

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No. 11058 BY  
DAIMLER CHRYSLER AG AND MICRO COMPACT CAR SMART GMBH  
FOR A DECLARATION OF INVALIDITY IN RESPECT OF  
TRADE MARK No. 2143830 OF PERRY GROUP PLC**

## TRADE MARKS ACT 1994

**IN THE MATTER OF Application No 11058  
by Daimler Chrysler AG and Micro Compact  
Car Smart GmbH for a Declaration of  
Invalidity in respect of trade mark No 2143830  
of Perry Group Plc**

### DECISION

1. Trade Mark No. 2143830 is registered with the following specification of goods "motor vehicles and parts and fittings therefor; all included in Class 12". The mark itself is as follows:



It stands registered from the filing date of 2 September 1997.

2. By application dated 23 August 1999 Daimler Chrysler AG and Micro Compact Car Smart GmbH (acting jointly) applied for a declaration of invalidity in respect of this registration. The action is, therefore, brought under Section 47 of the Act. In particular the applicants say that the trade mark was registered in breach of the following Sections of the Act

- (i) Section 3(6) in that the registered proprietor adopted the mark in bad faith
- (ii) Section 5(2)(b) having regard to the applicants' earlier trade marks details of which appear in the Annex to this decision
- (iii) Section 5(4)(a) in terms which suggest that the applicants regard their claim as arising under the law of passing off

3. The registered proprietors filed a counterstatement admitting the existence but not the validity of the earlier trade marks claimed by the applicants. They deny that grounds for invalidity exist.

4. Both sides ask for an award of costs in their favour.

5. Both sides filed evidence. The matter came to be heard on 20 June 2001 when the registered proprietors were represented by Mr J Mellor of Counsel instructed by Marks & Clerk and the applicants by Mr D Moore of Jensen & Sons.

6. Evidence in this case comes in the form of a statutory declaration and a witness statement from Mr D Moore, the applicants' professional representative in this matter and a witness statement from Ms P A Melling, the proprietors' professional representative.

7. The main points to emerge from Mr Moore's declaration are that

- Smart is the name Mercedes-Benz and Swatch have given to their two-seat microcar (Exhibit 1)
- the first public announcement of the future launch in the UK took place in May 1995. The project has since received a large amount of publicity in the trade and national press (Exhibits 1 and 2)
- sales commenced in Germany and other western European countries in 1998. As the car is uniquely engineered it was not possible to produce a right-hand drive version for the UK market. However, due to the publicity, cars have reached this country through parallel importers. A list of 14 SMART car dealers is at Exhibit 3.
- price extracts from web sites are at Exhibit 4
- an example of dealership usage is at Exhibit 5.

8. Ms Melling's witness statement comments on Mr Moore's declaration. I will deal with this to the extent necessary in my decision. She also provides some background to the registered proprietors' business as follows:

"The business of the Proprietor is the sale, repair, service, hire, leasing and financing of new and used motor vehicles and industrial equipment, and the sale of replacement parts. The Proprietor employs over 3,000 people in the United Kingdom. SMART CARS is the name which the Proprietor gives to part of its second-hand car sale business. An area of the Proprietor's forecourts is given over to the SMART CARS operation and as such the SMART CARS logo always appears in close proximity to the house mark PERRYS. The cars sold under the SMART CARS banner are second-hand cars priced at less than £5000 and supplied with a twelve-month warranty. There is now produced and shown to me marked Exhibit PAM1 some press cuttings showing the Proprietor's SMART CARS operation.

The Proprietor's interest in the name SMART CARS dates back to 13 May 1991 when their company Smart Cars Limited was incorporated. The SMART CARS operation was launched and the Registration was applied for in September 1997."

and

"The Proprietor's SMART CARS business only offers the cars of those companies with which the Proprietor has entered into a franchise agreement. The applicants are not amongst this group of franchise companies and hence it is not possible that the

Proprietor could sell the Applicant's cars second-hand under its SMART CARS banner.”

