

IN THE MATTER OF APPLICATION NO. 2319932 IN THE NAME OF ALAN SUGARMAN

AND IN THE MATTER OF OPPOSITION NO. 91717 THERETO BY BEN SHERMAN GROUP LIMITED

DECISION

Introduction

1. On 3 January 2003 Alan Sugarman applied to register the following trade mark in relation to “advertising; business management; business administration; office functions” in Class 35 and “book and magazine publishing” in Class 41:



2. In due course the application was opposed by Ben Sherman Group Ltd on grounds raised under sections 3(6), 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994. In support of its objections under sections 5(2)(b) and 5(3)

the opponent relied upon seven earlier registered trade marks comprising the mark BEN SHERMAN in word or two slightly different signature forms registered in respect of goods in Classes 3, 16, 24 and 25.

3. The applicant is the brother of the late Ben Sherman, who was the founder of the opponent's predecessor in title. It is common ground that the man depicted in the photograph which forms part of the mark applied for is the late Ben Sherman. Furthermore, the applicant does not dispute that the manner in which the words "Ben Sherman Merchandising" are written in the mark applied for resembles the signature forms of the opponent's marks. Nor does the applicant dispute that he wrote to the opponent offering to licence the mark applied for to it and subsequently offered the mark for sale or licensing by means an advertisement posted on a website located at www.benshermanmerchandising.com. This advertisement incorporates a disclaimer stating that "Ben Sherman Merchandising has no connection with the Ben Sherman group of companies trading in shirts, clothing and other goods".
4. Both parties filed evidence, but neither asked for a hearing. In a written decision dated 18 April 2005 (O/100/05) Mr M. Reynolds acting for the Registrar substantially upheld the grounds of opposition under sections 3(6), 5(2)(b) and 5(3). He did not reach a conclusion either way with respect to the ground of opposition under section 5(4)(a). The applicant now appeals.

Relevant provisions of the Trade Marks Act 1994

5. Section 3(6) of the Trade Mark Act 1994 provides:

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

6. Section 5 of the Trade Mark Act 1994 provided at the relevant times in relevant parts as follows:

- (2) A trade mark shall not be registered if because-
- (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 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
- there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.
- (3) A trade mark which-
- (a) is identical with or similar to an earlier trade mark, and
- (b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is protected,
- shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark, in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.
- (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....

The hearing officer's decision

7. So far as section 5(2)(b) is concerned, the hearing officer directed himself in accordance with the Registrar's standard summary of the jurisprudence of the Court of Justice of the European Communities in Case C-251/95 *SABEL BV v Puma AG* [1997] ECR I-6191, Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc* [1998] ECR I-5507, Case C-342/97 *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] ECR I-3819 and Case C-425/98 *Marca Mode CV v Adidas AG* [2000] ECR I-4881. The hearing officer held that the mark applied for was highly similar to the opponent's marks; that there was considerable similarity between the Class 41 services applied for and the Class 16 goods, and in particular printed matter, for which

the opponent's Community Trade Mark No. 1066679 BEN SHERMAN was registered; that the Class 35 services were not similar to any of the goods for which any of the opponent's marks were registered; that, although the opponent's Class 16 registration was to be treated as unused, it had a reasonable degree of distinctive character; and that the applicant's Class 41 services would be consumed by both private individuals and commercial organisations. Taking all these factors into account, the hearing officer concluded that there was a likelihood of confusion in relation to the Class 41 services but not the Class 35 services, and therefore the objection under section 5(2)(b) was established in relation to the former not the latter.

