

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION Nos 2204845 and 2204846
BY PETSURE LIMITED TO REGISTER TRADE MARKS
IN CLASS 36**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER
Nos 51143 and 51144 BY PEOPLE'S DISPENSARY
FOR SICK ANIMALS**

TRADE MARKS ACT 1994

**IN THE MATTER OF Application Nos 2204845
and 2204846 by Petsure Limited to register trade
marks in Class 36**

AND

**IN THE MATTER OF Opposition thereto under
Nos 51143 and 51144 by People's Dispensary for
Sick Animals**

DECISION

1. On 4 August 1999 Petsure Limited applied to register the following mark:



2. On the same date Petsure Limited applied to register the mark PETSURE.

3. In each case the specification of services in Class 36 reads:

"Insurance, underwriting and insurance brokerage services; discount card services; credit and debit card services; banking services; issue and redemption of tokens and vouchers; fund raising and fund management services; information, advisory and arrangement services in relation to the aforesaid."

4. The applications are numbered 2204845 and 2204846 respectively.

5. On 5 July 2000 People's Dispensary for Sick Animals filed notice of opposition to these applications. They are the proprietors of the following earlier trade mark:

No	Mark	Class	Specification
2129361		16	Printed matter, photographs, stationery.
		36	Insurance services.

6. They go on to say that they have used the PETSURANCE trade mark which forms the subject of the above registration in relation to an insurance policy to give pet owners a chance to insure their dogs' and cats' health. The primary feature of the policy is to provide cover for the payment of veterinary fees but also extends to third party liability, accidental death, advertising reward, emergency kennelling, loss by theft or straying, holiday cancellation, alternative medicine, legal helpline, vet finder service and travel allowance. The PETSURANCE insurance policy was launched in the UK in July 1997 and has been in continuous use since it was first introduced into the market. The opponents say they use the mark both in the form in which it is registered and also, as the word mark PETSURANCE.

7. Arising from these circumstances they say that the marks applied for are similar to their earlier trade mark and the services are identical or similar to the goods and services of their registration. Accordingly there is a likelihood of confusion such that registration would be contrary to Section 5(2)(b) of the Act.

8. Furthermore in the light of their use and the rights arising therefrom they say that registration would also be contrary to Section 5(4)(a) of the Act.

9. Finally they object under Section 3(6) of the Act for the following reasons:

"The Opponents contend that the Applicant is associated with a company called BCD Ltd. When the Opponents launched their PETSURANCE insurance policy in July 1997, the policies were administered by a company called BCD Ltd but that company was replaced in March 1998 by another administrator. Between April 1999 and March 2000, the Opponents received information from a number of original PETSURANCE policy holders that, shortly before the expiry date of their policies, they had received correspondence from "Petsavers Insurance Administration", a division of BCD Ltd, offering a PETSURE policy. The Opponents understand Petsure Ltd to be associated with BCD Ltd in that they share a common directorship. In the correspondence issued by BCD Ltd to the PETSURANCE policy holders of the Opponent, it was indicated that the PETSURANCE policy was no longer available and that a new scheme under the name PETSURE would replace it. Therefore, the Opponents contend that registration would be contrary to the provisions of Section 3(6) of the Trade Marks Act 1994, on the basis that it was filed in bad faith."

10. The applicants filed counterstatements admitting that the opponents are recorded on the register as proprietors of trade mark No 2129361 and that it is an earlier trade mark. They admit too that insurance services covered by their application are identical to or similar to the Class 36 services of the opponents. In all other respects the grounds of opposition are denied. They comment in relation to the Section 3(6) ground that:

"..... it is admitted that the Applicant and a company called BCD Limited share a director in common. It is admitted that shortly before the expiry date of the policies provided by the Opponent, customers were offered policies provided by the Applicant. That these allegations have any relevance to these proceedings is denied. All other allegations in Paragraph 7 of the Statement are denied and in particular it is denied that the Application was filed in bad faith. Grant of the Application would not be contrary to Section 3(6) of the Act or otherwise."

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

12. Only the opponents have filed evidence. The proceedings have been consolidated.

13. In line with current Registry practice a Hearing Officer reviewed the cases and gave the preliminary view that the matter could be decided without recourse to a hearing. The parties were nevertheless reminded of their right to be heard. In the event neither side has requested a hearing or filed written submissions. Acting on behalf of the Registrar and after a careful study of the papers I give this decision.