9. Mr Moore comments in turn on the applicants' business in his witness statement. His main points are:

- the proprietors use the words "SMART CARS from PERRY'S" and not the form of mark used in their registration
- it is common for franchised dealers to take other manufacturer's vehicles in part exchange. He exhibits (DSM1) advertising clippings to show that this is the case. The proprietors may therefore end up offering a second hand SMART vehicle.
- industry consolidation has resulted in the major players owning a number of well known marques. Consumers are not always aware of which group owns what. Uncontrolled use of SMART by the proprietor will lead to confusion.

10. The above will suffice to indicate the nature of the dispute. I have not recorded the various submissions made in relation to the above but bear them in mind in coming to my decision.

11. With this evidence in mind I turn to the grounds of objection.

At the hearing Mr Moore indicated on behalf of the applicants that the Section 3(6) ground was being withdrawn. I need say no more about that ground. He also accepted that if the applicants were not successful under Section 5(2)(b) then they would be in no better position under Section 5(4)(a). That is also my view of the matter. The matter, therefore, turns on the Section 5(2)(b) case. The Section 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."

12. I was referred to and take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v. Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1999] E.T.M.R. 1, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v. Adidas AG* [2000] E.T.M.R. 723.

13. For the sake of completeness I have recorded in the Annex to this decision all the marks relied on by the applicants. Three of the four Community Trade Marks (CTMs) which have the capacity to be earlier trade marks were still pending at the date of the hearing. The fourth CTM (No. 140236) is now registered. The final mark relied on by the applicants is UK registration No. 2038126 for the mark MCC SMART. Mr Moore realistically conceded that in relation to the latter the likelihood of confusion could not be greater than for the CTMs and that nothing turns on its earlier filing date. Submissions at the hearing, therefore concentrated on the marks shown below.

**Registered Proprietors' Mark (No. 2143830)**

**Applicants' Mark (No. 140236)**



The image shows the word "smart" in a lowercase, bold, sans-serif font.

14. I intend to treat the applicants' mark as an unused one at the material date in these proceedings. There is some evidence in Mr Moore's Exhibits 1 and 2 to suggest a degree of awareness of the SMART car through press reports in this country. But there is altogether too little to enable me to accept an enhanced reputation for the mark at the material date.

15. Mr Mellor submitted that the distinctive character of the applicants' mark must lie with the stylisation of the presentation because the word SMART has, or can have, a descriptive meaning. In fact he suggested that it can have more than one descriptive meaning. He summarised the position in his skeleton argument as "smart, in the sense that this car contains something clever (traction control, ABS etc); smart, in the laudatory sense; smart, in the sense of a good deal (the buyer is smart for choosing it)." His clients' mark on the other hand is SMART presented in the form shown, with the word Cars in a cursive script across its face, the word Perrys in the bottom right hand corner and the whole presented within a border to resemble a car number plate. He asked me to note too that the word Cars was in plural form thus emphasising the collective nature of the proprietors' business. That is to say they are a car dealership and use the word SMART Cars as a collective identifier for a particular category of cars (those under £5000 with a one year warranty). In Mr Mellor's view this was also a case which turned on the absence of instances of confusion.

16. Mr Moore for his part pointed to the trade practices which are referred to briefly above and which represent a background circumstance which I should take into account. Of these the most relevant and important seem to me to be the fact that dealers' names and manufacturers' marks frequently appear in close association with one another in advertising and the fact that dealerships dedicated primarily to a particular manufacturer often have other manufacturers' cars available as a result of taking cars in part exchange.

17. In relation to the respective marks his central point was that the word SMART was the distinctive and dominant element of both the registered proprietors' and applicants' marks.

Whatever stylistic differences existed in their presentation did not in his view counteract this central point of similarity.

