

TRADE MARKS ACT 1994

IN THE MATTER OF OPPOSITION NO. 43886

IN THE NAME OF VISA INTERNATIONAL SERVICE ASSOCIATION

TO APPLICATION NO. 2012498

TO REGISTER A TRADE MARK IN CLASS 10

IN THE NAME OF CA SHEIMER (M) SDN BHD

DECISION

About 15 years ago the word VISA was registered in the United Kingdom in the name of C A Sheimer (M) Sdn Bhd (“Sheimer”) as a trade mark for use in relation to “contraceptive appliances and devices; condoms; articles included in Class 10 made of rubber, for medical or surgical purposes; but not including blankets or coverings”. It was registered under number 1,222,353 with effect from 9th July 1984.

On 15th February 1995 Visa International Service Association (“Visa International”) applied for revocation of the registration under Section 46 of the Trade Marks Act 1994 on the ground that there had been no genuine use of the trade mark in the United Kingdom, by the proprietor or with its consent, in relation to the goods for which it was registered, during the period of 5 years ending on 15th November 1994, there being no proper reasons for such non-use.

In a Statement of Case dated 24th May 1995 Sheimer asserted that genuine use had been made of the trade mark VISA in the United Kingdom in relation to the goods for which it was registered during the relevant 5 year period, albeit that there had been no sales of condoms under the trade mark in the United Kingdom during the last 3 years of that period.

It was necessary for Sheimer to demonstrate that the trade mark had been used as alleged in its Statement of Case: Section 100 of the 1994 Act; Rule 31(3) of the Trade Marks Rules 1994. With a view to discharging that burden, a Statutory Declaration of Chan Swe Wan dated 3rd August 1995 was filed on behalf of Sheimer. This stated as follows (the emphasis is mine):

1. I am the Office Administrator of C.A. Sheimer (M) Sdn Bhd (hereinafter referred to as “my company”). I have been associated with my company for 13 years and have access to all relevant records and details in addition to my own knowledge to execute this Declaration. I am fully authorised to do so by my company and confirm that I am fully conversant in the English Language.
2. My company has been involved in the production of contraceptive devices including condoms since at least as early as 1983. My company has used the trade mark VISA in relation to such goods since 1985.
3. My company applied to register the trade mark VISA in relation to condoms and other contraceptive appliances and devices in class 10 in the United Kingdom on 9 July 1984. This application was granted under official No. 1222353 which was advertised in the Trade Marks Journal on 25 September 1985. This application proceeded to registration shortly thereafter and was correctly renewed by my company prior to the due date of 9 July 1991.

4. My company first used the trade mark VISA in the United Kingdom in the year 1988. Such use was made through a local distributor in London by the name of Pavel Zarecky of 10 Barley Mow Passage, Chiswick, London W4. The mark was used in relation to the goods covered by my company's registration for VISA up until 1992 when the distributorship agreement with Mr. Pavel Zarecky came to an end. Up until that time my company had made bona fide and genuine use of the trade mark the subject of registration No. 1222353. There are now produced and shown to me marked Exhibit SWC1 samples of the packaging used by my company to sell condoms and contraceptive appliances throughout the whole of the United Kingdom.

5. My company is currently actively seeking another distributor to offer for sale products bearing the name VISA in the United Kingdom. My company has therefore a current bona fide and genuine intention to continue using the trade mark VISA in relation to contraceptive appliances and devices and condoms and I confirm that such use has been made of the trade mark VISA during the five years preceding the date of application for revocation filed by VISA International Service Association.

I have been provided with a print of the artwork for the packaging identified in Exhibit SWC1. This contained the artwork for the packet and the artwork for the carton respectively reproduced as Annex A and Annex B to this Decision. The statements made in paragraph 4 of Mr. Chan's Statutory Declaration were not particularised or substantiated by any documentation other than his Exhibit SWC1.

Visa International questioned the adequacy of Sheimer's evidence of use. At an interlocutory hearing on 22nd March 1996 the Registrar's hearing officer made an order under

Rule 51 of the 1994 Rules requiring Sheimer to provide additional information in the form of invoices showing use of the trade mark VISA in the United Kingdom during the relevant period. Rule 51 provides that: “At any stage of any proceedings before the Registrar, he may direct that such documents, information or evidence as he may reasonably require shall be filed within such period as he may specify”. Experience has shown that unparticularised and unsubstantiated assertions in pleadings and evidence may make it difficult for the Registrar to arrive at a just and fair determination of issues arising in Registry proceedings. This is a problem which can, in appropriate cases, be addressed by the exercise of the power conferred upon the Registrar by Rule 51. It was clearly appropriate for that power to be exercised in the context of the revocation proceedings brought by Visa International in respect of Registered Trade Mark No. 1,222,353.

The evidence filed in response to the hearing officer’s direction under Rule 51 consisted of two invoices exhibited to a Statutory Declaration made by a representative of the firm of trade mark attorneys acting for Sheimer. The first invoice was dated 16th December 1991. It purported to show that 120 gross of VISA condoms (in 4 x 30 gross cartons) had been consigned by air to Pavel Zarecky at 10 Barley Mow Passage, Chiswick, London W4 4PH at a price of 12 Malaysian ringgit per gross F.O.B. Kuala Lumpur. The second invoice was dated 25th June 1992. It purported to show that 240 gross of VISA condoms (in 8 x 30 gross cartons) had been consigned by air to Pavel Zarecky at 10 Barley Mow Passage, Chiswick, London W4 4PH at a price of 12 Malaysian ringgit per gross FOB Kuala Lumpur. In each case the relevant order was stated to have been placed by telex, payment was stated

to be due within 60 days (by direct remittance) and Pavel Zarecky was identified as the person responsible for the air freight arrangements and charges.

On 5th June 1996 Visa International filed evidence challenging the veracity of the evidence of use filed on behalf of Sheimer. The evidence of use was impugned in a Statutory Declaration of Pavel Zarecky dated 15th May 1996 and a Statutory Declaration of Roy Lane dated 16th May 1996.

Mr. Zarecky's Declaration states that from June 1987 to November 1988 he worked in the field of "corporate intelligence" for an organisation called Carratu International and that he has since November 1988 operated his own business in the same field under the name Zarecky International. While he worked for Carratu International he used 10 Barley Mow Passage, Chiswick, London W4 4PH as an address for a "cover" company. In response to the invoices tendered on behalf of Sheimer and the allegation that he acted as the UK distributor for their VISA condoms under a distributorship agreement which came to an end in 1992 he said:

"I have never heard of a Malaysian company called Sheimer nor of VISA condoms and I have never had any dealings with this company or such products. I certainly did not enter into any distributorship agreement with Sheimer nor act as a distributor for their products under any other arrangement."

He confirms that in 1987/88 he travelled to Kuala Lumpur on investigative business "not involving Sheimer" and that while he was there he gave out business cards printed with his

name and the Chiswick address as set out in the Sheimer invoices. He surmises that Sheimer somehow obtained his name and that address from one of these business cards. There was no reason for anything to be sent to him at the London address stated in the invoices in December 1991 or June 1992 because he did not use that address after he left Carratu International in November 1988. He ended by saying:

“I would like to repeat that I have never had any contact or involvement whatsoever with Sheimer or with their VISA condoms. As I have said, I have never heard of either.”

Mr. Lane is a Research Manager for Carratu International. He confirms that it would have made no sense for the Sheimer invoices dated December 1991 and June 1992 to be addressed to Mr. Zarecky at the Chiswick address because that was a “cover” address which Mr. Zarecky had no reason to use after he left Carratu International at the end of 1988. Mr. Lane further stated:

“I have made thorough enquiries of Carratu’s staff and also of Carratu’s records and yet I can find no reference whatsoever to Sheimer or indeed to the VISA condoms which are described in the two invoices. I am therefore confident that Carratu has not had any dealings with (or in relation to) Sheimer at any time.”

