

TRADE MARKS ACT 1994

**IN THE MATTER OF Application N^o: 2218303
by Ananova Limited
to register a Trade Mark and**

**IN THE MATTER OF Opposition N^o: 51898
by Nova Games Import-Export GmbH Co KG.**

1. On 23rd December 1999 P A Newscentre applied to register the mark ANANOVA for the range of goods and services listed in the Annex to this decision.
2. The opponents are Nova Games Import-Export GmbH Co KG. They are the proprietors of registration No. 1479506 for 'Coin-actuated playing machines; electric devices for transporting money; all included in Class 9; but not including any such goods incorporating computer programs.' The mark, shown here, was registered on 5th November 1993.



3. The opponents' objections to registration of the mark focus on certain of the goods specified by the applicants in Class 9, which they list in their Statement of Grounds as:

'.. apparatus for ... reproduction of sound or images; ...automatic vending machines and mechanisms for coin-operated apparatus; ... apparatus and instruments for the ... reproduction of sound and/or images; video display units; computer games; hand-held computer games..'

Their opposition is based on s. 5(2)(b), 5(4)(a) and s. 3(6) of the Act.

4. A Counter Statement was provided by the applicants, in which the grounds of opposition are denied. Both parties ask for costs to be awarded in their favour.
5. The matter came to be heard on 18th June 2002, where the applicants were represented by Mr. Abrahams of Counsel, advised by Gill Jennings & Every, and the opponents by Mr. Chapple of Counsel, advised by Dr. Walther Wolff & Co.

EVIDENCE

6. The Company Director of Nova Games Import-Export GmbH Co KG, Mr. Christian-Hans Bültemeier, has submitted two Statutory Declarations, the first dated 4th July 2000, and the second (constituting evidence in reply), dated 28th January 2002. The applicants enclose one Statutory Declaration, by Ms. Vivienne Adshead, a director of Ananova Limited.
7. In his first Declaration, Mr. Bültemeier says that the opponents market coin-operated entertainment and games machines in the UK, which are ‘principally’ identified by means of ‘NOVA identification plates and putting of the mark .. in associated literature’ (a photocopy of an identification plate is reproduced in Exhibit CHB.1). Exhibits CHB.2, 3 and 4 contain, respectively, a leaflet supplied with one of the opponents’ machines, an operators manual and an instruction manual. The NOVA name is prominent in all these documents, together with other marks. Mr. Bültemeier explains that these – TAIFUN and also, for different machines, HURRICANE, TORNADO, DYNAMO HOT FLASH, BALLY and MEGATOUCH – are ‘subsidiary marks’ (paragraph 4, first Declaration).
8. He states that the first sales of games machines in the United Kingdom under the mark NOVA took place from about 1965. Recent sales figures, and units sold, are provided (paragraph 5, first Declaration):

Year	Value in Deutsch marks	Number of units
1992	DM3,600,000 (2.8)	1,514
1993	DM4,700,000 (2.5)	1,499
1994	DM3,600,000 (2.5)	902
1995	DM2,100,000 (2.3)	737
1996	DM2,200,000 (2.4)	1,016
1997	DM2,000,000 (2.8)	762
1998	DM4,653,000 (2.9)	1,133
1999	DM12,796,000 (3.0)	2,714

Copies of invoices covering the above period (‘by way of example’) are enclosed in Exhibit CHB.5. The NOVA mark is prominently displayed on each.

9. Further evidence consists of material showing attendance at a trade fair in London in 1998 (Exhibit CHB.6), appearance of the opponents’ products in a Buyers Guide (Exhibit CHB.7) and in various trade magazines over an extended period (Exhibits CHB.8 to Exhibit CHB 14). Each advertisement clearly bears the NOVA name.
10. Mr. Bültemeier also comments on the nature of the applicants’ activities (paragraph 9, first Declaration). He says that the applicants are a ‘virtual newscaster’ and ‘..that the attempt to

register ANANOVA for eleven classes of goods of widely disparate nature speaks for itself as, in part, a speculative venture not reflecting the scope of the *bona fide* interests of the Applicant’.

11. Much of the remaining statements by Mr. Bültemeier contain submission and comment. I will refer to these as they become pertinent to my decision, and also to various of the relevant parts of Ms. Adshead’s Declaration, which I choose not to summarise here.

DECISION

S. 3(6): Bad faith.

12. The allegation of bad faith is based on the following submission (which I have taken from the opponents’ Statement of Case):

‘.. the Applicant has stated ... that its mark is used on its Internet website in relation to a “virtual newscaster” and this statement in conjunction with the media-oriented activity of the Applicant indicates that the Applicant has no genuine intention and no commercial capability of using ANANOVA as a bona fide trade mark for all of the seventeen categories of goods and services of the said application, the application being an overt attempt to secure a wider monopoly than justifiable by the Applicant’s present and likely future trading interests.’

13. Mr. Chapple also referred me to Exhibit CHB15, which contains a letter from the applicants’ agents stating (*inter alia*):

‘In order to allay your clients, concerns, we suggest that they look at our clients’ website, namely www.ananova.com, from which you will see that our clients use the mark ANANOVA in relation to a virtual newscaster. As such there is a high public awareness of our clients’ trade mark and the way in which it is used which ensures that there is no risk of confusion with your clients’ mark’.

14. Mr. Chapple argued that this was an indication of the applicants’ intentions, which were clearly constrained. He also referred me to paragraphs 3 and 4 of Ms Adshead’s Witness Statement, which states:

‘My company first began using the trade mark ANANOVA on 19 April 2000. The trade mark ANANOVA is primarily used in respect of what could be described as a “virtual” newscaster. There is now shown and produced to me marked “Exhibit VA1” an extract from the Guinness Book of World Records acknowledging that this is the first such “newscaster” in the world.

Since the launch of my company’s business it has attracted widespread publicity. There is now produced and shown to me marked “Exhibit VA2”, samples of national and international press cuttings. My company has gone on to win the highly publicised International Visual Communications Association’s (IVCA) Award for innovation for the year 2000 as well as being nominated for the IVCA award for the best business to consumer (non-transactional) website of the year. Furthermore, large numbers of people regularly access my company’s website and information services found at www.ananova.com. There is now produced and shown to me marked “Exhibit VA4” a

graph showing the average number of daily web users of my company's site which illustrates a continual rise in numbers since the site's launch. In view of this use the trade mark has developed a high profile both in the technical fields and amongst the general public'.