18. The issue before me is, I think, a relatively straightforward one. *Sabel v Puma* (paragraph 23) requires me to have regard to the visual, aural and conceptual similarities of the marks. The overall impression must be judged by reference to their distinctive and dominant components. I cannot accept Mr Mellor's submission that the distinctive character of the applicants' registered mark must reside in its stylisation. The mark is presented in almost wholly unremarkable lower case lettering. It is overwhelmingly the word itself which attracts attention and is the reference point by which the mark will be known (a point confirmed by the press reports at Exhibits 1 and 2). Having said that, I accept up to a point some of Mr Mellor's criticisms of the merits of the word itself. It is purely a dictionary word and has in my view an inherently low degree of distinctive character for the goods at issue. In modern usage the word can be used to mean something that is technically advanced/clever/intelligent - a smart card or smart bomb for instance. But there is no evidence before me that it is so used in the motor trade. Thus Mr Mellor's suggestion that it might refer to 'something clever' such as traction control or ABS is unsupported by evidence (more likely such features would be referred to by name). There is also the potential laudatory signification of the word either applied to cars or their buyers. There may be some slight force to that point. The upshot is that, as an unused mark, SMART is likely to have a relatively small penumbra of protection. However the validity of the applicants' CTM registration has not been challenged and I have no doubt that it is the word that carries the registration and not the minimal amount of stylisation.

19. The registered proprietors' point as regards stylisation is somewhat stronger when it comes to their own mark which clearly does contain matter other than the word SMART. Ultimately however, it does not avail them as by far the most dominant feature of their mark is the word SMART. The word PERRYS is almost lost within the totality of the mark and, even if noticed, would encounter the problems identified by the applicants that car dealers' and car manufacturers' names are often closely linked. I also consider that Mr Mellor's submissions in relation to the plural word 'Cars' (that it is used in a collective sense) is altogether too subtle. The point would be lost on the public. If there is a saving feature it must be the manner of presentation of the word SMART within a border with the whole suggesting, it is said, a car numberplate. The point is a little clearer from Exhibit PAM1 showing the mark in use and with the background in yellow (as for a rear numberplate). The mark is not, however, limited in any way as to colour and I note that it is also used in a vertical rather than horizontal format which significantly reduces any resemblance to a car numberplate. I therefore find the stylistic point to be altogether too narrow for differentiation purposes. Returning to the totality of the registered proprietors' mark and taking all its features into account I remain of the view that it will be seen and referred to primarily as a SMART Cars mark.

20. I should also say that there are examples in Exhibit PAM1 showing how the registered proprietors use their mark. The examples are single or double page advertisements from, or intended for, magazines or newspapers. None of the examples show use of the mark in the form registered. Generally speaking the mark used is SMART with Cars written across it in the form shown in the registered mark. Sometimes the word Cars appears beneath the word SMART either within or outside the yellow box. The word PERRYS appears elsewhere on

the page and not all the cars listed come under the SMART car banner. It gives the impression that SMART Cars is a stand-alone mark. It is perhaps debatable whether the usage shown can be considered normal and fair use of the registered mark. But Mr Mellor in any case sought to turn the point to his advantage by suggesting that, because the manner of use (SMART Cars with PERRYS appearing separately) brought the registered proprietors closer to the applicants' mark and no instances of confusion had been reported, it must follow that customers are able to distinguish on the basis of the different presentational aspects of the marks. I do not accept that is the case. It is clear that, although there may have been some advance publicity for the applicants' cars prior to the material date, their use other than a small number of sales through parallel importers, did not commence until some time later. Early press reports from 1995 suggest a UK launch date of 1999. Later press reports put that date back to 2000 or even 2001 for right-hand drive versions. The absence of any instances of confusion should not in these circumstances count against the applicants.

21. In summary having regard to the ECJ guidance and the dominant and distinctive components of the marks I find that there is visual, aural and conceptual similarity and a likelihood of confusion (direct and/or indirect) within the meaning of Section 5(2). The application, therefore, succeeds and with Section 47(6) in mind the registration will be declared invalid and be deemed never to have been made.

