

O-397-10

**TRADE MARKS ACT 1994**

**IN THE MATTER OF INTERNATIONAL REGISTRATION NO 973157**

**IN THE NAME OF HEALING POWER, INC**

**OF THE TRADE MARK:**

**DBCARE**

**IN CLASS 5**

**AND**

**THE APPLICATION FOR A DECLARATION OF INVALIDITY THERETO**

**UNDER NO 16143**

**BY**

**ACE CONTINENTAL EXPORTS LIMITED**

**Trade Marks Act 1994**

**In the matter of international registration no 973157  
in the name of Healing Power, Inc  
of the trade mark:  
DBCARE  
in class 5  
and the application for a declaration of invalidity  
thereto under no 973157  
by Ace Continental Exports Limited**

**Introduction**

1) On 2 May 2008 Healing Power, Inc (Healing) requested protection of the above international registration in the United Kingdom. The registration does not benefit from an international priority date. Its base applications are from the United States of America and have application dates of 28 April 2006 and 23 October 2007. The registration was published for opposition purposes on 30 January 2009. There being no opposition lodged the registration was granted protection in the United Kingdom on 30 April 2009<sup>i</sup>. (This is the equivalent of the completion of the registration process for United Kingdom applications, the primary significance of this date is that it is from the day after this date that the five year period can begin to run in applications for revocation on the grounds of non-use. It is not the equivalent of the date of registration, see paragraph 15.) The registration is for the trade mark DBCARE. The registration is protected for:

*dietary supplement intended to assist in regulating blood sugar levels of diabetics.*

The above goods are in class 5 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

2) On 2 March 2010 Ace Continental Exports Limited (Ace) filed an application for the invalidation of the granting of protection. Applications for invalidation of a trade mark registration are covered by section 47 of the Trade Marks Act 1994<sup>ii</sup> (the Act).

3) Ace seeks the invalidation of the registration under section 5(2)(b) of the Act which reads:

“(2) A trade mark shall not be registered if because –

.....

.....(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.”

Ace relies on its United Kingdom registration of the trade mark DB CARE, under registration no 2422861. The application for registration was filed on 26 May 2006 and the registration process was completed on 5 January 2007. The trade mark is registered for goods in classes 5, 29 and 30. However, it is only necessary, for the purposes of these proceedings to consider the class 5 goods:

*herbal compounds, extracts, infusions and preparations for medicinal use; herbal medicine; herbal remedies; herbal food supplements for medicinal use; herbal compounds for use as dietary supplements for medicinal use; herbal dietary supplements for medicinal use; herbal food compounds and supplements for medicinal and nutritional purposes.*

Ace claims that the respective trade marks are virtually identical. It claims that *herbal dietary supplements for medicinal use* of its registration are identical or very similar to the goods of the international registration. Consequently, there is a clear and substantial risk of confusion.

4) Ace also seeks the invalidation of the granting of protection under section 60(3)(a) of the Act. This part of the Act reads:

“60. - (1) The following provisions apply where an application for registration of a trade mark is made by a person who is an agent or representative of a person who is the proprietor of the mark in a Convention country.

(2) If the proprietor opposes the application, registration shall be refused.

(3) If the application (not being so opposed) is granted, the proprietor may-

(a) apply for a declaration of the invalidity of the registration, or

(b) apply for the rectification of the register so as to substitute his name as the proprietor of the registered trade mark.”

Ace claims that Healing was the United States agent of Ace. It claims that a contract was signed between the two parties, a copy of which will be produced in evidence. Ace alleges that Healing has usurped its rights in the trade mark contrary to section 60(3) of the Act.

5) Healing filed a counterstatement which reads as follows:

“1. In 2005, the applicant (“Ace”) began purchasing the product DBCARE from its original manufacturer, Dhanvantary Health Care (“DHC”), an Indian partnership.

2. Despite Ace’s requests, DHC refused to grant Ace any exclusivity or intellectual property rights associated with the product. Ace purchased the product on an ad hoc basis and, upon information, began selling it in the UK and elsewhere.

3. In May 2006 Ace wrongly applied for the DB Care trade mark (No 2422861) in the UK, without disclosing same to DHC.

4. Moreover, in August 2006 Ace entered into an exclusive distribution agreement with Healing Power, Inc (“HP”), the proprietor of mark No.M973157, granting HP the exclusive distribution rights for the product in the USA.