8. So far as section 5(3) is concerned, the hearing officer directed himself primarily in accordance with *DaimlerChrysler AG v Alavi* [2001] RPC 42. He held that the opponent had a substantial reputation in relation to clothing, and particularly shirts; that the Class 35 services applied for were dissimilar to clothing; that third parties to whom the applicant's services were offered would assume that the opponent was behind the services thus offered and that this represented an extension of the latter's trade or that at the very least such activities were being conducted under the control of or with the approval of the opponent; that the applicant would gain unfair advantage from this erroneous belief; and that the applicant's taking such unfair advantage would not be with due cause. Accordingly the hearing officer held that the objection under section 5(3) was established in relation to the Class 35 services.
9. As to section 5(4)(a), the hearing officer directed himself in accordance with a number of cases including *WILD CHILD Trade Mark* [1998] RPC 455. He held that the opponent had a substantial goodwill in relation to clothing and in particular shirts; that use of the applicant's mark in relation to the services applied for would give rise to a misrepresentation that those services emanated from or were associated with the opponent's business and that the opponent had made itself responsible for the quality of the services in question; and that it was strongly arguable that the opponent would be exposed to a risk of significant damage. As noted above, the hearing officer did not come to a final conclusion on this issue.

10. With regard to section 3(6), the hearing officer directed himself primarily in accordance with the judgment of the Court of Appeal in *Harrison v Teton Valley Trading Co Ltd* [2004] EWCA Civ 1028, [2004] 1 WLR 2577. The conclusion he drew from this case he stated at paragraph 85 of his decision as follows:

... it is not essential to a finding of bad faith that an applicant must be shown to have known that his decision to apply would be regarded as in bad faith judged against the standards of reasonable and honest people. It may be enough that an applicant, as in the *Harrison* case, acted without making further enquiries. In other words that he failed to put himself into the state of knowledge that a reasonable and experienced businessman would have expected to be in before deciding to enter upon a given course of action.

The hearing officer went on to find that he had little doubt that the applicant was fully aware that members of the public would make a connection between services provided under the mark applied for and the opponent; that the inclusion of the word MERCHANDISING in the mark applied for was calculated to convey the impression that the organisation behind the mark was the merchandising arm of the well known BEN SHERMAN brand; that it should have been apparent to the applicant that use of the mark applied for had the clear potential to impact adversely on the opponent's business; that the applicant's action in applying for the mark fell short of the standards of acceptable commercial behaviour; and that, although he did not impute conscious impropriety to the applicant, the applicant should have made further enquiries of the opponent before filing his application and accordingly the application was made in bad faith.

Standard of review

11. This appeal is a review of the hearing officer's decision. In my judgment the hearing officer's decision with regard to each of the issues in this case involved a multi-factorial assessment of the kind to which the approach set out by Robert Walker LJ in *REEF TM* [2002] EWCA Civ 763, [2003] RPC 5 at [28] applies:

In such circumstances an appellate court should in my view show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle.

Further evidence

12. The applicant submitted certain items of further evidence in support of his appeal. In my judgment the applicant has not demonstrated that such further evidence should be admitted at this stage of the proceedings. Nevertheless I have considered the further evidence to see if it would make any difference to the result if it were to be admitted. In my judgment it would make no difference.

The appeal

13. Since the applicant was not professionally represented, he had understandable difficulty in identifying and articulating errors in the hearing officer's reasoning, let alone errors of principle, other than submitting that his conclusions were wrong. I have therefore scrutinised the hearing officer's reasoning with some care myself. For reasons explained below, I am satisfied that, although certain aspects of the hearing officer's reasoning are open to criticism, such criticisms do not lead to a different result.
14. So far as the hearing officer's decision under section 5(2)(b) with respect to the Class 41 services is concerned, I can see no error of principle in the hearing officer's reasoning. Furthermore, I agree with his conclusion.
15. In my judgment the hearing officer's reasoning with regard to section 5(3) and 5(4)(a) is inconsistent with his reasoning under section 5(2)(b) with respect to the Class 35 services, since he held that there was a likelihood of confusion when considering section 5(3) and 5(4)(a) but not when considering section 5(2)(b). It does not follow from this, however, that the hearing officer's decision under section 5(3) and his reasoning under section 5(4) are wrong. On the contrary, I consider that the flaw in the hearing officer's reasoning lies in his treatment of section 5(2)(b).