Opponents' evidence

14. The opponents filed witness statements by Clive Richard Mollett who holds the position of Direct Marketing Manager for the People's Dispensary for Sick Animals, a registered charity founded in 1917. Although separate witness statements have been filed, the substance of the evidence is the same in each case.

15. Mr Mollett confirms that the opponents have used their PETSURANCE trade mark for the services described in the statement of grounds (set out above), that is to say insurance policies to cover the payment of veterinary fees for dogs and cats but extending also to supplementary areas of protection. The policies were launched in 1997 and an information pack showing use of the mark in the form registered and the word PETSURANCE solus is exhibited (Exhibit 1).

16. Turnover in the services is given as follows:

Year	Turnover
1997	£72,863
1998	£54,151
1999	£537,065

17. Advertising/promotional expenditure is said to be:

Year	Advertising/Promotional Spend (£)
1997	£53,161.69
1998	£2,504.77
1999	£13,342.92

18. The mark has been promoted by way of direct mail campaigns; specialised press (including 'Dogs Today', 'All about Dogs', 'Your Cat' and 'Cats Today'); advertising in private veterinary surgeries; advertising at trade exhibitions such as Crufts; an article in Which? magazine; and the PDSA's own mail order catalogue and magazine. Examples of such promotional material are exhibited (Exhibit 2). To date approximately 11,700 policies have been sold throughout the UK.

19. The remainder of Mr Mollett's witness statements deal with the circumstances which have led to the claim that the application was made in bad faith as follows:

"When the Opponent launched their PETSURANCE insurance policy in July 1997, a company called Bankers Insurance Co Ltd were the underwriters and the insurance policy was promoted as a joint venture with North Shore Animal League International, which is a non-profit making animal welfare organisation based in the USA. Initially, the policies were administered by a company called BCD Ltd but that company was replaced in March 1998 by another administrator. At the end of March 1999, the joint venture with North Shore Animal League International was terminated and Independent Insurance Co Ltd was substituted as the underwriters. Policies issued under the initial joint scheme therefore remained in force until 31 March 2000 at the latest. I refer to the information pack at Exhibit 1, which confirms that "Petsurance is provided by the PDSA, through a North Shore Animal League programme and underwritten by Bankers Insurance Co Ltd". Now attached as Exhibit 3 is a copy of the pack which was introduced following the termination of the joint venture with North Shore Animal League International. You will note from the pack that it states "Petsurance is provided by the PDSA, and is underwritten by the Independent Insurance Co Ltd".

Between April 1999 and March 2000, the Opponent received information from a number of original PETSURANCE policy holders that, shortly before the expiry date of their policies, they had received correspondence from Petsavers Insurance Administration, a division of BCD Ltd, offering a "Petsure" policy. I understand that the Applicant in these proceedings, Petsure Ltd, is associated with BCD Ltd in that they share a common directorship and attached at Exhibit 4 is a copy of the details obtained from Companies Registry confirming that Mr David Martin Holland is a Director of both companies. In the correspondence issued by BCD Ltd to the PETSURANCE policy holders of the Opponent, it was indicated that the PETSURANCE policy was no longer available and that a new scheme under the name "Petsure" would replace it. These letters were misleading and untrue to the extent that the PETSURANCE policy was still provided by the Opponent and the statement that

Petsavers would make a donation to the PDSA if a "Petsure" policy was taken also proved untrue as no such donations were received. Enclosed at Exhibit 5 are copies of two letters, one dated 29 July 1999 and another dated 17 February 2000 which confirms that BCD Ltd was offering a new scheme under the "Petsure" name to existing policy holders of the Opponent.