5. In that agreement Ace purported to grant HP rights that it did not have and falsely misrepresented itself as the product’s manufacturer.

6. In July 2007, DHC contacted HP and presented it with documents proving that it was the true manufacturer of DBCARE. In return, HP provided DHC with documents that showed that Ace had usurped DHC’s rights to the DBCARE product and related intellectual property.

7. Following these discoveries, DHC stopped selling DBCARE to Ace and HP stopped buying DBCARE from Ace and their agreement was rescinded. Legal proceedings were commenced by HP and DHC against Ace in the USA and in India.

8. Shortly thereafter, DHC granted HP worldwide (except India) exclusive distribution rights for DBCARE including the right to register the related trademarks. Following the grant, HP applied for registration of the DBCARE trademark in several countries, including the UK, under the Madrid protocol, filed an independent trademark application in Israel and began worldwide marketing efforts.

9. Nevertheless, Ace began manufacturing counterfeit DBCARE and marketing it in the UK and elsewhere under the DBCARE trade mark.

10. The DBCARE trademark is currently registered under HP's name in the USA, Australia, France, Germany, Greece, Italy, Russian Federation, Spain, Switzerland, Syrian Arab Republic and the UK.

11. The DBCARE trade mark is registered under DHC's name in India. Ace has also made an application to register the trademark in its name in India, but that application is currently stayed per DHC's objection.

12. In January 2008 HP filed an application for the DBCARE trademark in Israel. Ace followed with its own application in June 2008. These two applications are currently the subject of a determination proceeding before the Israeli Patent and Trademark Registrar.

13. It is also noted that when HP applied to register its trademark in the UK, formal notice was sent to Ace. In fact, Ace filed a form TM7a – Notice of threatened opposition, but never actually filed any opposition papers, thereby appearing to concede to the mark's registration.

14. The related legal action commenced by HP against Ace in the USA has been ruled in favour of HP, when Ace and its principal abandoned their defence midway through the proceeding.

15. The related legal action commenced by DHC against Ace in India is currently pending in the courts there.

**16. HP contends that the applicant's claim under section 5(2)(b) of the Act should be denied because Ace's trademark No 2422861 does not fall within the definition of "earlier mark" as defined in Section 6(1) of the Act, for the following reasons:**

**(a) HP's trademark application for registration date is earlier (April 28, 2006 in the U.S.A.)**

**(b) HP's rights to hold the trademark have priority over Ace because they derive from the rights of the original manufacturer (DHC), while Ace registered its trademark solely as an unlicensed distributor of the same product."**

6) On 20 August 2010 a letter was received from Ace. In this letter Ace submitted that Healing's defence and counterstatement disclose no arguable defence to the application. Consequently, Ace requested summary disposal of the application. In its letter, Ace states that its trade mark has a filing date of 26 May 2006, whilst Healing's "has a filing date of 2 May 2008". Ace states that unless Healing's registration has a priority date which pre-dates 26 May 2006 its trade mark unarguably constitutes an earlier trade mark within the meaning of

section 6(1) of the Act. Ace notes that Healing relies on the filing date of its basic registration underlying the international registration. Ace states that this point is misconceived. Ace states that the international registration would only be entitled to a priority date equal to the filing date of the basis registration if the international application had been filed within six months of that date and it was not. The date of the international registration and the date of designation in the United Kingdom is 2 May 2008, more than 2 years after the filing of the basic registration. Ace states that it follows that “for the purposes of section 6(1), the relevant date as regards the Contested Mark is the date of application for registration, i.e. 3 May 2008 (sic), clearly rendering the Earlier Mark and ‘earlier mark’ within the meaning of section 6(1) of the Act”.

7) Ace goes on to consider Healing’s claim that its rights to hold the trade mark have priority over those of Act. It notes that defences of this kind were expressly addressed in TPN 4/2009, which states, inter alia:

“4. The viability of such a defence was considered by Ms Anna Carboni, sitting as the appointed person, in *Ion Associates Ltd v Philip Stainton and Another*, BL O-211-09. Ms Carboni rejected the defence as being wrong in law.