16. The hearing officer's reasoning was that the Class 35 services were not similar to any of the goods in respect of which any of the goods for which the opponent's goods were registered, and that "in the absence of such similarity the Section 5(2)(b) case cannot succeed" (paragraph 33). As I have previously pointed out in *SVM Asset Management Ltd's Application* (O/043/05) at [41]-[44] and in *James' Application* (O/079/05) at [15]-[17], the error in this approach is that it treats similarity of goods and services as a "yes/no" question which is independent of the similarity of the respective marks, whereas the correct approach is that there is a sliding scale of degrees of similarity of goods and services which interacts with a sliding scale of degrees of similarity of marks and a sliding scale of distinctiveness of marks (the so-called "interdependency" principle). This question was recently reviewed in depth by Geoffrey Hobbs QC sitting as the Appointed Person in *Home-Tek International Ltd's Applications* (O/144/05) at [14]-[31]. Shortly stated, his conclusion was that, while it may be possible in some cases pre-emptively to conclude that the dissimilarity between the respective marks or between the respective goods or services is such as to preclude the existence of a likelihood of confusion, the right course was to avoid such pre-emptive findings in any case where there was room for doubt as to the conclusiveness of the dissimilarity. I agree with Mr Hobbs' analysis.
17. In the present case, the hearing officer's reasoning with respect to section 5(3) and section 5(4)(a) demonstrates persuasively that the degree of dissimilarity between the Class 35 services and clothing in Class 25 is not such as to preclude the existence of a likelihood of confusion having regard to (i) the extensive reputation of the opponent's marks in Class 25 and (ii) the close degree of similarity between the respective marks. Accordingly, it is my view that, for the reasons he gave in relation to section 5(3) and 5(4)(a), the hearing officer ought to have upheld the objection under section 5(2)(b) in relation to all the services in respect of which it was pleaded, namely all of those applied for except "business management, business administration; office functions".
18. So far as "business management, business administration; office functions" are concerned, the opponent did not invoke section 5(2)(b) in respect of these but

only section 5(3). I see no error of principle in the hearing officer's reasoning so far as these services are concerned. Furthermore, I agree with the conclusion he reached.

19. It is clear from the hearing officer's decision that, if he had considered it necessary to determine the section 5(4)(a) objection, he would have upheld it. Again I see no error of principle in the hearing officer's reasoning. On the contrary, for the reasons given above, I consider that the hearing officer would have been correct to uphold this objection.

20. Turning to section 3(6), I am unable to agree with the hearing officer's analysis of *Harrison* as set out in paragraph 85 of his decision. For the reasons I set out in *Robert McBride's Application Ltd* [2005] ETMR 85 at [27]-[31], I consider that *Harrison* is a problematic decision. Nevertheless, it is my judgment that it requires the application of the "combined test" for bad faith. Thus the opponent must demonstrate both that (i) the applicant's conduct in making the application fell below the standards of acceptable commercial behaviour observed by reasonable and experienced persons in the commercial area in question and that (ii) the applicant knew that what he was doing would be regarded as falling below such standards even if he himself saw nothing wrong in what he was doing. Accordingly, I consider that the hearing officer misdirected himself in law when considering the section 3(6) objection. Given that the hearing officer did not address the question of whether the applicant knew that what he was doing would be regarded as falling below the standards of acceptable commercial behaviour observed by reasonable and experienced persons, his finding that the applicant made the application in bad faith must be set aside. In saying this, I wish to make it clear that that I am not dismissing the opponent's objection under section 3(6). If it were necessary to determine the objection I would either determine it myself or remit it to the hearing officer for determination. Given that the opposition has succeeded on other grounds, however, it is unnecessary to do so.

Conclusion

21. The appeal is dismissed.

Costs

22. The hearing officer ordered the applicant to pay the opponent the sum of £1600 as a contribution to its costs of the proceedings below. Given that the opponent confined itself to a very short skeleton argument and that the hearing was relatively brief, I shall order the applicant to pay the opponent the additional sum of £400 as a contribution to its costs of the appeal.

11 November 2005

RICHARD ARNOLD QC

The applicant appeared in person.

Nicola Shackleton of Page White & Farrer appeared for the opponent.