrar, a party adduces evidence of a statement made by a person otherwise than while giving oral evidence in the proceedings and does not call that person as a witness, the registrar may, if she thinks fit, permit any other party to the proceedings to call that person as a witness and cross-examine him on the statement as if he had been called by the first-mentioned party and as if the statement were his evidence in chief.”

2. Letters of the kind described above are not therefore a suitable means of introducing statements made by the person signing such a letter as his or her evidence in the proceedings. This is because such letters do not comply with the requirements of Rule 55(1) or (3).

3. Where such a letter is relied upon by a witness and attached as an exhibit to his or her affidavit, statutory declaration or witness statement, the statements of the person signing the letter are normally admissible as part of the evidence of the person making the affidavit, statutory declaration or witness statement. However, in these circumstances statements made by the person signing the letter are hearsay evidence.

4. Hearing Officers will give hearsay evidence of this kind such weight as it deserves. Statements made in letters which have been sent to a party for a purpose unconnected with the proceedings are, in general, likely to be given more weight than statements made in letters solicited for the purpose of the proceedings. However, each case will be assessed on its own merits.

The letters are all repeated as witness statements by the signatories of the letters. They fall squarely within paragraphs 3 and 4 of Tribunal Practice Notice 1/2008 and their weight is reduced accordingly.

10. Exhibit DB3 shows copies of read-only computer records taken from Boi's database showing the development of the ADDICTIVE brand between 2001 and 2008. Ms Bellamy says that ADDICTIVE has sometimes been combined with other elements, such as BEHAVIOUR, SOCCER, but that ADDICTIVE has always been the name under which the clothing has been marketed. These records are drawings of clothing items bearing versions of the ADDICTIVE brand, rather than photographic catalogues. They show where the ADDICTIVE label is positioned and the variant ADDICTIVE marks.

Decision

11. Section 5(4)(a) of the Act states:

“4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented—

(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,”

12. The principles of the law of passing-off were summarised by Lord Oliver in *Reckitt & Colman Products Ltd v. Borden Inc* [1990] RPC 341 at page 406:

“The law of passing off can be summarised in one short general proposition--no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ... Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

13. It is necessary to determine the material date in relation to the claim of passing-off. It is well established that this date is the date of the behaviour complained of. Section 5(4)(a) is derived from article 4(4)(b) of First Council Directive 89/104 of December 21, 1988 which states:

“rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark.”

In the absence of any indication to the contrary, the material date in these proceedings is 11 November 2006, the date the application was filed. Boi must therefore establish that at that date it possessed goodwill in the UK in clothing and that a misrepresentation had taken place by Mr Hussain which had damaged, or would be likely to damage, that goodwill.

Goodwill

14. The first hurdle is for Boi to prove it has goodwill attached to the goods in the mind of the purchasing public by association with ADDICTIVE. Although over a century old, the concept of goodwill as explained in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 at 223 still holds:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

15. Whether Boi has the necessary goodwill has to be deduced from the evidence it has filed. There is no magic evidential formula by which goodwill is established; see to that effect *Reef Trade Mark* [2002] RPC 19, Pumfrey J; *Loaded Trade Mark*, O/191/02 (Appointed Person); and *Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* [2007] RPC 5, Jacob LJ. In *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat), Floyd J built upon Pumfrey J's observations in *Reef Trade Mark*:

“8 Those observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

16. Despite the shortcomings in Boi's evidence, I consider that it has overcome that hurdle. Whilst it would have been preferable to have seen examples of the goods sold, cross-referenced to the invoices, I have no reason to doubt what Ms Bellamy says in her witness statement about the data, supported by exhibits from external IT consultants and external accountants. The applicant has raised no challenge to the evidence and I should accept it in the absence of challenge (I note Boi's out-of-context citation of a decision by the Registrar and a quotation incorrectly attributed to the Court of Appeal which was made by Richard Arnold Q.C., Appointed Person, in *Extreme Trade Mark*, BL O/161/07). The invoices show sales transactions the length (if not the breadth) of the UK and are regular in nature. The turnover is respectable; in its submissions, Boi points out that the low wholesale cost of its clothing items (£1-2) indicates that a very large number of items were sold via high street retail outlets. There is clearly a relationship between ADDICTIVE (in variant forms) and the

clothing shown in the brand records; the mark appears on the inside of clothing items and on the front of some garments. None of the exhibit items are particularly forceful but I take them in the round (as per Professor Annand's remarks, sitting as the Appointed Person in *Loaded Trade Mark*, at paragraph 16). I consider the evidence to show that Boi had goodwill attached to its wholesale ADDICTIVE menswear at the material date.