Sheimer filed no evidence in answer to the Statutory Declarations of Pavel Zarecky and Roy Lane. Its trade mark attorneys wrote to the Registrar on 18th June 1996 surrendering Registered Trade Mark No. 1,222,353. However, that did not put an end to hostilities between Sheimer and Visa International because Sheimer had applied afresh on 27th

February 1995 to register the word VISA as a trade mark for use in relation to “condoms; contraceptive devices and appliances; rubber articles for medical or surgical purposes” in Class 10 and that application was being opposed by Visa International.

Looking back on matters, it appears to me that the filing of the fresh application for registration on 27th February 1995 and the surrender of Registered Trade Mark No. 1,222,353 on 18th June 1996 were reactions to Visa International’s application for revocation which reflected a perceived need on the part of Sheimer to treat the application for revocation as viable and likely to succeed.

Essentially three grounds of opposition were raised against the fresh application:

- (1) that the application envisaged unauthorised use of the mark VISA within the area of protection enjoyed by an “*earlier trade mark*” entitled to protection under Section 5(3) of the Act i.e. the trade mark VISA registered in the name of Visa International under number 1281515 as of 1st October 1986 for use in relation to “financial services relating to bank cards, credit cards, debit cards, cash disbursement, cheque verification and to cheque cashing; travel insurance services; issuing and redemption of travellers’ cheques and travel vouchers and advisory services relating thereto; all included in Clause 36”;
- (2) that the application envisaged unauthorised use of the mark VISA within the area of protection enjoyed by “*earlier rights*” entitled to protection under

Section 5(4) of the Act: the right afforded to Visa International by the law of passing off to prevent misleading use of the mark VISA; and the right afforded to Visa International by the law of copyright to prevent copying of the particular graphic representation of the word VISA used to identify its business and services;

- (3) that the application for registration was filed in bad faith “with the deliberate intention of exploiting the reputation enjoyed by [Visa International] in [the trade mark VISA]” and was for that reason objectionable under Section 3(6) of the Act.

In its Counterstatement filed on 29th February 1996 Sheimer maintained that it was the bona fide proprietor of the trade mark VISA in relation to the goods specified in its application, that the mark VISA had been used by it or with its consent in the United Kingdom since at least as early as 1988, that its application for registration had not been made in bad faith, that at least eleven other parties had independent rights to use the trade mark VISA in relation to various goods and/or services and that its application was not objectionable on any of the grounds alleged against it. I think it is clear that paragraph 2 of Sheimer’s Counterstatement alleged that *“the mark the subject of the Application has been used either by the applicant or with the applicant’s consent since at least as early as 1988 in the United Kingdom”* in support of the allegation in paragraph 1 of the Counterstatement that *“the applicant is the bona fide proprietor of the trade mark VISA in relation to the goods covered by the application No.2012498”*.

I note that the Counterstatement in the Opposition proceedings was filed after the Statutory Declaration of Chan Swe Wan dated 3rd August 1995, but several weeks prior to the interlocutory order for production of invoices under Rule 51 and several months prior to the filing of the Statutory Declarations of Mr. Zarecky and Mr. Lane which challenged the veracity of Sheimer's evidence relating to use of the trade mark VISA in the United Kingdom. I think it is possible that the Counterstatement might not have included a claim to proprietorship acquired through use of the mark VISA in the United Kingdom since 1988 if it had been filed after the surrender of Registered Trade Mark No. 1,222,353. I say that in view of the submissions subsequently made orally on behalf of Sheimer to the effect that its claim to proprietorship was not essential to the validity of its application to register the word VISA as a trade mark under application No. 2012498. In fact, the claim to proprietorship was made in response to Visa International's objection under Section 3(6). It was supported by evidence and maintained as an issue for determination at the hearing of the Opposition. It was a claim to a vested right which, in my view, could not simply be overlooked or ignored when considering whether Sheimer was entitled to succeed in its application for registration notwithstanding the objections raised by Visa International.

Visa International's evidence in support of the Opposition falls into four categories. First, there is evidence as to the statements made and events occurring in connection with the proceedings for revocation of Sheimer's Registered Trade Mark No. 1,222,353. Second, there is evidence as to the nature and extent of the business carried on by Visa International for the benefit of customers in the United Kingdom since the early 1980's. Third, there is

evidence as to the origination of the particular graphic representation of the word VISA which is used in relation to Visa International's business and services. An example of that graphic representation is reproduced as Annex C to this Decision. The evidence indicates that Visa International is the owner by assignment of whatever artistic copyright may subsist in relation to that graphic representation in the United Kingdom. It also goes on to show by reference to a comparison between the form in which the word VISA is represented in Sheimer's packaging (Annex A and Annex B to this Decision) and the form in which the word appears in the graphic representation used by Visa International that the former "*is an almost exact copy*" of the latter. Fourth, there is evidence in the form of Statutory Declarations from three pharmacists confirming that they thought, when shown a rather poor black and white photocopy depicting the use of the mark VISA on the packaging for Sheimer's condoms (as per Annex A and Annex B to this decision), that the condoms were in some way connected with the VISA credit card organisation. The objection under Section 3(6) is summarised in a single paragraph of the Statutory Declaration of Jason Rawkins dated 5th September 1996:

"Sheimer's apparent lack of veracity in relation to their use of the VISA mark and the form in which they have chosen to represent the VISA mark suggests that its trade mark application number 2012498 has been made in bad faith and should therefore not be registered".

Sheimer's evidence in answer falls into four categories. First, there is evidence as to the nature of Sheimer's business. This confirms that the company was incorporated in 1980, that it has since then been involved in condoms and prophylactics generally and that it has

also produced aromatic chemicals, specialised fragrances and flavourings for supply to the food, drug and cosmetic industries. Second there is evidence as to Sheimer's use of the mark VISA for its products. I refer to this evidence in detail below. Third, there is evidence that Sheimer "has secured registration for the trade mark VISA in various countries in respect of condoms" and that an opposition by Visa International to Sheimer's application for registration in Malaysia was unsuccessful. Malaysia and the United Kingdom are the only countries identified in this connection. Fourth, there is evidence to the effect that a search of the United Kingdom Register of Trade Marks revealed registrations in the names of various proprietors covering trade marks which consist of or contain the word VISA for a broad range of goods and services. This is said to show that the trade mark VISA is not the exclusive preserve of any single legal entity and that various parties have legitimate bona fide rights to use VISA in relation to a wide variety of goods and services. In answer to the scope of Visa International's claim to distinctiveness in the mark VISA, it is stated in paragraph 11 of the Statutory Declaration of Chan Swe Wan dated 24th December 1996 that:

"VISA is much better known as a stamp of approval or pass to allow persons to move from one country to another. The word is printed in every passport issued around the world and I therefore submit that use of VISA would not automatically be associated with the opponents. As I understand it there are other uses of VISA in the United Kingdom which substantially weakens any exclusivity argument Visa International Service Association may try and claim".

Sheimer's evidence relating to use of the mark VISA for products exported to and distributed in the United Kingdom is to the following effect. Export sales of VISA condoms actually took place in the United Kingdom in 1988. The company made export sales to Mr. Pavel Zarecky in the United Kingdom in June 1989, February 1990, August 1991, December 1991 and June 1992. Sales to the United Kingdom stopped in 1992 when Sheimer's executive in charge of condom sales to the United Kingdom, Mr. Ben Lee Hock Beng, resigned. Following the departure of Mr. Ben Lee Hock Beng it was found that Sheimer's main documentation file concerning the sale of VISA condoms in the United Kingdom could not be located. That has made it extremely difficult to provide evidence relating to this period of time. Since filing trade mark application number 2012498 on 27th February 1995 Sheimer has appointed an exclusive distributor in the United Kingdom. However, distribution is currently awaiting the outcome of the current opposition proceedings. The distribution arrangements with Mr. Zarecky were negotiated following an initial visit by him to Sheimer's premises in Malaysia on 20th November 1987. Mr. Zarecky communicated in that connection with Chan Swe Wan, Ben Lee Hock Beng and Nix Chung on behalf of Sheimer.

