

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 2000323 BY
TREBOR BASSETT LIMITED TO REGISTER THE MARK
FROSTIES IN CLASS 30**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 48926
BY KELLOGG COMPANY AND KELLOGG MARKETING & SALES CO (U.K.)
LTD**

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 2000323 BY
TREBOR BASSETT LIMITED TO REGISTER THE MARK
FROSTIES IN CLASS 30**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 48926
BY KELLOGG COMPANY AND KELLOGG MARKETING & SALES CO (U.K.)
LTD**

DECISION

On 31 October 1994 Trebor Bassett Limited applied to register the mark FROSTIES in Class 30 for a specification which, following amendment, reads 'boiled sweets and gum sweets'. The application is numbered 2000323.

On 25 August 1998 Kellogg Company and Kellogg Marketing & Sales Co (U.K.) Ltd filed notice of opposition to this application. They say that Kellogg Company are the proprietors of registration No. 849093 in Class 30 (Journal 4621/367). The grounds are in summary:

- (i) under Section 3(6) in that the applicants are bound by the terms of an agreement between the parties requiring them to only use the trade mark FROSTIES when preceded by, and in close association with, their house mark
- (ii) under Section 5. No specific subsection is referred to but the ground is drafted in terms which suggest that an objection under Section 5(3) is intended. Additionally reference is made to use of the mark applied for being liable to be prevented by virtue of the law of passing off. The latter goes to Section 5(4)(a).

It is further said that the "applicants cannot properly claim to be the proprietors of the trade mark and registration of the mark would unfairly prejudice the opponents in their trade in the United Kingdom."

The applicants filed a counterstatement which in effect denies the above grounds. They add that the agreement to which the opponents refer regulates the use by the parties of their respective FROSTIES trade marks but does not deal with the issue of registration.

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

Both sides filed evidence. The parties were invited to say whether they wished to be heard in the matter. Neither side did but the opponents filed written submissions under cover of a letter from their Trade Mark Attorney dated 8 June 2000. Acting on behalf of the Registrar and after a careful study of the papers I give this decision.

Opponents' evidence

The opponents filed an affidavit dated 7 July 1999 by David A Herdman, the Corporate Counsel of Kellogg Company and a statutory declaration dated 23 July 1999 by Mark Jeremy Sims, a Director of Kellogg Marketing & Sales Co. (U.K.) Ltd.

Mr Herdman exhibits

- DAH 1 - details of registration, No. 849093, for the mark FROSTIES
- DAH 2 - a copy of a writ served on Trebor Ltd (as the applicants were then known) on 18 May 1984
- DAH 3 - a copy of an agreement between the parties dated 24 July 1984 pursuant to the aforementioned dispute
- DAH 4 - a copy of a supplemental agreement between the parties entered into in August 1992.

Mr Herdman comments as follows:

" I draw attention in particular to Clause 2 of the main 1984 Agreement. At 2(b) it is agreed that Trebor shall use the trade mark FROSTIES *only preceded by and in close association with the word TREBOR*, and then provisions are laid down in the following Clauses regulating more precisely the manner of use.

I submit that any use by the Applicants of the trade mark FROSTIES alone would be in breach of their contractual obligation undertaken in the Agreement of 1984. In light of that Agreement, the Applicants can have no bona fide intention to use the name FROSTIES alone, and the trade mark application in question is therefore made in bad faith.

I also note that although, by the Agreement, the Applicants agreed only to use the name FROSTIES on tubes and jars of sweets, (the 1984 Agreement), and other containers and package types containing sweets (the 1992 Supplemental Agreement), the subject application was filed in respect of a considerably broader range of goods (*including chocolate, chocolates, non-medicated confectionery; snack foods, ice-cream, frozen confections*)."

Mr Sims' evidence is directed primarily at establishing the sales of, and advertising support for, Kellogg's FROSTIES cereal product. I do not propose to summarise this material as I do not understand the applicants to dispute the extent of the sales. Mr Sims adds that the opponents always use KELLOGG on their products but goes on to point out a number of advertisements where FROSTIES is used alone. He suggests that the opponents' product is widely known by the name FROSTIES alone. The product is aimed at adults as much as children though many of the promotions have been specifically targeted at children. Exhibits MJS 1 to 4 are provided in support of the declaration.

Applicants' evidence

The applicants filed a statutory declaration by Inge Helga Rajeebally, a Trade Mark Attorney employed by Trade Mark Owners Association Ltd.

5

Ms Rajeebally says that the opponents have been aware of the applicants' use of their mark since 1984. The latter submitted evidence of use during the course of prosecution of the application. The declaration concerned is adopted into the current proceedings at Exhibit IHR 1. Ms Rajeebally says it confirms use of FROSTIES by the applicants since at least 1983 in relation to confectionery with sales in excess of £2.8 million during the period 1990 to 1994. Thus she claims that at the time of filing of Application No. 2000323 the Applicants' and the Opponents' respective products had co-existed in the market place for some eleven years with each company building up separate and distinct common law rights protectable under the law of passing off in its particular field, that is sugar confectionery and breakfast cereals.