5. Users of the Intellectual Property Office are therefore reminded that defences to section 5(1) or (2) grounds based on the applicant for registration/registered proprietor owning another mark which is earlier still compared to the attacker’s mark, or having used the trade mark before the attacker used or registered its mark are wrong in law. If the owner of the mark under attack has an earlier mark or right which could be used to oppose or invalidate the trade mark relied upon by the attacker, and the applicant for registration/registered proprietor wishes to invoke that earlier mark/right, the proper course is to oppose or apply to invalidate the attacker’s mark.”

Ace notes that the registration holder does not even allege that it made use of the contested trade mark prior to 26 May 2006. It alleges that it derives its right to use the trade mark DBCARE from the manufacturer of the DBCARE product, who did make prior use of the DBCARE trade mark. Ace submits that it is, therefore, one step further removed from the position held to be wrong in law in BL O/211/09. Ace submits that, consequently, Healing’s position in relation to section 6(1) of the Act is “unarguable”.

8) Ace submits that, consequent on the above, Healing has not pleaded an arguable defence to the application. Ace requests that the registrar exercises his powers of case management under rule 62 of the Trade Marks Rules 2008 to dispose summarily of the application by dispensing with the evidence rounds,

pursuant to rule 62(1)(i) and/or rule 62(2) and move directly to a substantive decision from the papers.

9) Ace submits that it is clear from the well-known guidance of the Court of Justice of the European Union (CJEU) on the global assessment of the likelihood of confusion that the requirements of section 5(2)(b) of the Act are satisfied in respect of the trade marks DB CARE and DBCARE when used in connection with identical or similar goods, that is to say, *dietary supplements*. Ace requests that the registrar allows the application and grants the declaration of invalidity.

10) In response to the letter from Ace, the registrar advised that parties, on 2 September 2010, that it was his preliminary view that the case was appropriate for summary judgment. The parties were advised of their right to a hearing in relation to this preliminary view.

11) On 16 September 2010 Healing requested to be heard “by written statement” prior to rendering of any summary judgment. In its letter Healing states:

“it appears that the Tribunal Practice Notice and the case on which the applicants base their request for summary judgment is off point in that they refer to use of a similar trademark by two unrelated parties, each selling its own wares, while our case involves competing trade marks that were registered by two agents of the same manufacturer, selling the same actual product”.

12) On 28 September 2010 the parties were advised that a hearing would take place on 9 November 2010 in relation to the summary judgment issue. Ace was represented by Mr Tom Alkin of counsel, instructed by Lawdit. Healing did not make any written submissions nor did it attend the hearing.

13) Section 6 of the Act defines an earlier trade mark:

“6. - (1) In this Act an “earlier trade mark” means –

(a) a registered trade mark, international trade mark (UK), Community trade mark or international trade mark (EC) which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,

(b) a Community trade mark or international trade mark (EC) which has a valid claim to seniority from an earlier registered trade mark or international trade mark (UK),

- (ba) a registered trade mark or international trade mark (UK) which-
  - (i) has been converted from a Community trade mark or international trade mark (EC) which itself had a valid claim to seniority within paragraph (b) from an earlier trade mark, and
  - (ii) accordingly has the same claim to seniority, or
- (c) a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention or the WTO agreement as a well known trade mark.”

14) Under section 72 of the Act there is a presumption of validity of a registered trade mark:

“72. In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it.”

The trade mark of Ace must be accepted as being valid.

15) At the time that the United Kingdom was designated by Healing, The Trade Marks (International Registration) Order 1996 was in force. Article 3 of the Order states:

“3.—(1) An international registration designating the United Kingdom shall be entitled to become protected subject to the provisions of articles 9 to 12 where, if the particulars of the international registration were comprised in an application for registration of a trade mark under the Act, such an application would satisfy the requirements for registration (including any imposed by the Rules).

(2) For the purposes of application by this Order of provisions of the Act, subject to article 21, a trade mark so protected shall be treated as being registered under the Act as of the following date:—

(a) where the request for extension of protection to the United Kingdom is mentioned in the international application, or is made subsequently, but on or before the date of the international registration, the date of that international registration;

(b)where the request for such extension is made subsequently to the international registration, the date on which the request is recorded in the International Register.”

Section 40(3) of the Act states:

“(3) A trade mark when registered shall be registered as of the date of filing of the application for registration; and that date shall be deemed for the purposes of this Act to be the date of registration.”