15. All of this occurred after the relevant date, and is largely irrelevant to this Decision, however, in Mr. Chapple's view, it further supported the overwhelming inference that the applicants never had any real intention of using the mark in relation to the contested goods, and this raised a *prima facie* case of bad faith on the basis of a dishonest intention in relation to the applicants' declaration on their Form TM3, and s. 32(3). Further evidence from Ms. Adshead's Declaration, does not, in Mr. Chapple's view, dispel this conclusion. She states (paragraph 14):

'Whilst the trade mark ANANOVA is primarily used in respect of what I have described as a virtual newscaster, this is not exclusively so. There is now produced and shown to me marked "Exhibit VA5" screen shots of publicly accessible information "kiosks" (referred to in the Exhibit as Yava screens after the company which produces them) demonstrating the use of the trade mark ANANOVA in respect of interactive information services as run by Orange, my company's parent company. Ananova therefore already has a presence in relation to these information kiosks over 1000 of which are to be found in over 215 venues across the UK and which provide interactive entertainment, communication and information. Furthermore, my company is planning the installation of public displays at sites such as motorway service stations, shopping centres and airports (one such display is already at Manchester Airport) and a picture of such a display is also shown in Exhibit VA5.

There is now produced and shown to me marked "Exhibit VA6" pictures of goods which bear the trade mark ANANOVA such as a t-shirt, a bag, calendar, mouse mat, posters, items of stationery and the covers for a promotional video tape and CD Rom.

Also produced and shown to me marked "Exhibit VA7" are pages printed from my company's website which demonstrate that the trade mark ANANOVA is used in respect of more than just a virtual newscaster (such as quizzes and business services) as well as a screen shot taken from a CD Rom of a quiz produced by my company for the "Orange Home of the Future" which demonstrates the educational side of my company's activities. Thus, even if it is the case that the trade mark is used primarily in respect of a virtual newscaster this does not mean that my company does not intend to use the trade mark ANANOVA in respect of the goods and services covered by the application. In fact my company is often approached by companies enquiring as to the possibility of entering into commercial arrangements to produce and market goods under the trade mark ANANOVA and such approaches are always considered by my company with a view to possible licence arrangements'

16. It is not clear from the material in Exhibit VA5 to what extent the applicants are an accessible facility amongst many available on the 'Yava' screens, and the extent to which they are actually accessed by users. Anyhow, I do not see how that this demonstrates use significantly beyond that of a 'virtual newscaster': access appears to be via the internet, and is indicative of 'information services' – providing news is an example of the same. Mr. Chapple thought so too. There is no evidence to suggest that the opponents actually supply the booths themselves: they are a function on them, and might be one amongst many.

17. Much of the same can be said of the material in Exhibit VA7: it demonstrates a fairly narrow expansion of the applicants' services. Finally, Ms. Adshead's comments about potential licensing are nebulous: they can do little to advance her case without being more specific.
18. On the basis of this evidence, there is little to show that the applicants have any current plans to extend use of their mark to beyond that of 'information services' in general. Mr. Chapple contended that I should on, the further basis of s. 32(3) of the Act, that:

'(3) The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a *bona fide* intention that it should be so used'

conclude that the application was in bad faith.

19. However, I do not believe I can find the applicants guilty under this provision. At the most, one might be able to conclude that their specification is speculative; and it is debatable that speculation, on its own, is enough for bad faith under s. 3(6). Mr. Abrahams cited several cases, and placed a particular emphasis on the need for 'dishonesty' as a feature characteristic. I think an excursus around the case law is required, laying out my own view, before considering the citations offered at the hearing.
20. S. 3(6) states:

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

This clause has its origins in Article 3(2)(d) of the Directive the Act implements (Council Directive No. 89/104/EEC of 21st December 1988):

'Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that ...

- (a) the application for registration of the trade mark was made in bad faith by the applicant.'

The Directive gives no more clue as to the meaning of 'bad faith' than the Act. Subsequent case law has avoided explicit definition, but not shirked from indicating its characteristics. In particular, in *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J stated at page 379:

'I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes 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. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.'

21. In the Privy Council judgement *Royal Brunei Airlines Sdn Bhd v Tan* [1995] 2 AC 378, Nicholls LJ described dishonesty as ‘..to be equated with conscious impropriety.’ This was in the context of accessory liability in the misapplication of trust assets to the detriment of a beneficiary. However, I think the same general principles would apply in trade mark law. He added:

‘In most situations there is little difficulty in identifying how an honest person would behave. Honest people do not intentionally deceive others to their detriment. Honest people do not knowingly take others’ property.....The individual is expected to attain the standard which would be observed by an honest person placed in those circumstances. It is impossible to be more specific. Knox J captured the flavour of this, in a case with a commercial setting, when he referred to a person who is “guilty of commercially unacceptable conduct in the particular context involved”’: see *Cowan de Groot Properties Ltd v Eagle Trust plc* [1992] 4 All ER 700 at 761. Acting in reckless disregard of others’ rights or possible rights can be a tell-tale sign of dishonesty. An honest person would have regard to the circumstances known to him, including the nature and importance of the proposed transaction, the nature and importance of his role, the ordinary course of business, the degree of doubt Ultimately, in most cases, an honest person should have little difficulty in knowing whether a proposed transaction, or his participation in it, would offend the normally accepted standards of honest conduct.’

22. Thus dishonest behaviour is characterised by intention and/or recklessness. Such conduct would clearly be bad faith. It is also obvious, however, from the *Gromax* judgement, that bad faith also describes business dealings which, though not actually dishonest, still fall short of the standards of acceptable commercial behaviour. This includes conduct that is not knowingly fraudulent or illegal, but may be regarded as unacceptable or less than moral in a particular business context and on a particular set of facts. Commenting on the passage from *Gromax* reproduced above, in *Demon Ale Trade Mark* [2000] RPC 355, the Appointed Person stated:

‘These observations recognise that the expression “bad faith” has moral overtones which appear to make it possible for an application for registration to be rendered invalid under section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant.’

