

O-304-17

TRADE MARKS ACT 1994

**IN THE MATTER OF
TRADE MARK REGISTRATION NO 3103695
IN THE NAME OF MOHAMMED SALIM
FOR THE TRADE MARK**

MR. COMPENSATOR

IN CLASSES 35, 36, 38, 39 AND 45

**AND APPLICATION FOR A DECLARATION OF INVALIDITY THERETO
UNDER NO. 501279
BY MR COMPENSATOR LIMITED**

Background

1. The trade mark MR.COMPENSATOR stands registered under UK registration no. 3103695 in the name of Mohammed Salim. It was applied for on 13 April 2015 and entered on the register on 11 December 2015. It is registered for the following services:

Class 35

Administration of business affairs; Administration of the business affairs of franchises; Advertisement and publicity services by television, radio, mail; Advertisement for others on the Internet; Advertisement via mobile phone networks; Advertisements (placing of-);Advertising and business services; Advertising by transmission of on-line publicity for third parties through electronic communications networks; Advertising flyer distribution; Advertising in periodicals, brochures and newspapers; Advertising in the popular and professional press; Advertising, including on-line advertising on a computer network; Advertising on the Internet for others; Advertising services by means of television screen based text; Advertising services of a radio and television advertising agency; Advertising services provided via the internet; Advertising services relating to financial services; Advertising services relating to motor cars; Advice in the running of establishments as franchises; Arranging the distribution of advertising literature in response to telephone enquiries; Business information services provided online from a global computer network or the internet; Business inquiries; Business management consultancy in the field of transport and delivery; Compilation of advertisements for use as web pages on the Internet; Compiling of information into computer databases; Cost assessment services; Direct-mail advertising; Dissemination of advertising for others via the internet; Dissemination of advertising material [leaflets, brochure and printed matter];Management assistance (commercial or industrial-);Management of telephone call centers for other; Negotiation and settlement of commercial transactions for third parties; On-line advertising on computer communication networks; On-line data processing services; Promotional marketing; Promotional services provided by telephone; Publication of publicity materials; Radio and television advertising;

Recruitment consultancy for lawyers; Services with regard to product presentation to the public; Telemarketing services; Transportation fleet (business management of-) [for others]; Vehicle fleet (business management of a-) [for others].

Class 36

Accident insurance; Administration of insurance business; Administration of insurance claims; Administration of insurance claims adjustment; Advice relating to insurance; Advisory services relating to insurance claims; Advisory services relating to life insurance; Appraisals for insurance purposes; Arranging of insurance claims assessment; Assessing insurance claims; Claims handling services; Claims settlement agency services; Computerised information services relating to insurance; Computerised processing of insurance claims; Consulting and information concerning insurance; Financial management of reimbursement payments for others; Financial management services relating to dental institutions; Financial management services relating to medical institutions; Information services relating to finance, provided on-line from a computer database or the Internet; Information services relating to insurance; Insurance advisory services; Insurance claim assessments; Insurance claim settlements; Insurance claims administration; Insurance claims assessment; Insurance claims processing; Insurance consultancy; Insurance for legal expenses; Insurance services for the repayment of medical expense; Insurance services relating to legal costs; Insurance services relating to motor vehicles; Insurance services relating to vehicles; Management consultancy relating to insurance; Provision of finance for hire-purchase; Accident insurance; Administration of insurance business; Administration of insurance claims; Administration of insurance claims adjustment; Advice relating to insurance; Advisory services relating to insurance claims; Advisory services relating to life insurance; Appraisals for insurance purposes; Arranging of insurance claims assessment; Assessing insurance claims; Claim assessments (insurance-); Claims handling services; Claims settlement agency services; Computerised information services relating to insurance; Computerised processing of insurance claims; Consultancy (insurance-); Consultancy services relating to insurance;

Consulting and information concerning insurance; Financial management of reimbursement payments for others; Financial management services relating to dental institutions; Financial management services relating to medical institutions; Information services relating to finance, provided on-line from a computer database or the Internet; Information services relating to insurance; Insurance advisory services; Insurance claim assessments; Insurance claim settlements; Insurance claims administration; Insurance claims assessment; Insurance claims processing; Insurance consultancy; Insurance for legal expenses; Insurance services for the repayment of medical expense; Insurance services relating to legal costs; Insurance services relating to motor vehicles; Insurance services relating to vehicles; Management consultancy relating to insurance; Provision of finance for hire-purchase.