These statements were not particularised or substantiated by any documentation other than:

- Exhibit SWC1 to the Statutory Declaration of Chan Swe Wan dated 3rd August 1995;
- the December 1991 and June 1992 invoices to which I have already referred; and

- a copy of a telex to Sheimer dated 2nd March 1988 in which someone identified simply as “Dave” states:

“re your telex, mr. zarecky now on holiday in australia, but will be in uk when nix chung arrives. i or zarecky would be happy to meet him. regret that our position remains the same, we would like to do business but we must be sure of factory capability for production. will pass your message on to australia. shall we arrange to meet nix chung at his hotel.”

Even allowing for the unavailability of Sheimer’s “main documentation file” concerning the sale of VISA condoms in the United Kingdom, I am unimpressed by the extent to which its evidence leaves the specified transactions and the receipt of the relevant monies unparticularised and unsubstantiated. I also cannot tell from Sheimer’s evidence what steps are supposed to have been taken by personnel operating from the Chiswick address to distribute commercial quantities of condoms received from Sheimer to retail outlets in the United Kingdom.

On the basis of the evidence I have noted in the preceding paragraphs it was suggested that no credence should be given to Mr. Zarecky’s Statutory Declaration dated 15th May 1996. Sheimer thus continued to maintain, as stated in paragraph 4 of Chan Swe Wan’s Statutory Declaration dated 3rd August 1995, that Mr. Zarecky had acted as a local distributor of its VISA condoms and contraceptive appliances from 1988 to 1992 (when the distributorship agreement came to an end) and that this had resulted in the sale of its VISA

condoms “throughout the whole of the United Kingdom” in packaging presented in the manner indicated in Annex A and Annex B to this decision.

Visa International’s evidence in reply falls into two categories. First, there is evidence indicating that of the 65 registrations revealed by the search of the United Kingdom Register of Trade Marks carried out by Sheimer’s trade mark attorneys, 31 were in the name of Visa International, 13 had either lapsed or been abandoned, 14 were liable to be regarded as irrelevant for various reasons, 6 related to cases in which Visa International had taken or was taking action to protect its position and the 1 remaining registration was not sufficient to justify Sheimer’s broad general assertion that various parties have legitimate bona fide rights to use VISA in the United Kingdom in relation to a wide variety of goods and services. Second, there is evidence in the form of a Statutory Declaration of Pavel Zarecky dated 23rd June 1997. This stated as follows:

“1. I am the same Pavel Zarecky who made a statutory declaration in the trade mark proceedings relating to the revocation of trade mark number 1222353. I have been told by the solicitors acting for Visa International Service Association (“Visa”) that a certified copy of my earlier statutory declaration has been filed as evidence in these trade mark opposition proceedings.

2. I have been provided with a copy of the statutory declaration of Chan Swe Wan and its exhibit “CSW 1”, both dated 24 December 1996. I am making this statutory declaration to answer the points relating to me which are made by Chan Swe Wan in his declaration.

3. In my earlier declaration, I stated that I work in the field of corporate intelligence and that, in around 1987 to 1988, I travelled to Kuala Lumpur on investigative business. At this time, I was acting on behalf of cosmetic and perfume companies, and also a manufacturer of shampoo. On their behalf, I was investigating a number of allegedly infringing and counterfeit products which were being manufactured in Malaysia. My investigations were confined to these products and I did not carry out any investigations or do any business whatsoever in connection with condoms or prophylactics. Indeed, I have never had any investigative or business dealings of any sort whatsoever relating to condoms and prophylactics.

4. I note from Chan Swe Wan's declaration that C.A. Sheimer ("Sheimer") has also been involved in the production of cosmetic fragrances. This might explain how Sheimer came to have my name. As I have said, I was during the period of around 1987 to 1988 investigating counterfeit cosmetic and perfume products in Malaysia. During these investigations, I met with many individuals and companies, both large and small. I had much greater contact with some businesses (whose names I can recall) than with others. I had very limited contact with some businesses which either turned out not to be of interest to the companies instructing me or else were no more than links in a chain to an ultimate target.

5. It is therefore not impossible that I attended a meeting with Sheimer representatives in November 1987 and/or had some further discussions with the company after that, as Chan Swe Wan suggests in his declaration. Nevertheless, I do not recall any such meeting or discussions. In addition neither the name Sheimer nor either of its addresses (the one on the Sheimer invoices comprising exhibit "PWFx 1" to my earlier declaration and the one set out at the top of Chan Swe Wan's December 1996 declaration) nor the names Chan Swe Wan, Ben Lee Hock Beng or Nix Chung ring any bell with me.

6. If I did have any contact with Sheimer's representatives, these would only have been in relation to cosmetics and perfume products. What I can say categorically is that any contact which I did have with Sheimer would not have had anything to do with condoms or prophylactics. I can say this with absolute certainty because I have never had any business

dealings whatsoever (whether investigative or otherwise) with such products. The suggestions made in Chan Swe Wan's declaration that I had discussions with Sheimer relating to condoms or prophylactics are therefore incorrect.

7. Likewise, I can say with absolute certainty that no export sales of condoms (or prophylactics) were made to me in the UK (or anywhere else) in the period of 1989 to 1992 (or at any time) as suggested in paragraph 6 of Chan Swe Wan's declaration.

8. I have been provided with a copy of Chan Swe Wan's exhibit "CSW 1" which is a copy of a telex from someone by the name of "Dave". I do not recall this telex or any of the details in it. Nevertheless, one of my colleagues at the time in question was called "Dave" and I would therefore not like to deny that the telex was sent. However, the telex could only have related to the cosmetic fragrances side of Sheimer's business because, as I have said, I have never had any business involvement of any nature with condoms or prophylactics.

9. Finally, I would like to answer two further points which are made by Chan Swe Wan at paragraph 12 of his declaration. First, he refers to the issue of whether or not I was acting in a genuine capacity. In answer to this, I would reiterate that I am absolutely certain that I have never had any business dealings of any nature (whether or not "genuine") relating to condoms or prophylactics. Second, Chan Swe Wan suggests that I may have been acting for Visa at the time in question. To the best of my knowledge and belief, I have never acted for Visa and I am not doing so now."

Visa International's evidence in reply was filed under cover of a letter dated 8th August 1997 which referred to the conflict between the Statutory Declarations of Chan Swe Wan and the Statutory Declarations of Pavel Zarecky and requested an order under Section 69 of the Act and Rule 52 of the 1994 Rules requiring Mr. Chan to attend for cross-examination at the substantive hearing of the Opposition. The letter indicated that Mr. Zarecky would be available for cross-examination at the hearing if required.

The Trade Marks Registry invited Sheimer's trade mark attorneys to comment on the request for cross-examination. No comments were received and the Registry proceeded to confirm in an official letter dated 1st October 1997 that "Mr. Chan will appear and will be sworn in at the Substantive Hearing". The letter was addressed to Visa International's trade mark attorneys. It went on to say that "If the voluntary attendance of the witness cannot be secured by yourselves, you have the right to obtain a subpoena". A copy of the official letter was sent to Sheimer's trade mark attorneys in accordance with the usual practice.