23. The test for bad faith is (as it is for dishonesty) an objective one. The Hearings Officer in *Application N^o 9914 for the invalidation of the trade mark AUTONET* (BL O-257-00), dated 26th July 2000, stated:

‘Mr. Edenborough accepted that the test could include an objective element, but in his submission, it is primarily a subjective test. Clearly, if the applicant can be shown to have known he was acting dishonestly a finding of bad faith is likely to follow. But there will be other cases where, on the basis of his own state of knowledge, values and standards, an applicant believes he is acting in good faith when most reasonable persons would disagree. It cannot be right for the matter to depend upon the morals and values of the applicant. The test must therefore include an objective assessment of the actions of the applicant in the light of the facts he or she was aware of at the time.’

And also in *Demon Ale* the Appointed Person (Mr. Geoffrey Hobbs QC) stated:

‘I do not think that section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, the observations of Lord Nicholls on the subject of dishonesty in *Royal Brunei Airlines Sdn Bhd v Philip Tan* [1995]2 AC 378 (PC) at page 389 do seem to me to provide strong support for the view that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour.’

Mr. Hobbs has confirmed this view in a recent decision: *Application No. 9986 In The Name Of Lt Overseas Ltd For A Declaration Of Invalidity In Respect Of Trade Mark No.2032467 Registered In The Name Of A1 Trading Ltd. (DAAWAT Trade Mark)* (BL0-265-02) (from paragraph 90 onwards).

24. It remains the case, however, as stated by Mr. Simon Thorley Q.C., appearing as the Appointed Person in *R. v. Royal Enfield Trade Marks* [2002] R.P.C. 24, at paragraph 31, that:

‘31 An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made (see Lord Denning M.R. in *Associated Leisure v. Associated Newspapers* [1970] 2 Q.B. 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v. Garrett* (1877-78) L.R. 7 Ch.D. 473 at 489). In my judgment precisely the same considerations apply to an allegation of lack of good faith made under section 3(6). It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference.’

25. In summary of these various citations, ‘bad faith’ under s. 3(6) therefore, is a solemn assertion to make against another: it is ‘fraud’, that is, the obtaining of material advantage by unfair means; dishonesty is obviously included, but not necessarily so: obliquity (‘crookedness’) is enough. The test is objective: would an honest and reasonable man consider the action taken to be in bad faith? Following *Gromax*, this can be rephrased as: Would an honest and reasonable man find that the behaviour in question fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined? In the language of *Royal Enfield*, would the behaviour be equivalent to a commercial fraud?

26. Having explained my own view on the application of s. 3(6), I now wish to consider those presented by Mr. Abrahams at the hearing. He directed me, first, to *Harte-Hanks Data Technologies v. Trillium Digital Systems Inc* C-53447/1, 28th March 2000), a Decision at OHIM. At paragraph 5, this states:

‘The applicant claims ... Insofar as the application was filed for goods other than the specific software for which there was a genuine intention to use the mark, the application was filed in bad faith.’

27. Mr. Abrahams pointed out that this was the same contention advanced in this matter. He then referred me to paragraph 11, which states:

‘Bad faith is a narrow legal concept in the CTMR system. Bad faith is the opposite of good faith, generally implying or involving, but not limited to, actual or constructive

fraud, or a design to mislead or deceive another, or any other sinister motive. Conceptually, bad faith can be understood as a “dishonest intention”. This means that bad faith may be interpreted as unfair practices involving lack of any honest intention on the part of the applicant of the CTM at the time of filing. In this case, according to the meaning of the term “bad faith”, there is clearly no evidence that Trillium Digital was acting dishonestly, or that they intended any similar act, or were involved in unfair practices or the like. No evidence of dishonesty has been shown in this proceeding’.

28. Following from this, Mr. Abrahams contended that dishonesty, or some other similar motive, was required in establishing bad faith. A lack of intention to use could be bad faith, but it must be coupled with such an impulse. For example, a ‘blocking’ application would be made in bad faith.
29. We had some discussion about the two regimes at issue here, that under the Act (and Directive 89/104/EEC), and that under the Community Trade Mark Regulation (Council Regulation (EC) No. 40/94): in Mr. Abrahams’ view, as the CTM Regulations were drawn up in the same terms as the Directive (which the Act implements), both should reflect the same interpretation – ‘..the Directive and the CTM Regulations mean the same thing where they use the same language’. Of course this must be right. However, though the Directive 89/104/EEC and the CTM Regulations share a similar genesis (the Paris Convention), both in the *Trillium* decision and elsewhere (*Milliken & Company v Ronald George Jenkins Murgitroyd & Company* R 66/1998-1, 30th September 1998; the ‘*Comfort Plus*’ decision, paragraph 18) OHIM has made clear that it regards the CTM system as ‘autonomous’, and that it, and national systems exist ‘in parallel’ with each other’. Nevertheless, with an issue of law as fundamental as that of bad faith, I agree that there should be conformity between the two regimes.
30. Having accepted that, the question remains as to whether *Trillium* was correctly decided. There are some very cogent reasons why a lack of intention to use a mark should be considered an example of bad faith (see *Kerly’s Law of Trade Marks and Trade Names*, 13th Edition), and that the interpretation of bad faith in OHIM, as set out in *Trillium*, is flawed. I note the following from *Lancome Parfums et Beauté et Cie’s Trade Mark* [2002] ETMR 89, p.281, from the First Cancellation Division - though it reiterates the view that bad faith is a narrow legal concept in the Community trade mark system and that it generally involves and brings into play (without being restricted to) fraudulent or other injurious intent - it went on to say that:

‘This means that it can also be interpreted as an underhand practice involving an absence of honest intent on the part of the Community trade mark applicant at the time of filing of the application ...Bad faith can be understood as being an underhand practice involving an absence of good faith *vis à vis* the Office on the part of the applicant at the time of filing or as an underhand practice based on actions infringing the rights of third parties.’
31. As was pointed out by the Appointed Person in *DAAWAT*, this approach of the Community Office appears to be consonant with the approach adopted by Lindsay J in the *Gromax* case and seems clearly to extend to behaviour of the kind that the courts in the United Kingdom have been prepared to regard as reprehensible, but not necessarily dishonest. In *DAAWAT*, the Appointed Person added: (paragraph 89):

‘.I do not consider that Article 3(2)(d) of the Directive and its counterpart, Article 51(1)(b) of the Community Trade Mark Regulation, exist for the purpose of rendering applications for registration acceptable if they are not consciously dishonest. In my view, they exist for the purpose of ensuring that the opportunity to apply for registration is not abused by applicants claiming protection which they could not in good faith request or invoke, in relation to the relevant mark and specification of goods or services, in the circumstances existing at the date of application for registration. I do not believe that the “combined test” of dishonesty must necessarily be satisfied before an objection under Section 3(6) can be taken to have been made out’.