The effect of article 3 of the Order and section 40(3) of the Act is that the date of designation of an international registration is treated as being the date of application. In this case the date of application is 2 May 2008. The international registration date is 2 May 2008. As this is more than 6 months after the date of the application of the later United States, there is no question of Healing benefitting from an international priority date<sup>iii</sup>. This latter date is, anyway, after the date of the filing of Ace’s application for registration.

16) Whether a trade mark is an earlier trade mark is a question of fact. In this case Ace’s trade mark was filed on 26 May 2006. The United Kingdom was designated by Healing on 2 May 2008. A registration in the United States, outwith a claim to an international priority date, cannot affect the issue of what constitutes an earlier trade mark in the United Kingdom. Ace’s trade mark is a valid trade mark. 26 May 2006 is before 2 May 2008, consequently, Ace’s trade mark is an earlier trade mark. That is a matter of fact.

17) In *Pharmedica GmbH's Trade Mark Application* [2000] RPC 536 Pumfrey J stated:

“Notwithstanding the fact that the registrar is, like the county court, a tribunal which is established by statute, I have no doubt that the registrar has the power to regulate the procedure before her in such a way that she neither creates a substantial jurisdiction where none existed, nor exercises that power in a manner inconsistent with the express provisions conferring jurisdiction upon her.

I consider that these propositions follow from what Lord Donaldson of Lynton M.R. said in *Langley's* case at page 613:

“Although there is no statutory authority for making local practice directions, none is needed because every court has inherent jurisdiction to regulate its own procedures, save in so far as any such direction is inconsistent with statute law or statutory rules of court. It is no doubt for this reason that CCR Ord. 50, r. 1

empowers the Lord Chancellor to 'issue directions for the purpose of securing uniformity of practice in the county courts'."

It is to be observed that there is no distinction, for these purposes, between the jurisdiction of the county court (which is entirely statutory) and that of the registrar of Trade Marks (which is also entirely statutory)."

The registrar and this tribunal has, consequently, the inherent jurisdiction to regulate his and its own procedures. The power to use summary judgment is essential to the efficient and appropriate conduct of cases, it is necessary to fulfill the overriding objective of dealing with cases appropriately in terms of time and cost. The power of summary judgment is, consequently, part of the inherent jurisdiction of the tribunal for the regulation of its procedures.

18) In *Celador Productions Limited v Melville Boon & Others* [2004] EWHC 2362 (Ch) Sir Andrew Morritt VC summed up the criteria that had to be considered in relation to summary judgment:

"7. From these sources I derive the following elementary propositions:

- a) it is for the applicant for summary judgment to demonstrate that the respondent has no real prospect of success in his claim or defence as the case may be;
- b) a "real" prospect of success is one which is more than fanciful or merely arguable;
- c) if it is clear beyond question that the respondent will not be able at trial to establish the facts on which he relies then his prospects of success are not real; but
- d) the court is not entitled on an application for summary judgment to conduct a trial on documents without disclosure or cross-examination."

In *Doncaster Pharmaceuticals Group Ltd v The Bolton Pharmaceutical Co 100 Ltd* [2007] FSR 3 Mummery LJ held:

"6 The outcome of a summary judgment application is more unpredictable than a trial. The result of the application can be influenced more than that of the trial by the degree of professional skill with which it is presented to the court and by the instinctive reaction of the tribunal to the pressured circumstances in which such applications are often made....."

9 I also wish to say a few words about the litigation expectations and tactics of claimants and defendants. Claimants start civil proceedings

(including intellectual property actions) in the expectation that they will win and often in the belief that the defendant has no real prospect of success. So the defence put forward may be seen as a misconceived, costly and time-wasting ploy designed to dodge an inevitable judgment for as long as possible. There is also a natural inclination on the part of optimistic claimants to go for a quick judgment, if possible, thereby avoiding the trouble, expense and delay involved in preparing for and having a trial.

10 Everyone would agree that the summary disposal of rubbishy defences is in the interests of justice. The court has to be alert to the defendant, who seeks to avoid summary judgment by making a case look more complicated or difficult than it really is.

11 The court also has to guard against the cocky claimant, who, having decided to go for summary judgment, confidently presents the factual and legal issues as simpler and easier than they really are and urges the court to be “efficient”, i.e. produce a rapid result in the claimant's favour.....