Class 38

Call screening services; Chat room services; Communication by electronic means; Communication services by means of telephone; Communication services for the transmission of information; Communication via computer terminals; Communication via fibre optical networks; Communications by cellular phones; Communications by mobile phones; Computer aided transmission of messages, data and images; Exchange of messages via computer transmission; Internet portal services; Telecommunications portal services; Transmission of data; Transmission of digital information; Transmission of information for business purposes; Transmission of information on-line; Voice-activated dialing services.

Class 39

Advisory services relating to transport; Arrangement of transportation of passengers by cars; Arrangement of vehicle recovery; Arrangement of vehicle rental; Arranging of car hire; Car hire services; Contract hire of transport vehicles; Delivery of vehicles; Leasing of cars; Motor car rental; Motor vehicle hire services; Motor vehicle recovery services; Motorcycle rental; Passenger vehicle hire; Recovery of vehicles; Rental of transportation vehicles; Storage of vehicles; Taxi services; Taxi transport; Transport of motor vehicles; Vehicle

breakdown recovery services; Vehicle hire and leasing services; Vehicle recovery; Vehicle storage.

Class 45

Accident investigation; Accident reporting; Advisory services relating to the law; Agency services for arranging personal introductions; Attorney services [legal services]; Information services relating to consumer rights; Legal advice; Legal document preparation services; Legal enquiry services; Legal information services; Legal investigation services; Legal mediation services; Legal services; Legal support services; Litigation advice; Mediation [legal services]; Paralegal services; Providing background check services; Providing information relating to legal affairs; Solicitors' services.

2. On 29 July 2016 Mr Compensator Limited (“the applicant”) filed an application to have this trade mark declared invalid. The application is based upon the provisions of Sections 47(2)(b) and 47(1) in combination with Sections 5(4)(a) and 3(6) of the Trade Marks Act 1994 (“the Act”) and is directed against all of the services in the registration.

3. Under Section 5(4)(a), the applicant claims to be the proprietor of the unregistered mark ‘MR COMPENSATOR’ which, it states, has been used throughout the UK since 27 March 2013 in relation to claims management services, provision of hire cars and temporary replacement vehicles, roadside recovery and breakdown services, vehicle storage services and accident handling, management and consultation services. The applicant claims that it has acquired goodwill under the sign and that Mr Salim’s use of an identical mark for identical or highly similar services is likely to result in misrepresentation and damage.

4. Under section 3(6), the applicant contends that Mr Salim was aware when making the application that the applicant was using the mark MR COMPENSATOR. It also argues that Mr Salim filed the application without any intention of making bona fide use of the mark and that he is engaged in a pattern of behaviour which point to bad faith registrations. It states:

“Our client Mr Compensator Limited operates from branches based in Bradford, Halifax, Leeds, Manchester and Sheffield. Our client’s business was established in 2013. Our client opened its Manchester office [in] February 2015 following extensive pre-launch advertising and promotion of the business and the brand MR COMPENSATOR in Manchester throughout January and February 2015. Mohammed Salim filed the application to register MR COMPENSATOR in April 2015. Mr Salim is also based in Manchester and lists an address neighbouring that of our client. Our clients contends that Mr Salim filed the UK trade mark application fully aware of the prior use of the brand by our client and fully aware that our client was the true proprietor of the brand. Mr Salim has not made any use of the trade mark MR COMPENSATOR and we contend that Mr Salim did not have any bona fide intention to use the trade mark when the application was filed. It is our client’s belief that Mr Salim has obtained the registration in bad faith and that his behaviour falls below the standard of honest practices required in commercial matters. Our client contends that Mr Salim is engaged in a pattern of such behaviour. Evidence will be filed in the proceedings to substantiate these claims.”