32. Mr. Abrahams, further considered, that s. 32(3) was an ‘additional’ hurdle which was not part of the system under the CTMRs, and therefore inconsistent with EU law. I believe that this difference may well reflect the parallel natures of the approaches under the two systems. I note Art. 43(2) of the Council Regulation (EC) No 40/94, which states:

‘2. If the applicant so requests, the proprietor of an earlier Community trade mark who has given notice of opposition shall furnish proof that, during the period of five years preceding the date of publication of the Community trade mark application, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his opposition, or that there are proper reasons for non-use, provided the earlier Community trade mark has at that date been registered for not less than five years. In the absence of proof to this effect, the opposition shall be rejected. If the earlier Community trade mark has been used in relation to part only of the goods or services for which it is registered it shall, for the purposes of the examination of the opposition, be deemed to be registered in respect only of that part of the goods or services’.

33. And I understand that the practice in the Community Trade Mark Office’s is that even where an applicant for registration demands evidence of use of a mark, which is the subject of an earlier right, that this can be done right up until the Community Office is due to give a decision on the merits of the opposition. It is clear there are differences in the means by which the UK Registry, and OHIM, seek the common objective of maintaining their respective Registers such that they are free of unused marks. The UK approach has been to require a declaration that a mark is intended for use.

34. Further, I note the following from *R. v. Laboratories Goemar Sa’s Trade Marks; Applications for Revocation by la Mer Technology Inc.* [2002] E.T.M.R. 34, at paragraph 19, where Jacob J stated:

‘(a) There is an obvious strong public interest in unused trade marks not being retained on the registers of national trade mark offices. They simply clog up the register and constitute a pointless hazard or obstacle for later traders who are trying actually to trade with the same or similar marks. They are abandoned vessels in the shipping lanes of trade.

(b) The 8th recital of the Directive gives express recognition of that public interest. It says: “Whereas in order to reduce the total number of trade marks registered and

protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation.”

(c) The same goes for Community Trade marks. Again there is an express recognition of the importance of use. This is in the 9th Recital of the Community Trade Mark Regulation which reads: “Whereas there is no justification for protecting Community trade marks or, as against them, any trade mark which has been registered before them, except where the trade marks are actually used.”

(d) The wider the specifications of goods or services permitted by the registration authorities, the greater the extent of the problem of unused marks.

(e) In practice there is likely to be a greater problem caused by wide specifications in the case of Community marks than in the case of, at least, UK marks. For UK registrations, the application form (TM3) requires the applicant or his agent to say “The trade mark is being used by the applicant or with his or her consent, in relation to the goods or services stated, or there is a *bona fide* intention that it will be so used.” If that statement is untrue then it seems fairly plain that the registration is vulnerable to an attack as one made in bad faith (s.3(6) of the UK Act, implementing Art. 3(2)(d) of the Directive). There is no such requirement in the case of Community Trade Mark Applications (see the requirements for the content of the application in rule 1 of the Implementing Regulation 2868/95). An applicant for a CTM does not expressly have to say he uses or intends to use the mark applied for. So, unless the mere making of an application is taken as an implicit statement of an intention to use, then a bad faith attack based on any lack of intention to use (under Art. 51(1)(b) of Regulation 40/94) may fail. The First Cancellation Division of OHIM so held in *Trillium TN* (Case C000053447/1, March 28 1h 2000). The decision is not particularly satisfactory (see the criticisms in *Kerly’s Law of Trade Marks and Trade Names*, 13th Edn. at para. 7-230). If it is right, however, there is simply no deterrent to applicants seeking very wide specifications of goods or services for CTMs - with all the greater potential for conflict that may give rise to. I understand that in practice OHIM are quite content to permit such very wide specifications - indeed often all the goods or services within a class are asked for and granted. The *Trillium* point will undoubtedly come up again - for it seems bizarre to allow a man to register a mark when he has no intention whatever of using it. Why should one have to wait until 5 years from the date of registration before anything can be done?’

35. It seems to me that bad faith can arise when an applicant signs a Form TM3 declaring that he intends to use his mark, where he has no such intention; it occurs where veracity, in relation to the claim on the Form TM3, is lacking. Most honest, reasonable people will say that if you put something in writing, and do not mean it, you will open yourself up to criticism.

36. However, despite this conclusion, I do not believe the applicants in this case are guilty of such behaviour. They restate their intention to use the mark and the manner in which they expect to use it, though I regard the evidence of their intention in this regard as less than unequivocal. As I stated above, their specification might be extensive, but I note the following advice from the *Trade Marks Registry Works Manual Chapter 6 – Examination: 9 Practice under Section 3(3)(a), 3(3)(b), 3(4) and 3(6) of Act: 9.11.1 Wide Specifications*, where, after referring to *Mercury Communications Ltd v Mercury Interactive (UK) Ltd* [1995] F.S.R. 850 and Walker

J. in Road Tech Computer Systems Ltd v Unison Software (UK) Ltd. [1996] F.S.R. 805, the Registry Practice is given:

‘.. applications will normally be accepted even if they cover goods or services in many classes. However, in extreme cases, or where vague and wide terminology is used, the Registrar will raise an objection under Section 3(6) of the Act on the basis that the statement on the application form appears to have been made in bad faith’.

This approach was followed in the *LIBERTY Trade Mark Application* No. 2069285 (BL O/224/98).

37. Mr. Abrahams also referred me to a recent case, an application to strike out a claim brought by a claimant, *Wyeth v. Knoll AG* [2002] EWHC 899 (Ch). This is an application to strike out and of persuasive authority only. However, I do not see that it brings anything new to this issue. It was concerned with a widely drawn, but unspecific specification. Here the specification is large, but specific. In that case, Mr. Justice Neuberger, reviewed the issue of bad faith and, though he did say that: ‘..it must, I think, always involve a degree of dishonesty, or at least something approaching dishonesty’, he did not reject the notion that bad faith could be founded on the basis of a lack of intention to use. He examined the relevant law, and resiled from the latter position (paragraphs, 35 and 36):

‘There is thus a powerful argument, at any rate on the face of it, for the view that, by merely failing to identify its specification sufficiently precisely, or by framing its specification too widely, an applicant for registration cannot be guilty of bad faith.