17 It is well settled by the authorities that the court should exercise caution in granting summary judgment in certain kinds of case. The classic instance is where there are conflicts of fact on relevant issues, which have to be resolved before a judgment can be given (see Civil Procedure Vol 1 24.2.5). A mini-trial on the facts conducted under CPR Pt 24 without having gone through normal pre-trial procedures must be avoided, as it runs a real risk of producing summary injustice.

18 In my judgment, the court should also hesitate about making a final decision without a trial where, even though there is no obvious conflict of fact at the time of the application, reasonable grounds exist for believing that a fuller investigation into the facts of the case would add to or alter the evidence available to a trial judge and so affect the outcome of the case.”

19) In order for summary judgment to be given it must be “clear beyond question” that Healing cannot succeed in its defence in relation to section 5(2)(b) of the Act.

20) As Ace’s trade mark is an earlier trade mark as per section 6(1) of the Act and Healing’s defence to the grounds of invalidation under section 5(2)(b) of the Act is that it is not, it is clear beyond question that the defence has no chance of success. Therefore, it is appropriate to give judgment for Ace in this case.

**21) The granting of protection in the United Kingdom in relation to the international registration was made in contravention of section 5(2)(b) of the Act and in accordance with section 47(6) of the Act the protection of this international registration is deemed never to have been made.**

22) Ace having been successful is entitled to a contribution towards its costs. Mr Alkin submitted that as the hearing had been arranged at the request of Healing and Healing had not attended, that actual costs should be awarded in respect of the attendance at the hearing. It is noted that the letter from Healing states: “the undersigned registered holder respectfully, request to be heard, by written statement, prior to rendering any summary judgment”. There is ambiguity in the request. However, Healing was advised on 28 September 2010 that a hearing was scheduled for 9 November 2010 and so had plenty of time to advise the tribunal if it was going to attend or file written submissions. It was silent. Consequently, it is considered appropriate to consider the actual costs incurred by Ace for attendance at the hearing; that is not to state that actual costs will be granted. Ace has two weeks from the date of this decision to advise of the costs for attendance at the hearing. A supplementary decision will then be issued in relation to the costs. The period for appeal for both the substantive decision and the supplementary decision will run from the date of the issue of the latter decision.

**Dated this 16 day of November 2010**

**David Landau  
For the Registrar  
the Comptroller-General**

<sup>i</sup> As per section 38B of the Trade Marks Act 1994 (as amended):

“(1) Where no notice of provisional refusal is given to the International Bureau following publication under section 38(1), the international registration which is the subject of the request for extension shall be protected as a protected international trade mark (UK) with effect from the first day immediately following the end of the period prescribed for the purposes of section 38(2).”

<sup>ii</sup> “47. - (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) The registration of a trade mark may be declared invalid on the ground-

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied, unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

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(2A)\* But the registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless –

(a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration, (b) the registration procedure for the earlier trade mark was not completed before that date, or (c) the use conditions are met.

(2B) The use conditions are met if –

(a) within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or (b) it has not been so used, but there are proper reasons for non-use.

(2C) For these purposes –

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and (b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(2D) In relation to a Community trade mark or international trade mark (EC), any reference in subsection (2B) or (2C) to the United Kingdom shall be construed as a reference to the European Community. (2E) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

(2F) Subsection (2A) does not apply where the earlier trade mark is a trade mark within section 6(1)(c)

(3) An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court, except that-

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(4) In the case of bad faith in the registration of a trade mark, the registrar himself may apply to the court for a declaration of the invalidity of the registration.

(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made:

Provided that this shall not affect transactions past and closed.”

<sup>iii</sup> Section 35(1) of the Act states:

“35. - (1) A person who has duly filed an application for protection of a trade mark in a Convention country (a “Convention application”), or his successor in title, has a right to priority, for the purposes of registering the same trade mark under this Act for some or all of the same goods or services, for a period of six months from the date of filing of the first such application.”

Article 8 of The Trade Marks (International Registration) Order 1996 (which was in force at the time of designation) states:

“8 – (1) The provisions of section 35 (claim to priority of Convention application) apply, subject as mentioned below, so as to confer a right to priority in relation to protection of an international registration designating the United Kingdom as they apply in relation to registering a trade mark under the Act.”