In subsequent correspondence Visa International's trade mark attorneys asked Sheimer's trade mark attorneys to say whether Mr. Chan would attend voluntarily for cross-examination at the substantive hearing and whether they required Mr. Zarecky to attend for cross-examination at that hearing. So far as I can see from the correspondence which has been provided to me, Sheimer's trade mark attorneys failed to respond to the latter request despite being pressed to do so on more than one occasion. In response to the former request they indicated that Mr. Chan would not attend for cross-examination unless Visa International undertook in advance to pay his reasonable travelling and subsistence expenses (estimated at not more than £2,000) irrespective of the outcome of the opposition proceedings. An offer by Visa International to provide security for any costs which might be awarded against it in relation to Mr. Chan's attendance at the hearing was not accepted.

It seems to me that Visa International's refusal to accept Sheimer's pre-condition was reasonable on the basis that the best time to allocate the burden of the costs of Mr. Chan's attendance for cross-examination would be after he had been cross-examined and the best

person to decide who should pay the costs of the cross-examination would be the hearing officer who had seen and heard him being cross-examined. Be that as it may, Sheimer's insistence upon that pre-condition and Visa International's steadfast rejection of it provided Sheimer with a rather weak reason for not making Mr. Chan available for cross-examination at the hearing.

The hearing of the Opposition was scheduled to take place on 8th April 1998. On 2nd April 1998 Sheimer's trade mark attorneys wrote to the Registry enclosing a further Statutory Declaration of Chan Swe Wan dated 30th March 1998. Exhibited to that Statutory Declaration was a copy of a business card which Mr. Zarecky was said to have left with Sheimer when he visited its premises in Malaysia on 20th November 1987. The business card identified "Pavel W.F. Zarecky" of 10 Barley Mow Passage, Chiswick, London W4 4PH England as representing an organisation called "Conex". The letter enclosing the Statutory Declaration sought leave to introduce it in evidence under Rule 13(7) of the 1994 Rules on the basis that it "*shows that no weight can be attached to Mr. Zarecky's evidence*".

Visa International's trade mark attorneys indicated in a letter dated 7th April 1998 that they would not object to the further evidence tendered on behalf of Sheimer if Mr. Zarecky (who would be in attendance and available for cross-examination at the hearing) was permitted to give oral evidence in reply.

The hearing took place on 8th April 1998 before Mr. P.H. Lawrence, the Assistant Registrar. Mr. Zarecky gave evidence orally in reply to the most recent Statutory Declaration of Chan Swe Wan. Sheimer's trade mark attorney was then given the opportunity to cross-examine him, both in relation to the oral evidence he had just given and in relation to the evidence he had given in his Statutory Declarations. This course of events is recorded in the transcript of the hearing as follows:

MR. PAVEL WALTER FRANTISEK ZARECKY, SWORN.

EXAMINED BY MR. RAWKINS

- Q. Mr. Zarecky, have you had the opportunity to read the latest declaration from Chan Swe Wan and its exhibit?
- A. Yes.
- Q. Could I ask you what comments you have?
- A. I recognized the business card as a card I used when operating on behalf of Carratu International during my time in Malaysia. During that time I was investigating a number of companies and making contact with potential targets of counterfeiting of toiletries, perfumes and similar-type products. I would have visited any likely company and handed over a business card.
- Q. Can I ask you about Conex. Would you explain what that was?
- A. Conex is a name used by Carratu in respect of a cover company which is used for mailing and correspondence and based at 10 Barley Mow Passage in Chiswick.
- Q. Can you recall having any meeting with Sheimer where this business card would have been handed over?

A. No, I have no recollection of any such meeting.

Q. Have you ever, to your knowledge, had any business dealings with condoms?

A. No, I have never been involved in the importation, distribution, sale or anything else to do with condoms.

THE HEARING OFFICER: Mr. Pennant do you [have] any questions?

MR. PENNANT: I do not.

THE HEARING OFFICER: You may stand down. Thank you very much.

(The witness withdrew).

At this point I would observe that by not taking advantage of the opportunity to cross-examine Mr. Zarecky upon his evidence, Sheimer's trade mark attorney left the Assistant Registrar with a conflict between the untested evidence of a witness (Mr. Zarecky) who had made himself available for cross-examination and the untested evidence of a witness (Mr. Chan) who had not made himself available for cross-examination despite requests that he should do so. I think that this created a disparity between the evidence of the two witnesses which can and should be taken to count in favour of Mr. Zarecky when it comes to the question of whether he did or did not receive commercial quantities of VISA condoms from Sheimer for distribution and sale in the United Kingdom between 1988 and 1992.

In his decision issued on 31st July 1998 (now reported at [1999] ETMR 519) the Assistant Registrar upheld the Opposition under Section 5(3) of the Act, but rejected it under

Sections 5(4) and 3(6) of the Act. He awarded Visa International the sum of £1,200 as a contribution to its costs of the proceedings.

The Opposition under Section 5(3) was upheld on the following basis:

“The evidence goes to support what I believe to be clear, namely that the scale of use of the VISA mark in relation to credit card services, and resulting reputation, combined with the daily use of that mark in connection with many and varied consumer products, would cause the public to wonder whether there is a connection in trade between the opponents’ and dissimilar consumer goods under the same mark. As a consequence I find that a substantial number of members of the public are likely to have cause to wonder whether the applicant’s products are in some way connected with the services provided by the opponents.

That in turn leads me to find that whether or not any deception is intended, these are sufficient grounds for a finding that unfair advantage would be taken of the reputation of [Visa International’s] mark.

Even if that is wrong, the use of VISA in shop windows to advertise products such as condoms is bound to have a detrimental effect on the distinctive character of the opponents’ mark which, like all credit cards, must depend to some extent on its ability to function on shop windows and points of sale displays as an indication that it is accepted at a particular retail outlet. It would be less effective in that function if some members of the public come to see it as a trade mark for condoms.”

The Assistant Registrar was not prepared to differentiate for these purposes between the form in which the word VISA is represented in Sheimer’s packaging (Annex A and Annex B to this Decision) and the plain block capitals in which the word is represented in Sheimer’s

application for registration dated 27th February 1995. He also took the view that Sheimer's evidence as to the existence of third party registrations covering trade marks which consist of or contain the word VISA did not touch the issues arising for consideration under Section 5(3). He said:

“I am persuaded by the opponents' contention that most of the marks shown in the search report introduced by the applicant can be distinguished from the present case, either on the grounds that the marks are not the same, or that the goods are not consumer goods and are more likely to be purchased after careful consideration, or indeed because they are themselves under attack from the opponent. But the main point here is that there is no evidence that any of the marks in question, other than those of the opponents, are actually in use in the UK. Their presence on the Register cannot therefore be a guide as to the public's reaction in the event that the applicant's mark is put into use.”

The Assistant Registrar considered that the objection based on the first of the “*earlier rights*” asserted by Visa International under Section 5(4) of the Act (the right afforded by the law of passing-off) required evidence sufficient to support a finding that there was a real risk that a substantial number of persons among the relevant section of the public would in fact believe that there was a business connection between Visa International and the goods which Sheimer proposed to market in the United Kingdom under the mark VISA. His conclusion was as follows:

“In my view the weight of evidence is not sufficient to meet this test. This is because on the evidence [Visa International's] use is overwhelmingly in relation to credit cards or associated financial services. Thus although I have found that the public will have cause to wonder whether the applicants are connected

with the opponents, I do not believe the evidence supports a conclusion that the public will ultimately be deceived to a material extent. The result is that the opposition fails under this heading.

In relation to the second of the “*earlier rights*” asserted by Visa International under Section 5(4) of the Act (the right afforded by the law of copyright) he held that there was no basis for objection because the sign which Sheimer was seeking to register was represented graphically in the application for registration in a form which could be used without the consent of the owner of the relevant “*earlier right*”: use of the word VISA in plain block capitals as shown in the application for registration would not infringe the copyright asserted by Visa International.