However, there are, plainly, powerful arguments the other way. Under the previous legislation, the Trade Marks Act 1938, framing a specification too widely could amount to bad faith (see the discussion in *Road Tech* at [1996] FSR 814 to 816). Such a proposition is also supported by the potentially unfair monopolistic consequences of a trade mark registration, the risk and disadvantages of cluttering up the register, and the need to discourage greed or “covetousness” in the field of intellectual property rights. In light of those types of consideration, which can be further justified by reference to section 32(3) of the 1994 Act, there are decisions of Laddie, Robert Walker, and Jacob JJ (which I discuss below) which support the proposition on which the claimant’s case rests. The first two decisions technically only decide the proposition is arguable, and in the third decision, the observations are *obiter*. However, it seems clear that I should not depart from those decisions, at least for summary judgment purposes.’

38. As I previously stated, the specification is speculative, but I do not believe this amounts to sharp practice and, in the context of the normally, acceptable behaviour in industry, I do not believe that what the applicants have done is unusual. It seems to me, that giving their service a ‘personality’ was not unlikely to raise the possibility of merchandising, and a mapping of trade under the mark into a wide sphere of services and goods. This is not bad faith. Registration will give the applicants five years of grace to ‘make good’ on their ‘exploratory’ intention indicated on the TM3. If they do not, they are clearly at risk of losing the rights granted.
39. Finally, I need to deal with the burden of proof in relation to bad faith. Mr. Chapple stated that once a *prima facie* case of bad faith had been alleged, than the burden of proof shifted to the other side, and Ms. Adshead’s explanation, recorded above in paragraph 15, was inadequate

for this purpose. Mr. Abrahams disagreed with this submission, and I do as well. It is clear from *Royal Enfield* that bad faith must be ‘..distinctly alleged and distinctly proved’ on the balance of possibilities, on the basis of sound evidence and argument, which the other side is then entitled to rebut if they can. Any lack in the latter will, of course, invite inferences, but the basic contention must be first proved, and proved ‘distinctly’, as is in keeping with the serious nature of the allegation. Until it is so proved by the opponent, the respondent is entitled to the benefit of a rebuttable presumption of innocence (see *Joseph Constantine SS Line Ltd v. Imperial Smelting Corporation Ltd* [1942] AC 154 at 192, 193 per Lord Wright).

The earlier mark: s. 5(2)(b).

40. S. 5(2)(b) states:

‘(2) A trade mark shall not be registered if because:

(a) ... , or

(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.’

41. The opponents are the owners of an earlier mark by virtue of s. 6(1) of the Act. Their registration is listed at paragraph 2.
42. The case law relevant to s. 5(2)(b) has been set out recently in several decisions of the European Court of Justice (ECJ), in particular: *Sabel BV v Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1999] ETMR 1 and *Lloyd Schufabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] E.T.M.R. 690.
43. The opponents have submitted evidence in support of their case for a reputation of their mark in the UK. This material, supporting the notoriety of their mark, is an element in the remaining pleaded grounds, and I want to consider it now, as it applies to s. 5(2)(b).

Distinctiveness: inherent and acquired

44. Describing a mark as inherently distinctive is a misnomer, as a mark can only be distinctive in relation to its use in trade. To be pedantically accurate, marks have an inherent capacity to distinguish, and are distinctive in fact (see the interesting discussion on this point in *The Law*

of *Passing-Off*, Wadlow, 1995, Sweet & Maxwell, paragraph 6.02). Whatever terms are employed, the ECJ clearly recognises that both contribute to the ‘potency’ of a mark, as measured by the reaction of the average consumer. In *Sabel* (paragraph 22 and 23) the Court stated:

‘.. Article 4(1)(b) of the Directive does not apply where there is no likelihood of confusion on the part of the public. In that respect, it is clear from the tenth recital in the preamble to the Directive that the appreciation of the likelihood of confusion “depends on numerous elements and, *in particular, on the recognition of the trade mark on the market*, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified”. The likelihood of confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case
....

...the more distinctive the earlier mark, the greater will be the likelihood of confusion. It is therefore not impossible that the conceptual similarity resulting from the fact that two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, *either per se or because of the reputation it enjoys with the public.*’ (Emphasis mine).

Canon confirms this view:

‘18. ... the more distinctive the earlier mark, the greater the risk of confusion ... Since protection of a trade mark depends, in accordance with Article 4(1)(b) of the Directive, on there being a likelihood of confusion, marks with a highly distinctive character, either *per se* or because of the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character’.

45. It seems to me that the mark NOVA possesses a significant inherent capacity to distinguish the goods as issue. Most consumers, I expect, will understand the meaning of the word as indicative of an expanding or exploding star, or of the sun, a concept reinforced by the star-burst device – this may, in the context of arcade games, suggest energy and excitement – but is not in the least descriptive of the relevant goods, and I accept the mark is a strong mark.

46. On the issue of distinctiveness in fact, I note the following from *Dallas Burston Healthcare Ltd’s Trade Mark Application* [2001] WL 395219 a decision of the Appointed Person, at paragraph 14:

‘In my judgment, I believe what the ECJ had in mind was the sort of mark which by reason of extensive trade had become something of a household name so that the propensity of the public to associate other less similar marks with that mark would be enhanced’.

On the basis of the evidence I have seen, I cannot come to the conclusion that the opponents enjoy this level of reputation with either purchasers of their products, or with consumers in general. I note the following comments from the ECJ in *Lloyd*:

‘22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of

the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of May 4, 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v. Huber and Attenberger* [1999] E.C.R. I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51)'.

There is some of this material before me. But not enough. In particular, I have no idea of the market share held by the opponents or the proportion of the relevant public that recognises it as a mark of trade. I do not believe that I can infer a reputation that enhances distinctiveness for the purposes of s. 5(2)(b), either amongst consumers in general – players of arcade games – or traders, i.e., those that own and manage such establishments. I thus left with a *prima facie* comparison of an earlier mark, but one that is possessive of a significant, inherent capacity to distinguish.