5. Mr Salim’s representatives, Mellor & Jackson Solicitors, filed a counterstatement on his behalf. Its content is reproduced below, entirely:

“My client has legitimately purchased the Registered Trade Mark Mr Compensator. My client intends to operate a call centre which generates marketing leads in Industrial Disease/Medical Negligence/Employer’s Liability, the business will not be dealing with any Road Traffic Accident or Hire claims or offer any claims management type services. The business model is entirely different to the Cancellation Applicant and there cannot be any confusion between the two businesses due to the very nature of the work undertaken by my client. It is disputed that this will cause any damage to the goodwill of the Cancellation Applicant client and it cannot constitute ‘passing off’ as my client offers services which are entirely different to those of the Cancellation Applicant and even the target audience is different to that of the Cancellation

Applicant. If the Cancellation Applicant was that concerned about his goodwill he has had the better part of 3 years to register the mark and failed to do so.”

6. Only the applicant filed evidence in these proceedings. This will be summarised to the extent that it is considered necessary. Mr Salim filed nothing beyond the counterstatement. Neither party asked to be heard. The applicant filed written submissions in lieu of a hearing. I now make this decision on the basis of the papers before me.

Applicant’s evidence

7. The submitted evidence consists of a witness statement by Yasir Mahmood Kayani who is the applicant’s Director. The witness statement is dated 10 January 2017 and attached to it are four exhibits. Mr Kayani explains that the applicant commenced use of the mark ‘Mr Compensator’ in the UK in March 2013. Exhibit MC1 contains a print from Companies House, showing the registration of the applicant as a company in the same period. I note that the print describes the nature of the applicant’s business as “advertising agencies” and “other service activities not elsewhere classified”. Mr Kayani gives approximate UK annual turnover figures “in respect of services provided under the mark MR COMPENSATOR”. The figures indicate that turnover was £45,000 in 2013 raising to £128,000 in 2014 and to £159,000 in 2015 but this is not broken down in any way which would enable me to apportion any amount of turnover to any particular services. Figures are also provided for promotional expenditure. These indicate that the applicant spent approximately £57,000 promoting the mark MR. COMPENSATOR in 2013, £81,000 in 2014 and £76,000 in 2015. According to Mr Kayani, at the time of the witness statement the applicant employed over nine staff and was operating in six different locations with offices in Halifax, Bradford, Sheffield, Leeds, Manchester and Birmingham. All but one branches, i.e. Birmingham, were opened in the period between 15 June 2013 and 22 February 2015. The opening of each branch was “preceded by extensive promotion and advertising” and marked by an opening event. Mr Kayani exhibits undated photographs of the applicant’s business premises (MC3). All of the photographs feature MR. COMPENSATOR prominently on the signs above the offices. This includes use of MR. COMPENSATOR in large capital letters within a

banner incorporating a C device and the words Claims Management (A logo). The photographs show some minor variations in the way the logo is used, for example the “Claims Management” element changes to “Claims Management Experts” and “Accident Management Specialist”. The same use is reproduced in a copy of an advertisement announcing MR. COMPENSATOR “Grand Opening Day” at the Manchester branch on 22 February 2015. An example is shown below:



(A logo)

8. The photographs also show use of a different style of office signage, namely a banner incorporating the strapline “HAD AN ACCIDENT? CALL MR COMPENSATOR” and the representation of a hulking and muscular character (B logo). The signage also incorporates a square bulletin board section listing the services offered, i.e. “Taxi, Prestige & 4x4 Hire Specialist; 24/7 Recovery; Specialist in Disputed Accidents; Dedicated Legal Team”. An example is shown below:



(B logo)

9. Mr Kayani explains that the applicant is a “claims management business providing a wide range of services relating specifically to motor vehicle accident claims and associated services”. No information is provided as to what the claim management business entails, what the associated services are and/or how the business is run.