It is clear that the trade mark application, the subject of this opposition, in the name of Petsure Ltd is linked to BCD Ltd, the former administrators of the Opponent's insurance policies. Further evidence that Petsure, under the auspices of BCD Ltd, are continuing to approach former policy holders of the Opponent is enclosed at Exhibit 6 which includes a copy letter dated 9 June 2000 from Petsure to a Mrs V Collyer and her letter in response to the Opponent. It clearly shows that Mrs Collyer was confused to the extent that she thought the approach came from the Opponent's PETSURANCE scheme administrators. I would also refer to the PO Box address quoted on this correspondence namely, PO Box 1158 Ilford, Essex IG2 6BR, as this is the same as the PO Box number previously allocated by BCD Ltd to our PETSURANCE administration scheme. I am attaching at Exhibit 7 a copy of a letter from Mr D M Holland on behalf of Flett Sinclair Insurance Brokers to the Royal Mail confirming that mail address[ed] to PETSURANCE should be delivered to PO Box 1158. Mr D Holland is noted as a partner of Flett Sinclair and is a Director of both BCD Ltd and Petsure Ltd, the Applicant in these proceedings.

There is also further evidence of the alleged bad faith of the Application in the context of their clear connection with Flett Sinclair Insurance Brokers. It can be seen from Exhibit 8 that Flett Sinclair has registered the domain name *petsurance.co.uk* in their own name as of 2 October 1999, notwithstanding that their association with the Opponent and the PETSURANCE policy had already been terminated.

It is clear that Flett Sinclair, whose correspondence address is the same as the Applicant, Petsure Ltd, and BCD Ltd only began marketing pet insurance under the name "Petsure" after the connection with the Opponent's PETSURANCE policy was terminated. Furthermore, I believe that they have deliberately chosen to make their "Petsure" policy as similar as possible to PETSURANCE in order to confuse and mislead existing and potential PETSURANCE customers."

Section 5(2)(b)

20. I propose to deal with the objection under Section 5(2)(b) first. The Section reads:

"5.-(2) A trade mark shall not be registered if because -

- (a)
- (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark."

21. I take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [2000] FSR 77 and *Marca Mode CV v Adidas AG* [2000] ETMR 723.

Distinctive character of the opponents' mark

22. The guidance from *Sabel v Puma* is that there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it.

23. The opponents' mark consists of outline drawings of the face of a cat and dog, the word PETSURANCE and the strapline 'Protection for your pet, peace of mind for you'. I note that the word PETSURANCE is presented with the element 'PET' slightly emboldened and the element 'SURANCE' in a different, slanting typeface. I do not consider that the advertising strapline can be said to contribute much (if at all) to the overall character of the mark. Likewise the faces of a cat and dog can scarcely be considered to make a distinctive or memorable contribution to a mark intended to be used in relation to insurance services for such animals. The most that can be said is that the actual devices used are not straightforward or photographic representations of animal faces. The word PETSURANCE is likely to be the element by which the mark is referred to or remembered. It is, so far as I am aware, an invented word. But there are degrees of invention. This one does not advance far up the scale. When used in relation to insurance services for pets the allusion to the underlying services is unlikely to be lost on the average consumer. I take the view that the mark as a whole has at best a modest degree of distinctive character as an unused mark.

24. The opponents have, however, had their mark in the marketplace since 1997 and have promoted their mark as described by Mr Mollett. This activity may have made some impact but it appears that a step-change in turnover occurred in 1999 (the applications in suit were applied for in August of that year). I have been given no information to enable me to determine the size of the market (for pet insurance and related services) that the opponents have entered. My overall conclusion is that the opponents' use does not significantly enhance the merits of the mark.

Similarity of marks

25. The respective marks are as follows:

Opponents' mark

No 2129361



Applicants' marks

No 2204845



No 2204846

PETSURE

26. The guidance in *Sabel v Puma* is that:

"23. That global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components. The wording of Article 4(1)(b) of the Directive - " ... there exists a likelihood of confusion on the part of the public ..." - shows that the perception of marks in the mind of the average consumer of the type of goods or services in question plays a decisive role in the global appreciation of the likelihood of confusion. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details."

27. Trade marks do not operate in a vacuum. They are encountered, and must be considered, in the context of the goods or services to which they relate. This is a case where both sides' marks rely for their distinctive character on elements that allude fairly strongly to the nature of the underlying services. The concept behind the marks impinges also on the visual and aural comparison I have to make. The principal word element of the respective marks refers to both 'pets' and 'insure' or 'insurance'. It might be said that PETSURE alludes to the nature of the underlying services in a slightly more oblique manner than PETSURANCE. The element SURE can, of course, carry other meanings as well but whether those other meanings would be to the fore in the context of the services at issue is doubtful. Nevertheless it is a point to be weighed in the balance when considering marks of this kind which are unlikely to command a broad penumbra of protection.