Finally the Assistant Registrar rejected the objection under Section 3(6) on the following basis:

“In their statement of grounds, the opponents claimed bad faith on the basis that the application had been filed with the deliberate intention of exploiting the reputation enjoyed by the opponents in the mark. I do not see that the issue of whether or not the applicant’s claims to have used the mark in the UK are true bears directly on this point. In his submissions, Mr. Rawkins suggested that any evidence that false claims of use had been made was relevant because it showed that the applicant came to these proceedings with unclean hands. But whether or not this is so, I do not believe that the evidence in front of me establishes that the applicants deliberately set out to exploit [Visa International’s] reputation in the VISA mark. I therefore find that the opposition under this heading does not succeed.”

Sheimer appealed under Section 76 of the Act in relation to the Assistant Registrar's decision under Section 5(3) and Visa International appealed under Section 76 of the Act in relation to the Assistant Registrar's decision under Sections 5(4) and 3(6). Both appeals were made to an Appointed Person and they subsequently came on for hearing together before me.

Shortly before the hearing of the appeals Sheimer submitted further evidence in the form of a Statutory Declaration exhibiting "a sample of Sheimer's packaging for its condom products showing the trade mark VISA as proposed to be used by Sheimer in the United Kingdom". An example of the exhibited packet is shown in Annex D to this Decision. Visa International did not object to this evidence.

Counsel for Sheimer confirmed that the company originally intended to use packaging in the form indicated by Exhibit SWC1 to the Statutory Declaration of Chan Swe Wan dated 3rd August 1995 (as per Annex A and Annex B to this Decision) and considered that to be normal and fair use of the mark VISA; however, it now (in 1999) intended to use packaging in the form shown in Annex D to this Decision and considered that to be another example of normal and fair use of the mark VISA.

Visa International also submitted further evidence shortly before the hearing of the appeals:

- (1) a Statutory Declaration explaining the circumstances in which evidence had been obtained from the three pharmacists whose Statutory Declarations were before the hearing officer; and
- (2) a Statutory Declaration giving details of communications with two other pharmacists who had been approached in the same way as the three whose evidence had already been received.

Sheimer objected to the filing of these Statutory Declarations. I allowed the first Statutory Declaration to be filed on the basis that it did no more than confirm what the hearing officer had already been told (without objection) at the hearing on 8th April 1998. I declined to accept the second Statutory Declaration on the basis that there appeared to be no good reason for permitting or requiring the evidence it contained to be added at this late stage to the evidence the hearing officer had already received.

At the hearing before me the arguments of the parties were primarily directed to the plausibility or otherwise of the inferences which must necessarily be drawn from the available evidence before Visa International can be taken to have raised a well-founded objection to registration under Section 5(3), Section 5(4) or Section 3(6) of the Act.

I have interspersed my review of the evidence and events relating to the application for revocation of Registered Trade Mark No. 1,222,353 and the opposition to Trade Mark Application No. 2012498 with comments and observations intended to show my thinking in

relation to the matters I was describing. For the reasons indicated in those comments and observations, I am not prepared to disbelieve Mr Zarecky's evidence to the effect that he has never had any business dealings with Sheimer relating to condoms or prophylactics and I am not prepared to give credence to Mr Chan's evidence to the contrary effect. I think the most that can be said against Mr Zarecky is that he may have been mistaken when he said that he had never had any contact or involvement of any kind with Sheimer: there is a possibility on the evidence before me that he had some contact or involvement with Sheimer when he was carrying out investigations in Malaysia in the period 1987 to 1988. Beyond that I find it quite remarkable that a private investigator who only had reason to use 10 Barley Mow Passage, Chiswick, London W4 4PH as an address for a "cover" company for a limited period of time ending in November 1988 should be alleged (in the teeth of his own denials, without taking the opportunity to cross-examine him and on the basis of inadequately substantiated counter-assertions) to have carried on business from that address as a distributor of VISA condoms and prophylactics imported directly from Sheimer in commercial quantities between 1988 and 1992. The distributorship has not been established by any evidence upon which I would feel able to rely. It follows that I reject Sheimer's claim to proprietorship acquired through use of the mark VISA in the United Kingdom since 1988.

That leads me to the question whether Sheimer's application for registration should be taken to have been "*made in bad faith*" within the meaning of Section 3(6) of the 1994 Act and Article 3(2)(d) of Council Directive No.89/104/EEC of 21st December 1988 to

approximate the laws of the Member States relating to trade marks. Article 3(2)(d) of the Directive gave Member States the option to “*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 ... the application for registration of the trade mark was made in bad faith by the applicant*”. Article 51 of the Community Trade Mark Regulation (Council Regulation (EC) No. 40/94) similarly provides that “*A Community trade mark shall be declared invalid ... where the applicant was acting in bad faith when he filed the application for the trade mark*” subject to the qualification that “*Where the ground for invalidity exists in respect of only some of the goods or services for which the Community trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only*”. The United Kingdom opted in Section 3(6) of the 1994 Act to provide that “*A trade mark shall not be registered if or to the extent that the application is made in bad faith*”. I do not see any difference of substance in the variations between the language of Section 3(6) and the language of the parallel Community legislation.

The focus of attention under Section 3(6) is the propriety of the applicant’s claim to the protection he seeks. The words “*if or to the extent that the application is made in bad faith*” in Section 3(6) and the similar wording in the parallel Community legislation emphasise that the propriety of the application must be tested with particular reference to the specification of goods or services (and therefore the scope of protection) for which registration of the sign in issue has been requested. That accords with Article 13 of the Directive which provides (with emphasis added) that:

“Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect only of some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods or services only.”

Although the words I have emphasised do not appear to have found their way into the text of the 1994 Act, they are binding upon the Registrar of Trade Marks as the person whose task it is to implement Article 13 on behalf of the State in Registry proceedings in the United Kingdom. Article 13 serves to confirm that no grounds for refusal of registration should exist in respect of any of the goods or services for which a trade mark is to be registered. It envisages that the coverage of an application for registration will (where possible) be restricted to the extent necessary to confine it to goods or services for which the trade mark in question is fully registrable.

With these considerations in mind, it appears to me that Article 13 of the Directive and Section 3(6) of the Act (Article 3(2)(d) of the Directive) combine to require that a sign should only be registered for use as a trade mark in relation to goods or services specified (i) without bad faith on the part of the applicant; and (ii) within limits which leave the application altogether free of objection under the provisions of the 1994 Act. I do not think that Section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality and I do not accept the broad general submission made on behalf of

Visa International to the effect that lack of veracity in connection with an application for registration is sufficient *per se* to constitute bad faith for the purposes of Section 3(6).

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 p.389 appear 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.

In Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd [1999] RPC 367 Lindsay J. said (p.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 as 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.

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 on the applicant. Quite how far the concept of “bad faith” can or should be taken consistently with its Community origins in Article 3(2)(d) of the Directive is a matter upon which the guidance of the European Court of Justice seems likely to be required: Road Tech Computer Systems Ltd v. Unison Software (UK) Ltd [1996] FSR 805 at 817, 818 per Robert Walker J.

In the present case the objection under Section 3(6) is based on the pleaded allegation that Application No. 2012498 was filed “with the deliberate intention of exploiting the reputation enjoyed by [Visa International] in [the trade mark VISA]”. That is an allegation which could just as easily have been made if the United Kingdom had not opted to provide for objections to registration in the terms of Section 3(6). It serves to reinforce the objections under Section 5(3) and Section 5(4)(a). I doubt that the alleged intention would be sufficient to sustain an objection under Section 3(6) if it was insufficient to sustain an objection under Section 5(3) or Section 5(4)(a) in a case such as the present. I say that because the present case is one in which freedom from objection under Section 5(3) and Section 5(4)(a) would imply that the Application actually lacked the capacity to give effect to the alleged intention.