10. Mr Kayani states that the applicant has “promoted and advertised the brand MR COMPENSATOR extensively”. Attached at exhibit MC4 are:

- i. Undated photographs featuring the name MR COMPENSATOR prominently on the side of a taxi and on the front of a recovery vehicle. According to Mr Kayani, the applicant applied this branding to 20 black cab taxis in Manchester and five black cab taxis in Sheffield. This use commenced on 9 January 2015 and has continued ever since. Mr Kayani does not explain how these vehicles are used in connection with the business; therefore it is not clear whether the taxis are used to provide taxi services or taxi replacement services or simply to promote the brand. According to Mr Kayani the applicant

also “operates a fleet of two branded recovery vehicles that have been in operation since October 2015”;

- ii. Printer’s proofs of posters, stickers and advertising material. Most of the copies filed show use of the B logo although some copies also show use of MR COMPENSATOR in bold capital letters above the words “TAXI CLAIMS EXPERT”. Samples dated between 2013 and 2014 are evidenced. These demonstrate that the applicant was offering generous referral fees in relation to claims for vehicle related damages, i.e. up to £3,500. This is clarified by a small print, which appears at the bottom of the copies and reads: “This offer cannot be used in conjunction with other promotional offers. We are not authorised or regulated by the MOJ, we do not conduct regulated activities. The referral fees is only payable for bent metal claims. Full T&C are available upon request”. The samples filed also contains the following text “AGENTS REQUIRED NATIONWIDE”. An example is shown below:



The exhibit also includes a copy of what appears to be a leaflet dated October 2013 outlining the “claims process” which states: “Our legal team specialise in resolving the most complex of cases, within our team we have Solicitors, Engineers, Forensic Experts & Investigator who will get you the desired results” (emphasis added). This is shown below:

ME Compensator A5 (Bradford) Oct 2013 FINAL PRINT.pdf 2 23/10/2013 12:07

THE PROCESS

First Call - We take basic details and arrange recovery of your vehicle

Initial Visit - We will visit any desired location, anytime. Complete all paperwork & deliver your hire vehicle. If taxi required, we will provide a licensed taxi. Will provide a contract guaranteeing your referral fee payment.

Vehicle Inspection - Engineer instructed within 24 hours. Will provide most financially beneficial report for you. Our engineer will charge top retail rates for labour and parts, so you get highest possible value for your vehicle or repairs.

Negotiation - Based on engineers report we will negotiate a prompt payment of your vehicle damages and admission of liability. Our legal team specialise in resolving the most complex of cases, within our team we have Solicitors, Engineers, Forensic Experts & Investigator who will get you the desired results.

Vehicle Damages Payment - You will receive your vehicle damages payment in full.

Completion of Repair - Once you have either repaired or replaced your vehicle, you must return the hire vehicle. In the event you are a taxi driver we will allow you to continue hiring our vehicle until the taxi council re-issues a taxi licence for your own vehicle.

01274 547 157
SAVE MY NUMBER
01852 265 124

AGENTS REQUIRED NATIONWIDE

CONTACT HIM TODAY AND LET HIM FIGHT YOUR BATTLE!

Mr Kayani says that the applicant “has distributed posters and advertising material throughout all of the UK regions within which it operates”. He provides approximate distribution figures, location by location. These show that approximately 550,000 leaflets and posters were distributed in Halifax, Bradford, Sheffield, Leeds, Manchester and Birmingham. Mr Kayani refers to the distribution as “ongoing” but the figures are not broken down and I do not know how many posters and leaflets were distributed before the relevant date;