28. There are other aspects to the marks too. The marks must be considered in their totalities notwithstanding that I consider the principal word elements to be their dominant features. No 2204845 contains a device of a cat and dog in silhouette. Rather like the faces of a cat and dog in the opponents' mark I consider that this element contributes little to the overall character of the mark. I note too that No 2204845 picks out the elements of the word PETSURE in a not dissimilar fashion to the opponents' mark. The remaining wording in the applied for mark (HEALTH INSURANCE FOR DOGS AND CATS) are both subsidiary in nature and wholly descriptive in content. Taking the best view I can of the matter I have come to the view that, whilst neither mark is particularly strong in character, the overall content, structure and idea behind them results in marks which are similar.

29. I have considered the matter primarily on the basis of the applicants' composite mark (No 2204845). Neither side has suggested that the differences between that application and the word only mark PETSURE (No 2204846) are such that a different outcome is possible in relation to that mark.

Similarity of goods

30. The applicants concede that there are identical goods insofar as both the opponents' registration and the applied for marks have specifications covering insurance services. That must be the case. Certain of the other services applied for (notably underwriting and insurance brokerage services and information advisory and arrangement service relating thereto) must be considered closely similar to insurance services. The other services do not immediately strike me as being similar applying the established tests in *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281 and *Canon v MGM*.

Likelihood of confusion

31. The likelihood of confusion must be appreciated globally taking all relevant factors into account. In *Raleigh International Trade Mark* [2001] RPC 202 Geoffrey Hobbs QC, sitting as the Appointed Person, said:

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

32. With the above considerations in mind I have come to the view that there is a likelihood of confusion in that consumers encountering the respective marks would wrongly believe that identical or similar services supplied under those marks came from the same or economically linked undertakings (*Canon v MGM* paragraph 29). There is further support for such a view of the matter to the extent that the opponents' evidence contains a letter from a Mrs Collyer indicating that she was confused as a result of receiving a communication under the applicants' PETSURE mark. The substance of the letter (Exhibit 6) reads:

"Herewith enclosed the letter I received which you requested - I was very worried as I thought it had come from Petsurance and naturally I was concerned that Muttley was

not insured. Hence I rang you to confirm. Thank you for your swift re-assurance. I'm afraid that I'm in my 80s - the likeness of the letter to Petsurance confused me."

33. That letter is dated 12 June 2000 and so is, strictly, after the material date in these proceedings. However, I have no reason to suppose that the position would have been any different at the earlier date. In the event, therefore, I find that the opposition succeeds in part under Section 5(2)(b).

34. In the light of my decision under Section 5(2)(b) I do not consider there is significant benefit to be gained from considering the opponents' additional relative ground objection under Section 5(4)(a). The issues would be likely to be largely the same save that the opponents claim use of PETSURANCE solus and not just their composite mark.

Section 3(6)

35. I should, however, give consideration to the opponents' claim that the application has been made in bad faith pursuant to Section 3(6).

36. I have recorded Mr Mollett's evidence verbatim. The applicants concede in their counterstatement that the applicant and BCD Limited share a director in common. They further admit that, shortly before the expiry date of the policies provided by the opponents, customers were offered policies provided by the applicants. They deny that these circumstances have any relevance to these proceedings.

37. The issue of what constitutes bad faith has been considered in a number of cases. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 Lindsay J said (page 379):

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

38. Simon Thorley QC, acting as the Appointed Person in *Eicher Ltd Royal Enfield Motor Units v Matthew Scott Holder* (BL 0-363-01) said:

"An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made (see Lord Denning MR in *Associated Leisure v Associated Newspapers* (1970) 2QB 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v Garrett* (1878) 7 Ch D 473 at 489). In my judgment precisely the same

considerations apply to an allegation of lack of bad faith made under Section 3(6). It should not be made unless it is distinctly proved and this will rarely be possible by a process of inference. Further I do not believe that it is right that an attack based upon Section 3(6) should be relied on as an adjunct to a case raised under another section of the Act. If bad faith is being alleged, it should be alleged up front as a primary argument or not at all."

39. An allegation of bad faith is therefore a serious matter which must be distinctly proved and not simply left to be inferred from the facts. However as Geoffrey Hobbs QC has made clear in *Demon Ale Trade Mark* [2000] RPC 345 a finding of bad faith may be fully justified even in a case where an applicant sees nothing wrong in his own behaviour. The test is primarily an objective one having regard to "standards of acceptable commercial behaviour".