The similarity of the goods at issue

47. In *Canon*, the ECJ stated (paragraphs 16 and 17, page 132):

'.. the Court has held that the likelihood of confusion on the part of the public ... must be appreciated globally, taking into account all factors relevant to the circumstances of the case ... A global assessment of the likelihood of confusion implies some interdependence between the relevant factors, and in particular a similarity between the trade marks and between these goods or services. Accordingly, a lesser degree of similarity between these goods or services may be offset by a greater degree of similarity between the marks, and *vice versa*. The interdependence of these factors is expressly mentioned in the tenth recital of the preamble to the Directive, which states that it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion, the appreciation of which depends, in particular, on the recognition of the trade mark on the market and the degree of similarity between the mark and the sign and between the goods or services identified'.

48. Thus the extent of similarity of goods is an important input into any determination of likelihood of confusion under s. 5(2)(b). The degree of similarity must be established for each of the goods or services at issue, and it has been recognised by the ECJ that section 5(2), (Article 4(1)(b) of the Directive) requires that the goods/services be similar as a prerequisite to finding a likelihood of confusion. In particular in *Canon*, at paragraph 22, the Court stated:

'22. It is however, important to stress that, for the purposes of applying Articles 4(1)(b), even where a mark is identical to another with a highly distinctive character, it is still necessary to adduce evidence of similarity between the goods or services covered. In

contrast to Article 4(4)(a), which expressly refers to the situation in which the goods or services are not similar, Article 4(1)(b) provides that the likelihood of confusion presupposes that the goods or services covered are identical or similar’.

49. Mr Hobbs Q.C., sitting as the Appointed Person in *Raleigh International* [2001] R.P.C.11 has further stated:

‘Similarities between marks cannot eliminate differences between goods or services; and similarities between goods or services cannot eliminate differences between marks. So the purpose of the assessment under section 5(2) must be to determine the net effect of the given similarities and differences.’

50. The test to be applied is set out by Mr Justice Jacob in *British Sugar Plc v James Robertson & Sons Ltd* [1996] R.P.C. 281 at page 296. Adapted to the instant case, it can be stated as:

- (a) the uses of the respective goods or services;
- (b) the users of the respective goods or services;
- (c) the physical nature of the goods or services;
- (d) the trade channels through which the goods or services reach the market;
- (e) the extent to which the respective goods or services are competitive.

51. In its judgement in *Canon*, the ECJ referred to these factors in paragraph 23:

‘23. In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their end users and their method of use and whether they are in competition with each other or are complementary.’

52. The following lists the goods at issue in this matter, which I have adopted from Mr. Abrahams’ skeleton argument, and was accepted for comparison purposes by Mr. Chapple:

Goods of the Applicants said to be identical or similar	Goods covered by the Opponents’ earlier trade mark
(i) automatic vending machines (ii) mechanisms for coin operated apparatus (iii) apparatus for reproduction of sound and images (iv) apparatus and instruments for the reproduction of sound and/or images (v) video display units (vi) computer games and hand-held computer games	Coin-actuated playing machines; electrical devices for transporting money; all included in Class 9; but not including any such goods incorporating computer programmes.

53. The opponents make it clear that they are only concerned with the items in the right-hand column 'insofar as such goods embrace items similar to or constituting significant parts of the said goods of registration No 1 479 506'. I'm not sure what this amounts to. It seems to suggest that I should consider the goods at issue similar, in so far as they are similar. The principals relating to the similarity of goods are set out in the case law are as above, and I intend to apply these now.
54. Beginning with the opponents' goods, I note these are coin-actuated playing machines and electrical devices for transporting money, which do not incorporate computer programmes. I take the first of these to be machines that operate in amusement arcades: pin-ball is an example (Exhibit CHB.10), and so is the 'puck' game cited in Exhibit CHB.2, but there are obviously a number of more modern examples - see those in Exhibit CHB.11, 12 and 13. I accept that some, if not all of these, would contain computer programmes. However, for the purposes of s. 5(2), that is not the right the opponents have been granted by registration of their mark. In my view that is limited to the 'mechanical' arcade games on display in Exhibits CHB.2 and CHB.10. Mr. Bültemeier states (paragraph 6 of his second Declaration) that:

'Goods containing computer programs were excluded from the specification of my Company's Class 9 registration No. 1 479 506 as a result of a Registry requirement to avoid conflict with a prior registered mark for software; it does not follow that an inference can be taken that my Company has an interest only in arcade/amusement games'.

This may be true, but I have seen no evidence to suggest otherwise and, more significantly, the restriction on the opponents' registration remains. As for electrical devices for transporting money, I return to these below. I will consider each of the applicants' goods in turn, as compared with the opponents' goods.

Automatic vending machines

55. Mr. Bültemeier considered that these goods 'overlapped' (paragraph 6, second Declaration). Mr. Chapple contended that these were identical, but at least similar, to 'coin-operated playing machines'. Both sell services, that is, 'fun and enjoyment.' Not surprisingly, Mr. Abrahams disagreed.
56. In my view, I struggle to find these products similar, let alone identical. In my view, a 'vending machine' is an item of apparatus that sells goods (Mr. Chapple indicated chocolates and cigarettes); this is how most people, I believed, would understand them. I do not think it would be normally viewed as providing a service, such as a game. I think, to this extent, the uses of the products are, typically, different, though they are other examples of apparatus that provides a service for a fee, such as a weighing machine.
57. Of course, the users may be the same, but only to the extent that all consumer may purchase chocolate or drinks (for example) from a vending machine at some time or another, including those denizens of amusement arcades.
58. The physical nature of the goods is likely to be the same. Considering the ubiquity of vending machines, it is possible that they may be sited in amusement arcades and the like (see Mr. Bültemeier's first Declaration, paragraph 7), but I would not be able to say that the trade channels are the same in terms of the trade purchasers of such items without evidence. I note

that the trade magazine cited by Mr. Bültemeier in Exhibits CHB.8 and CHB.13 are focused solely on 'gaming' products. Finally, the goods are not competitive.

59. In conclusion, I think there is some similarity between the goods, but I think I must consider it to be at the very limit of what can be regarded as similar. They are certainly not identical.