iii. Copies of pages from the applicant's Facebook, Twitter and Instagram accounts and from its website www.mrcompensator.co.uk. According to Mr Keyani the domain name [mrcompensator.co.uk](http://www.mrcompensator.co.uk) was registered on 30 March 2013 in the name of Sikander Ali, the applicant's website consultant. Exhibit MC1 is provided in support. Mr Keyani also explains that the website was launched in October 2014 and that the Facebook, Twitter and Instagram accounts were launched between 2013 and 2014. Exhibit MC2 contains screenshots of pages from MR. COMPENSATOR's Facebook, Twitter and Instagram accounts, all of which show use of MR. COMPENSATOR in a logo form (A logo) although there is also use of Mr Compensator in plain words. The pages, which appear to have been printed on 11 January 2017, describe MR. COMPENSATOR as "Vehicle Accident Management Company providing replacement vehicles to non-fault accident victims. Specialist in disputed accident claims" (Facebook) and "The UKs 1 Accident Management Company" (Instagram) and denote the services on offer as "Vehicle Accident Replacement, Disputed Accident Claims, Forensic Reporting, and Liability Resolution" (Twitter). A copy from the applicant's Facebook page describes the services on offer as:



Our primary services include:

- Road Side Recovery
- Vehicle Storage
- Replacement Vehicles
- Document Collection & Sign Up
- Locus Reporting

We offer

- Free consultation
- Face to Face customer service at your convenience
- Personalised service from start to finish
- Like for like vehicle replacement at any hour of the day
- 2-4 hour vehicle delivery time
- Polite end to end process
- Constant claim updates

You won't be disappointed with our fleet. We do NOT offer Like for Like replacement vehicles, as 90% of the time our replacement vehicles will be considerably newer and of a higher specification than our clients accident damaged vehicle.

- Fleet in excess of 500 vehicles
- All cars less than 2 years old.
- 95% of our vehicles are less than 1 year old
- Private Hires / Hackney Carriage / Prestige / Sport / 4x4 / Saloons / Hatchbacks / Van

The exhibit also includes an extract from the WayBackMachine for the domain name mrcompensator.co.uk showing that the website was saved 17 times between 27 April 2014 and 4 October 2016. A copy from the applicant's website is also evidenced. This features the words "CLAIMS MANAGEMENT EXPERTS" "WE WILL BE BACK SOON... WEBSITE UNDER CONSTRUCTION" which suggests that the website was being built and/or updated at the time when the copy was printed. The copy is undated but I note that all of the six branches in the locations outlined by Mr Keyani are listed so it must be dated after 28 August 2016 (when the Birmingham branch was opened). The copy also features a telephone claims line but no reference is made to any specific service. No information is provided as to the number of visitors to the website and it is not clear whether the website was in operation prior to the relevant date.

11. Finally, Mr Keyani includes a table listing the details of the applicant's internet presence on social media. At the date of the witness statement, MR. COMPENSATOR had 2,116 likes or followers on Facebook. It also had 979 followers on Twitter and 620 followers on Instagram. No information is provided as to the number of followers at the relevant date;

12. Mr Kayani also refers to online advertising on YouTube and directs me the following links www.youtube.com/watch?v=zH10hrMI4v8, www.youtube.com/watch?v=N8sDSDvuuzY and www.youtube.com/watch?v=my2AS76oCjk. However, I have not accessed any of these resources. If he had wished to rely on any particular content from these websites, he should have included the relevant pages in his evidence, not least so that there is no doubt that all parties have had sight of the same material.

13. In relation to the bad faith claim Mr Keyani states that, as far as he knows, Mr Salim has not commenced use of the registered mark MR. COMPENSATOR in the UK. He also points to the fact that the address provided by Mr Salim (when applying for the mark) is an address in Manchester and that the application was filed on 13 April 2015, about three months after the launch of the applicant's 20 branded black

cab taxis and two months after the opening of the applicant's office in Manchester. He states:

“[Mr Salim]'s registration is for the identical mark MR. COMPENSATOR. The mark includes the full stop between the words MR and COMPENSATOR. This is a direct copy of our trade mark. [Mr Salim]'s registration covers identical and similar services to those provided by [the applicant].”

14. Mr Kayani also alleges that Mr Salim is the proprietor of UK trade mark registrations numbers 3076099 for the mark TIPU SULTAN and 3099933 for the mark GELATO PASSION.

DECISION

15. The relevant provisions are as follows:

Section 47:

“47. - (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) The registration of a trade mark may be declared invalid on the ground-

(a) [...]