Sheimer’s evidence omits to respond to Visa International’s evidence that the word VISA as it appears in Sheimer’s packaging “*is an almost exact copy*” of the word VISA as it appears in the graphic representation used by Visa International. It also offers no explanation as to how or why the mark VISA came to be selected for use in relation to Sheimer’s products in the first place. No one actually says in evidence on behalf of Sheimer

that it adopted the mark VISA either in the belief that people would understand it to be alluding to passport entries or in the belief that no one would understand it to be alluding to the business or services of Visa International. Sheimer's evidence relating to its registration of the mark VISA in Malaysia does, however, include a copy of a decision in which the Assistant Registrar of Trade Marks for Malaysia rejected Visa International's opposition to Sheimer's application for registration. In that decision it is confirmed that the Assistant Registrar was "well able to hold that the opponent's VISA mark was well-known throughout Malaysia in respect of their credit banking and connected services" having regard to the evidence of continuous and extensive use of the opponent's VISA mark in Malaysia from as early as 1979. This indicates that Sheimer's adoption of the mark VISA post-dates Visa International's use of the mark VISA in Malaysia.

The word VISA has no natural association with goods of the kind specified in Application No. 2012498. Counsel for Sheimer submitted that it should be seen, in that connection, as alluding humorously to the concept of a permit to enter. That is a joke which would be lost on people who did not think in terms of passport entries when they saw the word VISA used as a trade mark in relation to the goods in question. I cannot accept that many, if any, people who encountered the word VISA in that context would spontaneously think of it in the terms suggested. I think it is a fair inference from the evidence before me that so many people are so deeply imbued with Visa International's use of the word VISA as its trade mark that Sheimer's use of the word would to a significant extent trigger recollections of Visa International and its services. Indeed, the form in which the word

VISA is presented to the eye by the packaging reproduced in Annex A and Annex B to this Decision is calculated to trigger such recollections in the minds of people familiar with the form in which Visa International habitually uses the word VISA (Annex C). I can only conclude from the form in which the word VISA is represented in Annex A and Annex B that Sheimer wanted and expected people to link its use of the word VISA to Visa International's use of the word VISA.

The form in which the word VISA is represented in Annex A and Annex B is open to two interpretations. On the one hand, it might be thought to indicate that simulation of the form in which the word VISA is used by Visa International is necessary in order to achieve the desired linkage. On the other hand, it might be thought to indicate that use of the word VISA achieves the desired linkage to an extent which can be increased by such simulation. I prefer the latter point of view because I think it is the word as such which triggers the pertinent recollections.

Counsel for Sheimer submitted that I should disregard the likelihood of use of the word VISA in the form shown in Annex A and Annex B because the word was represented in block capitals in the relevant application for registration, because I should concern myself with the hypotheticals of normal and fair use of the word in question and because Sheimer now intended to use the word in the form exemplified by the packet shown in Annex D. I am unable to accept that submission for the following reasons. First, the sign put forward for registration was the word VISA *per se* and not the word VISA represented in any particular script or lettering. Second, the legislation assimilates use of a sign as registered with use of

the sign “*in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered*”: Section 46(2) of the Act (Article 10(2)(a) of the Directive). Third, the word VISA in the form shown in Annex A and Annex B does not differ audibly or visibly from the word VISA as represented in Application No. 2012498 in elements which can be said to alter the distinctive character of the mark represented in the Application; nor does the word VISA in the form shown in Annex C differ audibly or visibly in elements which can be said to alter the distinctive character of the mark registered in the name of Visa International under number 1281515. Fourth, it is accepted that Annex A and Annex B show the form in which Sheimer intended to use the word VISA at the date of its application for registration (27th February 1995); that is the date at which the validity of its application has to be tested against Visa International’s objections to registration; the manner in which Sheimer actually intended to use the word VISA at that date (Annex A and Annex B) can and should be taken into account when deciding whether Visa International’s objections are well-founded: Dustic TM (1955) 72 RPC 151, 156; Grundig TM [1965] RPC 89, 98. Fifth, Sheimer’s intentions with regard to use of the word VISA as a trade mark for its products are directly relevant to Visa International’s objection under Section 3(6). Sixth, it cannot be assumed that Annex D is exhaustive of Sheimer’s intentions with regard to use of the word VISA as a trade mark.

What did Sheimer hope to achieve by linking its products via use of the word VISA to Visa International and its services? I have no direct evidence on this point. However, I think it is reasonable to assume that Sheimer judged it to be a worthwhile thing to do and I think it

is no less reasonable to assume that its judgment was sound for “who knows better than the trader the mysteries of his trade?” (Office Cleaning Services Ltd v. Westminster Window & General Cleaners Ltd (1946) 63 RPC 39 (HL) at 42 per Lord Simonds). My impression is that Sheimer wanted to use a famous name for its products so that they would become famous for being products of the same name as the name whose fame they fed upon; the fame of the adopted name needed to be sufficiently strong and widespread to attract attention to Sheimer’s products; and the name VISA was seen to be a suitable name as a result of the fame it had acquired and could be expected to acquire in connection with Visa International’s business activities.

As Sheimer’s VISA products became famous for being products of the same name as that under which Visa International’s services were provided for the benefit of customers in the United Kingdom, so Visa International’s services would become correspondingly ‘famous’ for being services supplied under the same name as that of Sheimer’s VISA products. I think that Sheimer will have been aware of that prospect when it filed Application No. 2012498 to register VISA as a trade mark for use in relation to “condoms; contraceptive devices and appliances; rubber articles for medical or surgical purposes” in the United Kingdom on 27th February 1995. The question is whether that prospect advances Visa International’s objections to registration under Section 5(3) or Section 5(4)(a). I propose to deal with the objections under those sections before stating my conclusions in relation to the objection under Section 3(6).

According to my understanding of the relevant legislative provisions, the objection under Section 5(3) called for evidence of facts and matters from which it could properly be concluded that:

- (i) Visa International's Registered Trade Mark No. 1281515 VISA (the earlier trade mark) has a reputation in the United Kingdom;

and:

- (ii) the mark put forward for registration in Sheimer's Application No. 2012498 (the later mark) is identical with or similar to the earlier trade mark;

and the circumstances are such that even though:

- (iii) Sheimer's application to register the later mark relates to goods which are not similar to those for which Visa International's earlier trade mark is protected;

use of the later mark in relation to the goods for which it is sought to be registered would without due cause:

- (iv) take unfair advantage of the distinctive character or repute of Visa Internationals' earlier trade mark;

or:

- (v) be detrimental to the distinctive character or repute of Visa International's earlier trade mark;

and these conditions were satisfied at the date of Sheimer's application to register the later mark (27 February 1995).

Both sides agreed with the position I adopted in Corgi TM [1999] RPC 549 that it is unnecessary for an objector to establish a likelihood of confusion in order to substantiate an objection to registration under Section 5(3). I note that Advocate General Jacobs treats this as settled law in paragraph 26 of his Opinion in Case C-375/97 General Motors Corporation v. Yplon SA [1999] ETMR 122:

“It may be noted at the outset that, in contrast to Article 5(1)(b), there is no requirement under Article 5(2) of a likelihood of confusion on the part of the public. It had been thought in some quarters that a requirement of confusion was implicit in Article 5(2) since it seemed paradoxical that confusion should be required under Article 5(1)(b) where the respective goods or services were identical or similar, but not required under Article 5(2) in relation to dissimilar goods or services. However the issue was resolved by the Court in its judgment in SABEL (Case C-251/95 Sabel v. Puma [1997] ECR I-6191) which made it clear, when ruling on Article 5(1)(b), that Article 5(2) did not require confusion”.

The Judgment of the European Court of Justice in that case was delivered on 14th September 1999. The Judgment contains no reference to the need for a likelihood of confusion to be established under Section 5(3). Paragraph 23 of the Judgment contemplates that Section 5(3) may apply when there is a sufficient degree of knowledge of the earlier trade mark that the

public, when confronted by the later trade mark, will “make an association between the two trade marks”. I remain of the view that the use of a mark need not be confusing in order to be objectionable under Section 5(3) of the Act.