10

15

In relation to the opponents' evidence she notes that some of the exhibits relate to promotion and advertising after the relevant date and that in the main the brand is promoted as KELLOGG'S FROSTIES and not FROSTIES. Ms Rajeebally also makes a number of observations in relation to the practice of dual branding that is to say the use of a housemark (BARRETT) and product brand (FROSTIES). Wherever possible the applicants seek to protect sub-brands as standalone marks. She exhibits (IHR 2 and 3) material in support of this and says that the opponents adopt a similar strategy (IHR 4 and 5). She concludes with comments on the circumstances surrounding the filing of the original (wider) specification.

20

25

Opponents' evidence in reply

The opponents filed evidence in reply in the form of a statutory declaration by Jonathan Nigel Ainley, the Company Secretary of Kellogg Marketing and Sales Company (U.K.) Ltd. The main points to emerge are:

30

S it is said that the applicants' trade mark attorneys wrote to the opponents' attorneys by letter dated 20 May 1997 seeking consent to the registration of the applicants' mark FROSTIES in respect of 'confectionery'. Consent was not given. The claim was subsequently reduced to the advertised specification

35

S Mr Ainley says that the applicants' use as shown in their evidence has been in conformity with the 1984 Agreement and he is not aware of any breach of that Agreement

40

S the opponents' objection is directed against an attempt by the applicants to register a name which they have agreed, contractually, not to use in the form applied for.

45

That completes my review of the evidence.

Section 3(6) of the Act reads:

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

5 There is no statutory definition of what constitutes bad faith. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd*, 1999 RPC 367 at page 379 Lindsay J said:

10 "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
15 to all material surrounding circumstances."

20 In the AUTONET Trade Mark (Case 0-257-00 dated 26 July 2000 but unreported at the time of writing) the Registry's Hearing Officer held that the bad faith test was an objective one and not, therefore, dependent on the state of mind of the applicant. That seems to me to be consistent with the position adopted by Geoffrey Hobbs QC in *Demon Ale Trade Mark* 2000 RPC 345 where he drew support from 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 to the effect that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour.

25 As indicated in the evidence summary the opponents rely on the existence and terms of an Agreement between the parties dated 24 July 1984 and a Supplemental Agreement dated 16 November 1992 (the Agreements). As I understand it the applicants do not dispute the existence of the Agreements or their continued currency. The Agreements are not time limited. For the record I approach the matter on the basis that the Agreements are still in force and binding on the parties. The main (1984) Agreement has as its central provisions
30

"2. Trebor shall use the trade mark FROSTIES on the labelling of tubes and jars of sweets:-
35

(a) only in conjunction with their existing product but may extend the range of flavours of sweets to which the trade mark is applied to flavours other than cereal flavours,

40 (b) only preceded by and in close association with the word TREBOR in accordance with the following provisions."

45 I do not need to record the further provisions save to say that they deal with how the elements TREBOR and FROSTIES are to be presented along with supplemental matters such as the arrangements for using up existing stocks of packaging.

5 The Supplemental Agreement of November 1992 provided for a variation of the original Agreement to allow for use of a multipack of goods under the mark BARRATT FROSTIES. The Supplemental Agreement is between Kellogg Company of Great Britain Ltd and Trebor Bassett Ltd (previously it had been Trebor Ltd). The latter change is said to have reflected the fact that Trebor Ltd had in the meantime been acquired by Cadbury Schweppes PLC. Nothing turns on that change though it is notable that the parties appear to have accepted that the Agreement was still binding notwithstanding the corporate changes that had taken place.

10 The applicants, for their part, say that Clause 2 of the 1984 Agreement deals with 'use' of the FROSTIES mark and not the issue of registration and that the extent of their past use entitles them to a registration of FROSTIES on its own for 'boiled sweets and gum sweets'. Thus it is said that both parties' products have co-existed in the marketplace without problem.

15 Section 32 of the Act deals with the requirements for a valid application for registration. In particular Section 32(3) says that:

20 "(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."

25 The application form, TM3, contains a statement to the above effect which is required to be signed by the applicant or a trade mark attorney or agent acting on behalf of the applicant. The Registry normally accepts such a signed statement at face value as meeting the requirements of the Act. Although the application form for No. 2000323 is not in evidence before me it is reasonable to infer from the fact that it was not objected to on that account by the Registry that the required signed statement was present.

30 I should also say that the Notes on the Trade Marks Act 1994 based on the Notes on Clauses which were prepared for use in Parliament while the Trade Marks Bill was before it give a number of examples of circumstances where bad faith under Section 3(6) might be found. The first of these is "where the applicant had no bona fide intention to use the mark, or intended to use it, but not for the whole range of goods and services listed in the application." The Notes do not of course have the force of law but are indicative of the intended purpose and effect of the provisions of the Act.

35 Against that background of the law and the Agreements between the parties a number of possibilities arise depending on what the applicants true intentions are. The first is that the applicants are seeking to register the word FROSTIES but without intending to use it in that form. On that basis the position would seem to be that the applicants would not be in breach of the strict terms of the Agreements but would have no defence in terms of the requirements of the Act and the statement on the Form TM3. Bad faith would, therefore, clearly exist.