40. More recently in *DAAWAT Trade Mark*, 0-265-02 (unreported at the time of writing) Mr Hobbs has reviewed relevant UK and CTM authorities and reaffirmed the view that it does not require conscious dishonesty on the part of an applicant for a finding of bad faith to be reached.

41. Mr Mollett's witness statement and exhibits establish that Mr D M Holland is a Director of both BCD Ltd, Petsurance's previous scheme administrator, and Petsure Ltd, the applicants. Petsavers Insurance Administration, whose letters invited addressees to transfer from the Petsurance scheme to Petsure, is said to be a division of BCD Ltd. I note that the copy correspondence exhibited at Exhibit 5 gives the BCD registered address and details at the foot of the (Petsavers) letters. The mischief complained of is, therefore, the diversion of business away from Petsurance coupled with the misleading and untrue indication to policyholders that the Petsurance scheme was no longer available.

42. The applicants have not responded to Mr Mollett's evidence or offered explanation or submissions in support of their position. Nor have they sought to deny Mr Holland's role. In the circumstances I feel entitled to accept Mr Mollett's statement of the position.

43. The issues that arise are firstly whether the acts complained of fall short of the standards of acceptable commercial behaviour referred to in *Gromax* and, if so, whether they are such as to produce a finding that the trade mark application was made in bad faith. I have little doubt that the answer to the first of these questions must be in the affirmative. BCD Ltd, having been removed as administrator of the Petsurance scheme, was perfectly entitled to seek alternative business opportunities even if that brought them into competition with the opponents. That is all part of the process of free and fair competition. What it was surely not open to BCD Ltd/Petsure Ltd to do was to use their position to misrepresent to Petsurance's policy holders that that scheme was no longer available and thereby seek to divert business towards themselves. There are other aspects of the applicants' (or associated companies') trading behaviour that have been called into question (such as the inducement that a donation would be made to the PDSA) but the approaches to Petsurance policyholders and the misleading indications given are at the heart of the matter.

44. What are the implications of this behaviour in terms of the objection to the trade mark application? The trade mark law does not have the sweeping effect of regulating business

activities in general. It seems to me, therefore, that some care must be exercised where the acts complained of arise in whole or in part from circumstances external to the mark itself (or rather the application to register it). The difficulty I foresee is that, had the applicants chosen to engage in the same pattern of behaviour but under a mark that was not similar to that of the opponents, it is difficult to see why the trade mark application itself would be open to objection notwithstanding that other aspects of the applicants' business methods would still be objectionable judged by accepted commercial standards. The trade mark would not in those circumstances be directly implicated in, or the cause of, the misrepresentations that had taken place.

45. I pose the question hypothetically simply to illustrate the problem. I have found here that the mark chosen by the applicants is similar to the opponents' PETSURANCE mark. It is difficult to escape the conclusion that the applicants' choice of mark was calculated to induce a belief that there continued to be some sort of connection with the PDSA as sponsors of the PETSURANCE scheme. The letters at Exhibit 5 and Mrs Collyer's letter at Exhibit 6 confirm that this was so. In these circumstances the choice of trade mark and the business methods adopted by the applicants seem to me to be inextricably bound together.

46. Given the somewhat unusual circumstances of this case there might have been benefit in having submissions at a hearing or in writing - all the more so as I am not aware of any authority dealing directly with the issues that seem to me to arise. As matters stand I take the view that the applications were filed in bad faith within the terms of the tests set out above.

47. Section 3(6) applies 'if or to the extent that the application is made in bad faith'. I have considered whether the applications can be said to escape objection in respect of the services specified which are not similar to the opponents' insurance services. Whilst I am not persuaded that the applicants' various card and banking services are similar to insurance services it seems likely that they are in this case closely associated with the core activities offered by the applicants (taking the opponents' view of the matter in the absence of evidence to the contrary from the applicants). Accordingly I find that the bad faith claim is made out in relation to all of the services applied for.

48. The opponents have been successful and are entitled to a contribution towards their costs. I order the applicants to pay them the sum of £2000 in respect of the consolidated proceedings. 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 21st day of August 2002

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