Misrepresentation

17. Boi has demonstrated it has goodwill in menswear sold under the ADDICTIVE mark. The applications are for clothing and headgear, which includes menswear. Mr Hussain has not filed any evidence of his own to show, for example, that he sells only clothing for children. I conclude that the parties occupy identical fields of trading activity.

18. ADDICTIVE is a highly distinctive mark for clothing. It does not describe any type or aspect of clothing of which I am aware. Looking at the evidence, it is used as a sew-in label and on the front lower side of garments. I consider that the significance of this use and its appearance to purchasers will be as a trade mark. A different view as to the level of distinctive character might be taken if the use had shown the word ADDICTIVE emblazoned across the front of a t-shirt or baseball cap; (I remind myself of the comments of Professor Annand in *THERE AINT NO F IN JUSTICE Trade Mark* BL O/094/08), but even then this hypothetical slogan-like appearance would be less likely to be perceived as a simply a non-distinctive personal statement about the wearer and more likely to be viewed as an identifier of trade source.

19. Boi submits that ADDICTIVE is highly prominent in the applicant's marks, ADDICTIVE JAMES and VICE ADDICTIVE. Since I have decided that ADDICTIVE possess a substantial amount of distinctive character, this is an important consideration. I also bear in mind that Boi's evidence shows use of ADDICTIVE with additional words, such as BEHAVIOUR and SOCCER; in other words, ADDICTIVE is the core brand with there being variations on the ADDICTIVE theme – a 'family' of marks. I think it probable that a wholesale or retail customer would view Mr Hussain's marks as belonging to Boi's ADDICTIVE menswear range and would thus be deceived into believing he had bought Boi's goods when in fact he had bought Mr Hussain's. It does not make any difference that Mr Hussain does not intend misrepresentation; if the customer will be deceived, misrepresentation will have occurred.

Damage

20. Mr Hussain's counterstatement for ADDICTIVE JAMES says that he will use his marks on labels and swing tickets; this is couched in such a way as to suggest that use has not yet taken place. Although Boi has not expressly identified this as a *quia timet* action, its claim must be that damage is likely to be caused to its goodwill, as attached to ADDICTIVE, because the customer will buy Mr Hussain's goods rather than its own, thereby diluting its own goodwill and diverting trade.

21. I have found that the first two legs of the test identified above, goodwill and misrepresentation, have been satisfied in favour of Boi. I have come to the conclusion that damage will follow; to adopt the phrasing of Slade LJ in *Chelsea Man Menswear Ltd v Chelsea Girl Ltd* [1987] R.P.C. 189, at p.202:

- (a) by diverting trade from Boi to Mr Hussain;
- (b) by potentially injuring the trade reputation of Boi if there were any failings in the goods of Mr Hussain;
- (c) “by the injury which is inherently likely to be suffered by any business when on frequent occasions it is confused by customers or potential customers with a business owned by another proprietor or is wrongly connected with that business.”

22. I find that use of the trade marks ADDICTIVE JAMES and VICE ADDICTIVE would be liable to be prevented under the law of passing off and so registration of the trade marks would be contrary to section 5(4)(a) of the Act.

Costs

23. Boi has been successful and is entitled to a contribution to its costs. Bearing in mind that the oppositions were consolidated so that there is a single set of evidence and a single set of written submissions, and taking into account the nature of the notices of opposition and counterstatements, I award costs on the following basis:

Opposition fee x 2	£400
Notices of opposition	£300
Considering the counterstatements	£100
Preparing and filing evidence	£500
Total	£1,300

I order Farid Hussain to pay Boi Trading Company Limited the sum of £1,300. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 30th day of October 2008

**Judi Pike
For the Registrar,
the Comptroller-General**