22. The applicants are entitled to a contribution to their costs. I order the registered proprietors to pay the applicants the sum of £835. 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 13<sup>th</sup> day of July 2001**

**M REYNOLDS**  
**For the Registrar**  
**the Comptroller-General**

## Applicants for invalidity's earlier trade marks

No.	Mark	Class	Goods
2038126	MCC SMART	12	Motor vehicles; parts of motor vehicles.
		36	Services relating to insurance; legal expenses insurance services; lease-purchase financial services; hire-purchase financial services.
		37	Services relating to the upkeep, repair, servicing, maintenance, care, cleaning and restoration of vehicles; installation services for parts of vehicles.
		39	Transport services for passengers and freight; vehicle transport services; arrangement of travel; services relating to vehicle leasing, hire or rental.
		41	Educational services relating to transport and traffic management; driving and road safety training services.
		42	Services relating to technical and scientific surveys related to motor vehicles or the motor trade; provision of temporary accommodation for guests; services for the care of guests, travel agency services; services relating to the provision of parking places for vehicles.
CTM 140186	SMART	12	Vehicles and parts therefor (included in Class 12).
		36	Insurance brokerage, including legal expenses insurance, hire-purchase of motor vehicles; clearing of bills in relation to replacement vehicles for hire-purchase or rented vehicles.
		37	Car maintenance, in particular cleaning, servicing and repair, including the replacement of all parts and accessories necessary to maintain operating ability.

CTM 140236

**smart**

- 39 Arranging replacement vehicles for hire-purchase or rented vehicles; arranging of parking places for motor vehicles, transport of passengers and goods and motor vehicles, travel arrangement; arranging of motor vehicle transport.
- 41 Driving and safety instruction, training in the field of motoring.
- 42 Temporary accommodation and providing of food and drink, technical consultancy and surveying, providing hotel accommodation.
- 12 Vehicles and parts therefor (included in class 12).
- 36 Insurance brokerage, including legal expenses insurance, hire-purchase of motor vehicles; clearing of bills in relation to replacement vehicles for hire-purchase or rented vehicles.
- 37 Car maintenance, in particular cleaning, servicing and repair, including the replacement of all parts and accessories necessary to maintain operating ability.
- 39 Arranging replacement vehicles for hire-purchase or rented vehicles, arranging of parking places for motor vehicles, transport of passengers and goods and motor vehicles; travel arrangement and organisation, arranging of motor vehicle transport.
- 41 Driving and safety instruction, training in the field of driving.
- 42 Temporary accommodation and providing of food and drink, technical consultancy and surveying, providing hotel accommodation.

CTM 514034

The logo for 'smart' is written in a bold, lowercase, sans-serif font. The letter 'a' is stylized with a white triangle pointing to the right, which is positioned between the 'a' and the 'r'.

- 12 Vehicles and parts therefor (included in class 12), except airbags and car safety devices.
- 36 Lease-purchase financing of motor vehicles and the organising and arrangement related thereto, of replacement vehicles for lease-purchase motor vehicles; arranging of insurance.
- 37 Car maintenance, in particular cleaning, maintenance and repair, including the replacement of all parts and accessories necessary for maintaining operating ability.
- 39 Organising of rented vehicles and the arrangement related thereto of replacement vehicles for rented vehicles; arranging parking places for vehicles, transport of persons and goods by vehicle; organizing and arranging travel.
- 41 Driving and safety training; providing of training in the field of motoring.
- 42 Accommodation and catering for guests; technical consultancy and surveying; accommodation services.

CTM 514091

The logo for 'smart' is written in a bold, lowercase, sans-serif font. The letter 'a' is stylized with a white triangle pointing to the right, which is positioned between the 'a' and the 'r'.

- 12 Vehicles and parts therefor (included in class 12), except airbags and car safety systems.
- 36 Leasing of vehicles and the organising and charging related to replacement vehicles for leased or rented vehicles; arranging or insurance.
- 37 Car maintenance, in particular cleaning, maintenance and repair, including the replacement of all parts and accessories necessary for maintaining operating ability.

- 39 Organising of rented vehicles and the charging related to replacement vehicles for rented vehicles; arranging parking places for vehicles, transport of persons and goods by vehicle; organizing and arranging travel.
- 41 Driving and safety training; providing of training in the field of motoring.
- 42 Accommodation and catering for guests; technical consultancy and surveying; accommodation services.