Reverting to the elements of the objection as I have noted them above, it appears from the Judgment of the European Court of Justice in General Motors Corporation v. Yplon SA (above) that requirement (i) calls for a reputation among a “*significant part of the public concerned by the products or services covered by*” the earlier trade mark “*in a substantial part of the territory*” of the Member State in which protection is claimed and “*the stronger the earlier mark’s distinctive character and reputation the easier it will be to accept that detriment has been caused to it*”. Visa International’s earlier trade mark is a well-known mark with a strong distinctive character and reputation in the United Kingdom. Requirement (i) is clearly satisfied and so are requirements (ii) and (iii). So far as requirements (iv) and (v) are concerned, it appears to me for the reasons I have already given that use of the word VISA as a trade mark for Sheimer’s products would, without due cause, capture the distinctive character of Visa International’s earlier trade mark, especially if it was used in the form intended at the date of application (Annex A and Annex B). Would it also exploit the distinctive character of the earlier trade mark positively (by taking unfair advantage of it) or negatively (by subjecting it to the effects of detrimental use)? As pointed out by Mr. Allan James in his decisions on behalf of the Registrar in Ever Ready TM (Oasis Stores Ltd’s Application) [1998] RPC 631 at 649 and Audi-Med TM [1998] RPC 863 at 872 the provisions of Section 5(3) are clearly not intended to have the sweeping effect of preventing

the registration of any mark which is the same as or similar to a trade mark with a reputation, nor are they intended to make it automatically objectionable for the use of one trade mark to remind people of another, so the importance of this question should not be under-estimated.

I think it is clear that Sheimer would gain attention for its products by feeding on the fame of the earlier trade mark. Whether it would gain anything more by way of a marketing advantage than that is a matter for conjecture on the basis of the evidence before me. Since I regard it as quite likely that the distinctive character or reputation of Visa International's earlier trade mark would need to increase the marketability of Sheimer's products more substantially than that in order to provide Sheimer with an unfair advantage of the kind contemplated by Section 5(3) I am not prepared to say that requirement (iv) is satisfied.

I do, however, consider that requirement (v) is satisfied on the basis that there would be cross-pollination between Sheimer's use of the word VISA and Visa International's use of the word VISA in the way I have described and that this would be detrimental to the distinctive character of Visa International's earlier trade mark. It seems to me that if a trade mark proprietor ought to be free to decide for himself by what goods he will make (or break) the reputation of his trade mark in the United Kingdom (Colgate-Palmolive Ltd v. Markwell Finance Ltd [1989] RPC 497 at 531 per Lloyd LJ) he ought also to be able to prevent other traders, on the terms and conditions laid down in Section 5(3), from using his trade mark so as to cause it to carry connotations, when used by him, that are truly detrimental to the distinctive character or repute that the trade mark would otherwise enjoy in his hands. That seems to me to be the case here.

Reference is usually made in this connection to the decision of the Benelux Court of Justice in Lucas Bols v. Colgate-Palmolive (1976) 7 IIC 420 where it was held that a trade mark proprietor could sue to prevent damage to the capacity of his mark to stimulate the desire to buy among purchasers of goods of the kind for which it is registered and could succeed without establishing that the distinctiveness of the mark is impaired by the conduct of which he complains or that the conduct in question creates a risk of confusion or improperly exploits the notoriety of the registered trade mark. This ruling was made in the context of a case where the defendant proposed to market an all-purpose cleanser under the mark KLAREIN in the Netherlands, where the plaintiff had for many years marketed fine quality gin under the phonetically identical mark CLAERYN. There was “a certain typographical similarity” about the way in which the marks were presented in the labelling of the two products.

In Case No. I ZR 79/92 (1995) 26 IIC 282 the German Federal Supreme Court upheld a decision which prevented the defendant from marketing individually wrapped condoms in folding match-book type packaging bearing a picture of the plaintiff’s MARS bar product and a reproduction of the logotype form of the word MARS which the plaintiff had registered as its trade mark followed by the words “will liven you up for sex - sport and play”. In the report of this case at p.289 the question of detriment to the distinctive character and repute of the plaintiff’s trade marks is discussed in the following terms:

“If marks, whose reputation was established by the plaintiff only in connection with confectionery, in particular a candy-bar, and which marks have great advertising value for these goods, are

used – as on the part of the defendant – for labelling of contraceptive wrappers, then this circumstance alone suffices to impair their advertising power in regard to the original goods and, moreover, to ruin their positive image at least as far as part of the public is concerned (regarding the significance of such impairments, *cf. Dimple*, under II.2.c [23 IIC 279 (1992) – *SL*]; for, by their very purpose, contraceptives evoke certain associations (sexual relations, AIDS prevention, etc.), which significant portions of the addressed public would certainly rather do without when it comes to buying candy, and with which reputable candy manufacturers, in particular, rightfully do not wish to be identified because, as a rule, contraceptives do not appear to promote the sale or image of their products.”

The judgment proceeds on the basis that the defendant was using the relevant trade mark as an indicator of product origin so as to point to the plaintiff unless and until the consumer noticed the second reference to origin provided by the relatively inconspicuous identification of the defendant company on the back of the packaging (p.289). This was taken to create a risk that the plaintiff would be thought, wrongly, to be associated with the marketing of the defendant’s products.

In American Express Co. v. Vibra Approved Laboratories Corp 10 USPQ 2d 2006 (SDNY 1989) a preliminary injunction was granted to restrain the defendant from marketing condoms individually wrapped in packets printed on the outside with an “AMERICA EXPRESS” imitation of the plaintiff’s green “AMERICAN EXPRESS” chargecards and printed on the inside with the words of the plaintiff’s slogan NEVER LEAVE HOME WITHOUT IT. The defendant maintained that its imitations of the plaintiff’s trade marks were a legitimate form of parody. The court concluded that the plaintiff had failed to demonstrate a likelihood of confusion as to the source or sponsorship of the defendant’s

condom cards. It nevertheless held that the plaintiff was entitled to a preliminary injunction on the basis of a “likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name” under New York’s Anti-dilution Statute because “defendants’ condom cards cannot be shrugged off as a mere bawdy jest, unreachable by any legal theory. American Express has a legitimate concern that its own products’ reputation may be tarnished by defendants’ conduct; and that damage, impossible to quantify and hence irreparable, will result.”

I prefer not to use the word “dilution” because I regard it as a word of uncertain meaning which may overstate the purpose and effect of the language used in Section 5(3) of the Act and in parallel Community legislation. However, use of the word VISA as a trade mark for Sheimer’s products would, in my view, have a substantially detrimental effect, of the kind regarded as objectionable in these three cases, upon the distinctive character of Visa International’s earlier trade mark. I cannot see any justification for permitting Sheimer to register a trade mark which would, when used, burden Visa International’s own use of its earlier registered trade mark with connotations of birth control and sexual hygiene that would alter perceptions of the mark negatively from the point of view of a provider of financial services in the position of Visa International. Visa International should not have to carry the burden of advertising condoms and prophylactics at the same time as it promotes its own services. I agree with the Assistant Registrar in thinking that Sheimer’s application for registration was objectionable under Section 5(3) of the Act.

The objection under section 5(4)(a) called for evidence of facts and matters from which it could properly be concluded that use of the word VISA for the purpose of distinguishing the goods of interest to Sheimer from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the date of the application for registration by the enforcement of rights which Visa International could then have asserted against Sheimer in accordance with the law of passing off. The elements of an action for passing off are helpfully summarised in the passages from *Halsbury's Laws of England* (4th Edition, 1995) Vol. 48, quoted in Wild Child TM [1998] R.P.C. 455 at 460, 461.