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

[...]

(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made.

Provided that this shall not affect transactions past and closed.”

Section 3(6)

“3. - (1) The following shall not be registered-

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

Section 5(4)(a):

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

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

(b) [...]

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

16. I shall deal first with the ground based upon Section 5(4)(a) of the Act which relates to the claim of passing off.

The passing off right claim

17. Halsbury's Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 provides the following analysis of the law of passing off. The analysis is based on guidance given in 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. It 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."

18. 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.”

The relevant date

19. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC as the Appointed Person considered the relevant date for the purposes of s.5(4)(a) of the Act and concluded as follows:

“39. In *Last Minute*, the General Court....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. Paragraph 51 of that judgment and the context in which the decision was made on the facts could therefore be interpreted as saying that events prior to the filing date were irrelevant to whether, at that date, the use of the mark applied for was liable to be prevented for the purpose of Article 8(4) of the CTM Regulation. Indeed, in a recent case before the Registrar, *J Sainsbury plc v. Active: 4Life Ltd* O-393-10 [2011] ETMR 36 it was argued that *Last*

Minute had effected a fundamental change in the approach required before the Registrar to the date for assessment in a s.5(4)(a) case. In my view, that would be to read too much into paragraph [51] of *Last Minute* and neither party has advanced that radical argument in this case. If the General Court had meant to say that the relevant authority should take no account of well-established principles of English law in deciding whether use of a mark could be prevented at the application date, it would have said so in clear terms. It is unlikely that this is what the General Court can have meant in the light of its observation a few paragraphs earlier at [49] that account had to be taken of national case law and judicial authorities. In my judgment, the better interpretation of *Last Minute*, is that the General Court was doing no more than emphasising that, in an Article 8(4) case, the *prima facie* date for determination of the opponent's goodwill was the date of the application. Thus interpreted, the approach of the General Court is no different from that of Floyd J in *Minimax*. However, given the consensus between the parties in this case, which I believe to be correct, that a date prior to the application date is relevant, it is not necessary to express a concluded view on that issue here.

41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs QC sitting as the Appointed Person in *Croom's TM* [2005] RPC 2 at [46] (omitting case references):

- (a) The right to protection conferred upon senior users at common law;
- (b) The common law rule that the legitimacy of the junior user's mark in issue must normally be determined as of the date of its inception;
- (c) The potential for co-existence to be permitted in accordance with equitable principles.

42. As to (b), it is well-established in English law in cases going back 30 years that the date for assessing whether a claimant has sufficient goodwill to maintain an action for passing off is the time of the first actual or threatened act of passing off: *J.C. Penney Inc. v. Penneys Ltd.* [1975] FSR 367; *Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd* [1981] RPC 429 (PC);

Barnsley Brewery Company Ltd. v. RBNB [1997] FSR 462; *Inter Lotto (UK) Ltd. v. Camelot Group plc* [2003] EWCA Civ 1132 [2004] 1 WLR 955: “date of commencement of the conduct complained of”. If there was no right to prevent passing off at that date, ordinarily there will be no right to do so at the later date of application.

43. In *SWORDERS TM* O-212-06 Mr Allan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

‘Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.’ ”

20. There is no suggestion that Mr Salim was trading under the MR. COMPENSATOR mark prior to the date of the application for registration on 13 April 2015. Therefore, this is the only relevant date for the purpose of assessing whether Mr Salim’s use of the contested mark could have been prevented under the law of passing off.

Goodwill

21. In relation to goodwill, this was explained in *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217 at 223 as:

“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.”

22. Although Mr Salim does not seem to dispute that the applicant has established goodwill in the UK prior to the relevant date or that MR COMPENSATOR is the name that it has used to signify that goodwill, the nature and extent of the goodwill relied upon remains to be determined. Whether the applicant had the necessary goodwill must be deduced by the evidence filed. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

“27. There is one major problem in assessing a passing of claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark [1969] R.P.C. 472*). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

23. In *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] 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.”

24. It is also noteworthy from the relevant case-law that to qualify for protection under the law of passing-off, any goodwill must be of more than a trivial nature¹. However, a small business that has more than a trivial goodwill, can protect signs which are distinctive of that business under the law of passing-off even though its reputation may be small².