Mechanisms for coin operated apparatus

60. Mr. Chapple stated that 'electrical devices for transporting money' were identical to mechanisms for coin-operated apparatus. He said:

'You put the coin in and it has to be transported. You have to have the way in, a dimensional check as it goes through the system, a mechanism for coin-operated apparatus'.

61. This suggests that both sets of goods are the internal workings of apparatus that accept and convey money (see also the evidence of Mr. Bültemeier, in paragraph 7 of his second Declaration). Mr. Abrahams did not give me any opinion on these products, and there is nothing in the applicants' evidence to help me on this point. I think I must accept that they are the same, or could be.

Apparatus for reproduction of sound and images and apparatus and instruments for the reproduction of sound and/or images and video display units (VDUs)

62. I placed these items together, because I believe the same argument applies to each. Apart from VDUs, the descriptions are very broad, and could, conceivably, capture items incorporated into the opponents' arcade games. For example, Mr. Bültemeier stated:

'Apparatus for reproducing sound and/or images embraces goods that are similar to parts of and accessories for certain of the machines that my Company supplies under the mark NOVA.'

63. This may be the case, but the opponents have not specified these parts, as they have done so with 'electrical devices for transporting money', which are also constituent to their products. I am sure that their pin-ball 'gaming machines' contain ball-bearings. Does that mean they are also covered by their specification? I think not. 'Apparatus for reproduction of sound and images and apparatus and instruments for the reproduction of sound and/or images', though an uncommendably non-specific description on behalf of the applicants, cannot be regarded as identical, or as similar, to the applicants' goods.

Computer games and hand-held computer games

64. These must be considered different from the opponents' products, as their specification excludes goods incorporating computer programmes.

Comparison of the marks

65. Visually, the marks share the suffix NOVA; however, the applicants' mark consists of seven letters, while the opponents' four. The opponents' mark carries the 'starburst', which is

absent from the applicants', though I accept that the former is essentially a NOVA mark, this is a significant visual difference.

66. In terms of oral confusion, Mr. Bültemeier suggests the following scenario, that:

'...a verbal request for "a NOVA machine" could be misinterpreted as "ANANOVA machine". The mark ANANOVA, if used on the specific goods mentioned above, could be taken to be a product supplied by the Opponent'.

However, I note the old *London Lubricants (1920) Limited's Application* (1925) 42 RPC 264 at page 279, lines 36-40, where it is stated:

'.. the tendency of persons using the English language to slur the termination of words also has the effect necessarily that the beginning of words is accentuated in comparison, and, in my judgment, the first syllable of a word is, as a rule, far the most important for the purpose of distinction.'

I consider that the ANA prefix is a strong element in the applicants' mark. I do not believe that it will be aurally unnoticed.

67. Conceptually, the opponents' mark has the dictionary definition I have previously referred to: that of a suddenly bright star. As for the applicants' mark this is, I believe quite different. My initial reaction is that it was the first name of a woman, possible of eastern European or Russian origin. The NOVA element is said to be strong, and it is. However, I find the semantic effect of this word to be drowned in the totality of the applicants' mark; conceptually, they mean different things. Would 'Mitchell' and 'hell' be confusable for the same goods? Though the latter is not the best example, as ANANOVA is an invented word, but I think the point about 'swamping', where a mark appears within another, is valid for all that.

68. Finally, as Mr. Abrahams indicated, the goods at issue are expensive, purchased with deliberation, following (no doubt) some discussion from buyer and seller. Though, in response to a similar submission in Ms. Adshead's Declaration, Mr. Bültemeier states,:

'To my knowledge, based on my familiarity with buyers of machines of the kind sold by my Company and of buying conditions, the field is not so specialised and the goods are not so high-value that the buyers are informed to a degree sufficient to preclude the possibility of confusion in the case of side-by-side use of confusingly similar marks for similar goods. For instance, in my experience a buyer of coin-operated entertainment machines and coinoperated vending machines for motorway service area sites or similar locations, or of coinactuated mechanisms (such mechanisms can require upgrades) for either form of machine, is not so well-informed that the buyer can invariably distinguish between similar products identified by confusingly similar marks'.

This may undermine another submission by Mr. Abrahams - that purchasers of these goods are trade users, who know their business, and are likely to be, in this sense, sophisticated consumers, less susceptible to confusion - but I do not believe it detracts from the settled presumption of trade mark law that higher priced goods will command greater attention on purchase. This is not a 'bag of sweets' case.

69. Taking all the surrounding circumstances into account, and adapting the ‘single composite question’ cited by the Appointed Person in *Balmoral Trade Mark* [1998] R.P.C. 297 at page 301, I ask:

‘Are there similarities (in terms of marks and goods) which would combine to create a likelihood of confusion if the “earlier trade mark” NOVA and the applied for trade mark ANANOVA, were used concurrently in relation to the goods for which they are respectively registered?’

In my view, the answer must be no. Even where I have considered the goods to be identical, I am unable to come to the conclusion, on the balance of possibilities, that confusion as to origin between the marks is likely. This ground must fail.

The Earlier Right: Passing Off; s. 5(4)(a)

70. The final ground is passing off, under s. 5(4)(a). This 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 a unregistered trade mark or other sign used in the course of trade..’

71. The accepted reference at this point is the decision of Geoffrey Hobbs QC sitting as the Appointed Person in the *Wild Child* case [1998] 14 RPC 455 in which he gave a summary of the law of passing off. Essentially, the opponents need to show that at the relevant date (23rd December 1999): (i) they had acquired goodwill under their mark, (ii) that use of the mark would amount to a misrepresentation likely to lead to confusion as to the origin of their goods/services; and (iii) that such confusion is likely to cause real damage to their goodwill.

72. As Lord Oliver said in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 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.’

73. There is little doubt that the opponents possess some goodwill in the UK in their mark for arcade gaming machines. The evidence, however, does not allow me to determine the extent of their goodwill, as I have not been given an idea of the size of the market in the UK. I note that, in a recent passing off case (*Burge v Haycock* [2002] RPC 28, at paragraph 37, the Court of Appeal, referring to *Chocosuisse Union des Fabricants Suisses de Chocolat v. Cadbury Ltd* [1999] R.P.C. 826, restated the principle that ‘..that goodwill need not be established in the mind of every member of the relevant public, but in a significant section of it.’ Mr. Bülteimeier, in his first Declaration at paragraph 8, says:

‘In view of the long-standing use of the mark NOVA in the United Kingdom by the Opponent, particularly through the continuous sale of NOVA machines on a significant scale in a specialised market field, I believe that the mark is known and recognised by the interested sector of the trade and public...’