The concept of “misrepresentation ... leading or likely to lead to the public to believe that goods or services offered by the defendant are goods or services of the plaintiff” is quite flexibly interpreted with a view to preventing the mixing and switching of identities between different goods, services and businesses. An action for passing off can succeed in the absence of competition between the parties to the dispute. This was confirmed by the House of Lords in Erven Warnink BV v. J. Townend & Sons (Hull) Ltd [1979] AC 731 at 741,742 per Lord Diplock:

“*Spalding's* case 84 L.J. Ch.449 led the way to recognition by judges of other species of the same genus [of actionable wrong], as where although the plaintiff and the defendant were not competing traders in the same line of business, a false suggestion by the defendant that their businesses were connected with one another would damage the reputation and thus the goodwill of the plaintiff's business. There are several cases of this kind reported of which *Harrods Ltd v. R. Harrod Ltd* (1924) 41 RPC 74, the moneylender case, may serve as an example.”

The concept of “damage as a result of the erroneous belief engendered by the defendant’s misrepresentation” also embraces cases where the use of the later mark is liable to take unfair advantage of or be detrimental to the distinctive character or repute of an earlier trade mark, with adverse consequences for the proprietor of the goodwill of an existing business. Misrepresentation nevertheless remains an essential element of the action for passing off and it is not possible at the present time to say that the action prevents “association” independently of confusion symptomatic of misrepresentation.

On the evidence before me I am satisfied that at the date of Sheimer’s application for registration (27 February 1995) Visa International was the proprietor of a substantial and valuable goodwill built-up and acquired in connection with the provision of financial services over many years. I also think that Visa International could be damaged in its use and enjoyment of that goodwill if people really were deceived or confused by Sheimer’s use of the word VISA as a trade mark for “condoms; contraceptive devices and appliances; rubber articles for medical or surgical purposes” into thinking that the goods in question were being marketed by or for or in conjunction or association with Visa International. A misrepresentation to that effect would be actionable on the basis that it implicated Visa International in business activities it had not authorised, could not control and was not responsible for. It would not be necessary to establish that Sheimer would gain or was intending to gain additional custom from that misrepresentation: Stringfellow v. McCain Foods (GB) Ltd [1984] RPC 501 (CA) at 533 per Slade LJ.

The Assistant Registrar thought that people would be caused to wonder whether there was a connection in trade between Sheimer's goods and Visa International's services. However, I think that this would be one of a range of possible reactions reflecting varying degrees of receptiveness and scepticism to the idea that a provider of financial services such as Visa International might have diversified its business interests so as to have become connected or associated with the supply of Sheimer's goods. The question remains whether there would be a real and substantial likelihood of misrepresentation. I bear in mind the warning given by Lord Simonds in Marengo v. Daily Sketch and Sunday Graphic Ltd (1948) 65 RPC 242 (HL) at 250 about approaching this question with knowledge that there is a question, when the real task is to determine what impression such use of the word VISA would make upon people in the world at large in the ordinary course of events.

It is quite likely that many of the people in whom recollections of Visa International and its services were triggered by use of the word VISA as a trade mark for Sheimer's goods would neither suppose nor suspect that the VISA financial services organisation had anything whatever to do with it. They would find the whole idea of a commercial connection or association too improbable to be true; they might well be led by their scepticism to regard the representation of the word VISA on Sheimer's products in the form shown in Annex A and Annex B as being (to borrow the words of Lord Blanesborough in Tolley v. J.S. Fry & Sons Ltd [1931] AC 333 (HL) at 347) "only another instance of the toll levied on distinction for the delectation of vulgarity".

Others of them may be people who would not regard it as too improbable to be true that the VISA financial services organisation had something to do with the marketing of those goods and who would think that the word VISA is unlikely to have been used to identify those goods in the absence of a commercial connection or association with the VISA financial services organisation. The representation of the word VISA on Sheimer's products in the form shown in annex A and Annex B would reinforce them in their belief in the existence of a connection or association.

Between the two positions I have described there may be people who were caused to wonder whether there was a commercial connection or association of some kind between Sheimer's goods and the VISA financial services organisation. They might infer that there was such a connection or association if they saw the word VISA represented on Sheimer's products in the form shown in Annex A and Annex B. Without the visual cue provided by such representation, they might not form a view as to the existence or absence of a commercial connection or association. Much would depend upon whether they were moved to reflect upon the matter.

Looking at the matter in this way, I think it is possible that the necessary likelihood of misrepresentation could be established for the purposes of Visa International's objection to registration under Section 5(4)(a) in the present case. However, a final determination to that effect is not something that I feel able to make on the basis of Statutory Declarations from three pharmacists, each of whom will have appreciated that there was a point of concern

about the word VISA when they were asked for their reactions to the use of it on packaging available to be seen only in the form of a rather poor black and white photocopy. Even though I have evidence from which I feel able to conclude that Sheimer wanted and expected people to link its use of the word VISA to Visa International's use of the word VISA, I still have to decide whether the resulting linkage would be such as to give rise to a real and substantial likelihood of misrepresentation among members of the public in the United Kingdom. To what extent would people really be taken in by it? Having considered this question long and hard in the light of the evidence before me, I have come to the conclusion that I am being asked to guess about matters which ought not to be guessed at. I therefore intend, with some reluctance, to regard Visa International's objection to registration under Section 5(4)(a) as not proven.

I now return to the objection under Section 3(6). This appears to me to go hand in hand with the objection under Section 5(3). Since I consider that Visa International's earlier trade mark was the target of Sheimer's desire to use a famous name for the products it intended to market under Application No. 2012498, I am not prepared to hold that any of the goods specified in that Application would be free of the objection I have upheld under Section 5(3). Conversely all of the goods specified in that Application are goods which I take to have been specified by Sheimer with the awareness I have mentioned: an awareness that as its VISA products became famous for being products of the same name as that under which Visa International's services were provided for the benefit of customers in the United Kingdom, so Visa International's services would become correspondingly 'famous' for being

services supplied under the same name as the “condoms; contraceptive devices and appliances; rubber articles for medical or surgical purposes”. In my view, that suffices to justify a finding of bad faith in relation to Application No. 2012498 even if Sheimer did not anticipate that its actions would give rise to a successful objection to registration under Section 5(3). I take the view that this is not a case which tests the limits of Section 3(6) of the Act (Article 3(2)(d) of the Directive) from the point of view of Community law because the objection on the ground of bad faith falls entirely within the limits of objectionability prescribed by Section 5(3) of the Act in accordance with the Directive.

I consider that the Assistant Registrar was right to reject Visa International’s objection under Section 5(4)(b) on the basis that he did. Sheimer was not seeking to register a reproduction of the whole or a substantial part of any work protected by copyright in the hands of Visa International.

For the reasons I have given above Sheimer’s appeal from the Assistant Registrar’s decision under Section 5(3) of the Act will be dismissed and Visa International’s appeal from the Assistant Registrar’s decision under Section 3(6) of the Act will be allowed. Save to the extent I have indicated, Visa International’s appeal will be dismissed. Having regard to the overall outcome of the appeals, I direct Sheimer to pay Visa International the sum of £1,000 as a contribution to its costs of the objections I have upheld. This sum is additional to the £1,200 which the Assistant Registrar directed Sheimer to pay Visa International in respect of

the proceedings below.

Geoffrey Hobbs Q.C.

28th September 1999

Jessica Jones instructed by Messrs D. Young & Co appeared as Counsel on behalf of CA Sheimer (M) Sdn Bhd.

Jason Rawkins, Solicitor, of Messrs Taylor Joynson Garrett appeared on behalf of Visa International Service Association.

Mike Knight, Principal Hearing Officer, appeared on behalf of the Registrar.

ANNEX A



ANNEX B