25. In its pleadings, the applicant states that the earlier mark has been used in relation to “claims management services, provision of hire cars and temporary replacement vehicles, roadside recovery and breakdown services, vehicle storage services, accident handling, management and consultation services”. While the evidence is sufficient to establish the existence of a business of some description, a very real difficulty with the applicant’s case is that there is no direct evidence to show that it actually provides the services on which it relies. There is no evidence as to how the business is run and/or how the services are provided to customers and there is no supporting documentation such as invoices, or evidence from customers or the trade. Further, there is no indication of fees or service charges.

26. The evidence relating to the services provided consists essentially of advertising material and turnover figures. However, this cannot be read as evidence that any turnover was necessarily generated in relation to any of the specific services for which use (and goodwill) is claimed. There are two main flaws in the evidence. Firstly, the applicant did not give any helpful indication of how much of its overall

¹ *Hart v Relentless Records* [2002] EWHC 1984

² See for instance *Stacey v 2020 Communications* [1991] FSR 49, *Stannard v Reay* [1967] FSR 140 (HC); *Teleworks v Telework Group* [2002] RPC 27 (HC); *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590 (COA)

turnover relates to the range of services identified in its pleadings. In circumstances where a business offers a range of services, providing total turnover figures is not helpful, particularly when, as in this case, there is no other evidence that can be objectively measured. The only unambiguous piece of evidence provided by the applicant is a photograph of a branded recovery vehicle, however, there is no indication of any income generated by the provision of vehicle recovery services and in any event, these services were introduced after the relevant date.

27. Secondly, though the applicant purports to be a 'one-stop-shop' in terms of all aspects of road accident claims, i.e. management, handling and consultation, vehicle hire, roadside recovery and vehicle storage, with its own fleet of hire vehicles and dedicated legal team, both the turnover and the staffing figures³ appear extremely small for the claimed number of offices and services. Further, it is not clear from the evidence whether all of the services are provided by the applicant directly or whether specific activities are carried out by third party companies, e.g. solicitors and hire companies. For example, some of the signage implies that the applicant has its own legal team, i.e. "Specialists in Disputed Accidents" and "Dedicated Legal Team", and some of the advertising material clearly indicates that the applicant has a team of Solicitors, i.e. "within our team we have Solicitors", however, there is no indication that the applicant is in fact regulated by the Solicitors Regulation Authority nor is there any evidence that the applicant carries out any of the legal or litigation work involved in the handling of the claims. The applicant says that it provides vehicles storage services, but there is no evidence that it owns any storage yard/s. The signage refers to "hire specialist" and the Facebook page contains the text "you won't be disappointed with our fleet"/"fleet in excess of 500 vehicles" which, again, implies that the applicant provides vehicle hire services, but there is no evidence of the sign being used at rental locations and Mr Kayani only refers to the mark being used on two recovery vehicles and 25 black cab taxis (and the evidence relating to the taxi vehicles is not clear).

³ Mr Kayani refers to the applicant employing "over nine employees", however, I am not sure what "more than nine" means. If the applicant employs a higher number of people I cannot understand why the exact number was not provided. Therefore, I am not prepared to guess how many staff the applicant employs and I can only accept that, at the date of the witness statement, it employed nine staff.

28. The print from Companies House describes the nature of applicant's business as "advertising agencies" and "other services not elsewhere classified". Further, it is clear from the advertising material that the applicant offers referral fees and that it seeks out "agents nationwide". This, combined with the distribution figures and the advertising spent would suggest a strong focus of the business on marketing activities aimed at capturing new claims but it is unclear as to what happens next.