40 An alternative possibility is that the applicants do indeed intend to use FROSTIES. On that basis they would comply with the requirements of Section 32 of the Act but on any reasonable view of the matter would be in breach of the Agreements with Kelloggs. Changes of corporate circumstances and trading activities may, of course have a bearing on the continued relevance of long standing agreements. If the applicants felt that this was the case so far as the

1984 and 1992 Agreements were concerned then the proper course was to seek to renegotiate the terms of those Agreements or give notice to Kelloggs that they wished to review their continued operation. But to seek to register and use a mark in direct contravention of the words and spirit of an agreement must, it seems to me, fall short of 'the standards of acceptable commercial behaviour' referred to by Lindsay J in Gromax (see above). Thus I would on this view of the matter also hold that bad faith had been made out.

However there is a further possibility that I should consider. The applicants have pointed to the practice of dual branding of products and the fact that both they and the opponents have a record of registering sub-brands as stand alone marks. There is nothing inherently unusual in this. On the contrary it is a practice that can be found in many areas of trade. One view of the matter is, therefore, that in seeking to register the sub-brand FROSTIES the applicants were doing no more than trying to protect their position against third parties. The mere fact that a sub-brand is separately registered does not in itself debar the proprietor from using it in association with another mark (a different matter from use of a composite mark made up of a number of elements that have no independent existence of their own). That might seem to offer the applicants a defence in that it might be said that FROSTIES and BARRATT (say) were standalone marks that happened to be used in concert so that the requirements of the Act were met and without the applicants breaching the Agreements between the parties. I nevertheless have a problem with this approach. I am required to consider what it will be notionally open to the applicants to do if they secure a registration. Clearly such a registration would allow them to use FROSTIES without the presence of any other mark or identifier. As I have found, that would be in breach of the Agreements with Kelloggs. It would have been open to the applicants to register FROSTIES in association with one of the housemarks (TREBOR or BARRATT) in such a way that use would have been consistent with the terms of the Agreement but they elected not to do so. I am entitled, therefore, to assume that in applying for FROSTIES solus use of that word on its own was within their contemplation. Moreover the applicants have given no clear indication as to their intention to persuade me that the above is a wrong view of the matter. I can also give no weight to the applicants' claims regarding past use and co-existence with the opponents. The use claimed and supported by the evidence (the Exhibits to Ms Rajebally's declaration) shows FROSTIES being used in association with BARRATT in conformity with the Agreements. The supporting text on the promotional material (see the trade magazine and product advertisements for assistance) generally refer to the products as BARRATT FROSTIES and not just FROSTIES. Registration of the mark applied for would open up the possibility of the applicants departing from past trading practice and putting themselves in breach of the Agreements. In short the opposition succeeds under Section 3(6).

The opponents have also said in their statement of case that the application offends against the provisions of Section 3 but without particularising the Section 3 grounds beyond the specific subsection dealt with above. I do not propose to speculate on what other grounds may have been intended. Similarly they say that the application offends against Section 5. It is possible to infer from subsequent wording that Section 5(3) and 5(4)(a) are intended. The evidence filed goes to establishing Kellogg's reputation and goodwill in FROSTIES (mainly with the housemark). In their written submissions the opponents' say:

5 "The Opponents are concerned that, were the Applicants to obtain registration for the
name FROSTIES alone, and to use that name alone for the goods applied for,
confusion to the public would be likely to occur with a consequent likelihood of
damage to the Opponents' goodwill in their well-known FROSTIES trade mark. The
Opponents also believe that use of the name FROSTIES alone would take unfair
10 advantage of, or be detrimental to, the distinctive character or the repute of their
earlier FROSTIES trade mark. Both products are sweetened food products, and the
Opponents' products covered by their earlier registration can be consumed as snacks as
well as consumed as a breakfast meal. In particular, the Opponents have within the
15 last year launched a range of cereal bars utilising the names applied to some of their
popular cereals, including a FROSTIES bar. This is a natural diversification for the
Opponents, and use of the applicants' name FROSTIES alone on sugar sweets would
appear calculated to bring the Opponents' product to mind and to benefit from the
reputation of the Opponents' product."

20 What concerns me about the above submission is that it merges the Section 5(3) and 5(4)
grounds and at the same time introduces information (not dealt with in the evidence) as to
product diversification by the opponents 'within the last year' (that is to say 1999/2000). The
opponents therefore rely particularly on the launch of cereal bars which might be said to
occupy the middle ground between the parties' historical product ranges of cereals and sweets
25 respectively. That development may well be of significance but it appears to have occurred
some five years or so after the material date of 31 October 1994. On the evidence before me
as to the parties' trading activities in 1994 I am less convinced that the opponents can succeed
under Section 5(3) or 5(4). However in the light of the finding I have been able to reach
under Section 3(6) and the imprecision of the Section 5 grounds as originally pleaded I do not
propose to consider these grounds any further.

30 As the opposition has been successful the opponents are entitled to a contribution towards
their costs. I order the applicants to pay the opponents the sum of £635. 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 11 day of September 2000

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