I note that they sold some 2, 714 items in 1999, and have averaged sales of approximately 1300 units per year since 1992. Mr. Abrahams accepts that the opponents’ have goodwill, but says:

‘I accept that my learned friend’s clients have some goodwill. I believe that it was accepted that that goodwill exists in relation to the trade. It exists amongst people like owners of pinball machines and perhaps leisure companies that rent these things out. I am happy for you, sir, to draw the inference that there are companies other than just the owners, so there would be people who rent them out, and so forth.’

74. I think I must agree. There is no evidence that the opponents have any reputation with users of such products in the UK. There was some debate in the evidence about the visibility of their NOVA mark (see paragraph 9 of Mr. Bülteimeier’s second Declaration, and paragraph 9 of Ms. Adshead’s Declaration). I note that it is visible on the opponents’ Taifun Typhoon (see page 10 of Exhibit CHB.2). However, it is not clear to me that the users of these machines would pay much attention to such a trade mark: if they noticed any at all, it would be that appearing ‘up-front’ indicating the nature of the game to be played:

Exhibit CHB.9: ‘Attack from Mar’;
Exhibit CHB.7: ‘Megatouch XL’;
Exhibit CHB.10: ‘World Cup Soccer’;

I have been given no information that allows me to conclude that ‘consumers’ of such goods are the least bit familiar with the mark, and I cannot infer that they are to the extent of finding goodwill amongst a significant portion thereof. In conclusion, I note that the applicants are prepared to accept the existence of goodwill under the NOVA name in the trade: leisure companies, games arcades owners and the like (see the customer invoices in Exhibit CHB.5). I cannot conclude that this goodwill is very great.

75. Turning, now to misrepresentation, in *Wild Child* the Appointed Person referred *Halsburys Laws*, the most up to date expression being at *HALSBURY’S LAWS OF ENGLAND: TRADE MARKS AND TRADE NAMES: 4. PASSING OFF: (2) ESTABLISHING PASSING OFF* (at <http://www.butterworths.co.uk/halsbury/index.htm>):

‘(i) Establishing Likelihood of Deception or Confusion

316. Establishing deception or confusion.

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 claimant 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 two successive hurdles which the claimant 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.

The question whether deception or confusion is likely is one for the court, which 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 claimant and the defendant carry on business;
- (c) the similarity of the mark, name etc used by the defendant to that of the claimant;
- (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.’

76. I have included these factors in my consideration of the matter under s. 5(2). Following my findings there, despite the existence of this goodwill – which I cannot conclude is significant - I find it difficult to accept that use of the applicants’ mark on items cited by the opponents would lead to confusion equivalent to misrepresentation. This ground must also fail.

77. The applicants have won, and are entitled to an award of costs. I order the opponents to pay the applicants £1300. 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 7th Day of August 2002.

**Dr W J Trott
Principal Hearing Officer
For the Registrar, the Comptroller General**

ANNEX

- Class 3: Soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices.
- Class 9: Photographic, cinematographic, optical, and teaching apparatus and instruments; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin-operated apparatus; calculating machines, data processing equipment and computers; electrical and electronic apparatus and instruments for the input, storage, processing, transmission, receiving, encoding, decoding, display and/or print-out of data; apparatus and instruments for the recordal, transmission and reproduction of sound and/or images; video display units; magnetic data carriers, magnetic tapes and cassettes; computer software; computer games; computer game software; hand-held computer games; computer hardware; sound and video recordings.
- Class 14: Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and chronometric instruments; parts and fittings for all the aforesaid goods.
- Class 16: Printed matter; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); playing cards; printers' type; printing blocks; printed publications, newspapers, magazines, books, periodicals; instructional and teaching material; parts and fittings for all the aforesaid goods.
- Class 21: Household or kitchen utensils and containers (not of precious metal or coated therewith); combs and sponges; brushes (except paint brushes); articles for cleaning purposes; semi-worked glass; glassware, porcelain and earthenware not included in other classes; parts and fittings for all the aforesaid goods.
- Class 24: Textiles and textile goods, not included in other classes; bed and table covers; parts and fittings for all the aforesaid goods.
- Class 25: Clothing, footwear, headgear; parts and fittings for all the aforesaid goods.
- Class 27: Carpets, rugs, mats and matting, linoleum and other materials for covering existing floors; wall hangings (non-textile); parts and fittings for all the aforesaid goods.
- Class 28: Toys, games and playthings; gymnastic and sporting articles not included in other classes; decorations for Christmas trees; computer games; electronic games; parts and fittings for all the aforesaid goods.
- Class 32: Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.
- Class 33: Alcoholic beverages (except beers).

- Class 35: Advertising services; commercials; promotion and sales promotion services; provision of business information; provision of commercial information; provision of information relating to business; but none of the aforesaid services relating to business consultancy in the fields of pharmaceuticals and health matters.
- Class 36: Provision of information relating to financial affairs; credit card, charge card and debit card services and information services relating thereto; real estate affairs and information services relating thereto.
- Class 38: Telecommunications; news agency services; services for the broadcasting and/or transmission of programmes over the Internet; services for the transmission of data and information by electronic, computer, cable, radio, radio paging, teleprinting, teleletter, electronic mail, television, microwave, laser beam or communication satellite means; services for the transmission, provision or display of information for business and/or domestic purposes from a computer stored data bank; news agencies; news agency services for telecommunication and electronic transmission.
- Class 39: Travel arrangement; provision of information relating to travel; travel agency services; rental of vehicles.
- Class 41: Education; sporting and cultural activities; provision of information relating to entertainment, sporting and/or cultural activities; provision of information relating to entertainment, sporting or cultural activities provided on-line from a computer database or network including the Internet; production of programmes, shows and/or broadcasts; production of programmes, shows and/or broadcasts for dissemination via the Internet.
- Class 42: Providing of food and drink; hygienic and beauty care; legal services; computer programming; lease of access time to a computer database; computer time-sharing services; rental and leasing of computer hardware and computer software; computer consultancy and programming; design of computer software and hardware; information and advisory services relating to all the aforesaid services.