29. Having carefully considered all of the above, it seems to me that the evidence raises more questions than it answers. Though the evidence demonstrates that the applicant is a customer-facing business which provides some sort of services in relation to road accident claims, it fails completely to establish: (1) the nature of the services supplied and (2) that the applicant's turnover is generated by the provision of the services relied upon. Accordingly, I find that the applicant has failed to demonstrate on the evidence that, at the application date, it had goodwill in any of the services relied upon. **The case falls at the first hurdle with the result that the application for invalidation under Section 5(4)(a) fails.**

Bad faith

30. I turn now to the ground of invalidation under Section 3(6).

31. The law in relation to section 3(6) of the Act ("bad faith") was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

"130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C- 529/07

Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. 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: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes 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": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for

example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

32. In relation to its claim under Section 3(6) the applicant states:

"Mr Salim has chosen the identical mark. It is clear that Mr Salim, at the time of filing its application, would have been aware of our client's use and reputation due to the extensive advertising and publicity of our client's brand and also due to the proximity of the respective geographical locations of each party".

33. The bad faith claim is, therefore, two-fold. The applicant essentially contends that Mr Salim (1) knew or ought to have known of its prior use of the mark at the date of the application and (2) had no intention of using the mark when he applied for it.

34. An allegation of bad faith is a serious allegation and a person is presumed to have acted in good faith unless the contrary is proved. Therefore there is an onus on the applicant when basing a ground of invalidation on Section 3(6) to provide cogent evidence. It is a matter for the applicant to make good its claim by the filing of evidence: it is not a matter for Mr Salim to prove that the application was made in good faith.

35. Insofar as the first heading is concerned, i.e. that Mr Salim knew or ought to have known of the applicant's prior use of the mark, one of the factors in the global assessment of bad faith is the degree of legal protection of the claimant's mark in the

jurisdiction concerned⁴. The sign relied upon here is an unregistered mark, however, given my finding in relation to Section 5(4)(a), the applicant has failed to establish that the mark enjoys any degree of legal protection or reputation in relation to the services relied upon. As there is no prior earlier right, there cannot be bad faith. However, even if the applicant had established a protectable right, there is no evidence of Mr Salim's personal knowledge of the applicant's mark and/or commercial activities at the date of the application. The applicant's use is far from longstanding and only two months lapsed between the time when the applicant launched its Manchester office and when the application was filed. There is no evidence of an earlier direct or indirect relationship between the parties. There is simply nothing in the documentation filed establishing a presumption that Mr Salim could be aware of the applicant's mark and the geographical location, by in itself, is insufficient to allow for such a presumption. Likewise, the fact that the signs at issue are identical does not establish, by itself, bad faith on the part of Mr Salim⁵.

36. Moving on to the second heading, i.e. that Mr Salim had no intention of using the mark when he applied for it, there is no evidence which enable me to determine what Mr Salim's intention was when he filed his application. The fact that Mr Salim has not used the mark since obtaining registration is not sufficient by itself to permit the conclusion that Mr Salim had no intention of using the mark when he applied for it. Likewise, there is no evidence relating to the trade marks numbers 3076099 (TIPU SULTAN) and 3099933 (GELATO PASSION) and the circumstances surrounding their registration. **Consequently, the application for invalidation under Section 3(6) also fails.**

Outcome

37. The application for invalidation fails.

⁴ C -529/07 *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, paragraph 49.

⁵ T – 291/09 *Carrols v EUIPO - Gambettola (Pollo Tropical CHICKEN ON THE GRILL)* paragraph 90

Costs

38. Mr Salim has been successful and is entitled to a contribution towards his costs.

Awards of costs are governed by Tribunal Practice Notice (TPN) 2 of 2016.

Accordingly, I award costs to Mr Salim on the following basis:

Preparing a statement	
and considering the other side's statement:	£200
Considering evidence	£300
Considering the other party's submissions:	£200
Total	£700

39. I hereby order Mr Compensator Limited to pay Mohammed Salim the sum of £700 as a contribution towards his costs. This sum is to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case, if any appeal against this decision is unsuccessful.

Dated this 4th day of July 2017

Teresa Perks

For the Registrar

The Comptroller - General