

TRADE MARKS ACT 1994

IN THE MATTER OF Trade Mark Registration

N^o: 2235947 in the name of Mr. James Rousou

and

An Application under N^o: 80008 for a Declaration of Invalidity

By Pals4Pets Limited

BACKGROUND

1. The registered mark PETPALS was applied for on 13th June 2000 by Mr. James Rousou of Le Douit, Sous L'Eglise, St. Saviour, Guernsey, GY7 9FX, for:

Class 42: "Provision of pet sitting services; pet grooming; veterinary services; animal boarding services; dog walking and exercising services; consultancy, advisory and information services relating to all the aforesaid services."

2. On 25th July 2001, Pals4Pets Limited (which I will call 'P4P') applied for invalidation of this mark on the basis that:

"The Applicant has traded under the PALS4PETS mark since March 1998 and is therefore the proprietor of an 'earlier right' under section 5(4) of the ... Act ..."

and

"The PETPALS mark is similar to the PALS4PETS mark in terms of both its dominant elements and the overall impression that it gives and it covers identical and closely similar services."

3. A Counterstatement provided by the Registered Proprietor (Mr. Rousou) denied the ground on the basis that the P4P had no earlier right: however, they accepted that the marks were similar and the registrations covered identical and closely similar goods. Both parties ask for costs to be awarded in their favour.
4. Some description of the background to this case is required, as there is also a related 'cross-invalidation' action initiated by the proprietor here. The chronology of these actions is as follows:

13th June 2000 PETPALS applied for by Mr. James Rousou;
30th June 2000 PALS4PETS applied for by P4P.

(Both marks were subsequently registered, it appears, without citation).

3rd April 2001 Mr. Rousou seeks invalidation of P4P's mark (No. 12448) and
26th July 2001 P4P seek invalidation of Mr. Rousou's mark (No. 80008).

The proceedings were to be heard on the same day: the first in the morning, the second in the afternoon. It was agreed, however, they be conducted together, and that the issue of the claim to an earlier right by P4P (made in both actions) was crucial.

5. Though invalidity No. 12448 was initiated before No. 80008, it seemed most logical to hear the latter first. On consideration of the possible outcomes, were the order reversed, it seemed to me that the 'earlier right' claimed by P4P was always likely to be the critical issue; further, hearing action No. 80008 before No. 12448 was least likely to avoid unnecessary multiplication of proceedings.
6. Thus, both matters were heard on 21st October 2002, where the applicants (P4P) were represented by Ms. Lane of Counsel, advised by Davenport Lyons, and the Registered Proprietor (Mr. Rousou) by Mr. Hicks of Counsel, advised by Gouldens.

EVIDENCE

7. The various Declarations and Witness Statements are listed as follows:

R. 33(4) Evidence (P4P)

Statutory Declaration by Fionnuala Cosgrove, of Davenport Lyons, P4P's solicitors.

Brings into evidence, from invalidation action No. 12448:

- Witness Statement of Monica Loosley (nee Hart), Director of P4P, dated 20th September 2001;
- Witness Statement of Clarissa Baldwin, dated 20th September 2001, and
- Witness Statement of Nicholas La Hive dated 20th September 2001.

R. 33(6) Evidence (Mr. Rousou)

Witness Statement by Mr. James Rousou.

The Registered Proprietor.

R. 33(7) Evidence in reply (P4P)

Witness Statement by Monica Loosley

Witness Statement by Pauline Knowles

Witness Statement by Clarke Walters

Witness Statement by Jackie Harrison

Witness Statement by Peter Stevenson

Witness Statement by Anthony Monaghan

8. I do not intend to carry out a formal summary of the evidence first; I rather feel this is best scrutinized following a full discussion of my understanding of the relevant law relating to passing off.

THE LAW

9. S. 5(4) of the Act states:

‘A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade..’

10. I adopt the guidance given by the Appointed Person in the *Wild Child Trade Mark* [1998] RPC 455, at 459 to 461, which was also referred to by Mr. Hicks:

‘The question raised by the grounds of opposition is whether normal and fair use of the designation WILD CHILD for the purpose of distinguishing the goods of interest to the applicant 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 (see Article 4(4)(b) of the Directive and section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the applicant in accordance with the law of passing off.

A helpful summary of the elements of an action for passing off can be found in *Halsbury’s Laws of England* (4th Edition) Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1979] A.C. 731 is (with footnotes omitted) as follows:

‘The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

‘(1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House’s previous statement, should not, however, be treated as akin

to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of passing off, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.’

Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

‘To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
- (2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.’ ”

11. Thus, the question to be asked is whether P4P had gained a goodwill under the name PALS4PETS as of the relevant date, such that use of PETPALS by Mr. Rousou, on all or any of the services in his specification would, on the balance of probabilities, likely to lead to confusion with the P4P mark, and damage to their trade?
12. Turning, first, to goodwill, this has been variously defined: for example, as ‘Nothing more than the probability, that the old customers will resort to the old place’ (as per Lord Eldon in *Cruttwell v Lye*, (1810) 17 Ves 335 at 346) and, more famously, Lord Macnaghten’s ‘..the attractive force which brings in custom.’ The latter definition does not necessarily fix goodwill to a particular physical location, underlining the importance of a mark of trade as a token, or cipher, for the goodwill. Customers, on seeing the trade mark, are reassured the product or service to which it relates is of a particular quality and/or has certain features with which they are familiar, but the mark is not the goodwill. Following from this, the role of the law is to secure a traders goodwill under his name, the former being ‘.. a property right, for the protection of which a trade-mark is an instrumentality’ (*Prestonettes Inc. v Coty*, 264 US 359 at 368 (1924)).
13. Goodwill has to be earned by human endeavour: it is created by marketing and trade and is preserved by the same - it occurs when the mark is used in trade on a product, and goodwill in the business develops, for which the mark is the indicium. The law offers protection to the goodwill and reputation that the opponents can thus demonstrate *in trade*.
14. Nevertheless, a passing off action can be supported where a business has not traded, but has created a demand by advertising (see, for example, *BBC v Talbot* [1981] F.S.R. 228). Thus the

promise, the prospect of trade, where this has become an expectation in the target audience, can create goodwill. Accordingly, goodwill is the knowledge or the appreciation the consumer has of the trade in question.

15. Turning, now, to the instant case, I note that both litigants essentially offer a service for dog owners whereby their pets are cared for when the owners are away (work, holidays etc). There are differences in the manner in which this is achieved in fact – something which Mr. Hicks sought to accentuate. He pointed out that Mr. Rousou’s business offered to ‘baby-sit’ dogs at the owners home, while P4P arranged for the animals to be housed in the homes of assiduously selected carers. I will return to the issue of the similarity of services but, in the context of the question proposed in paragraph 11, Mr. Hick’s emphasis is misdirected. In essence I am required to consider what P4P were doing as of June 2001 against what Mr. Rossou *intended* to do as defined in his registration. Thus, the starting point in the matter must be a consideration of the former, i.e., the existence (or otherwise) of the applicants’ goodwill under their mark.

16. It is not disputed by either party that P4P were incorporated in 1998 (Loosley, para. 3), and launched in 1998 (Loosley, para. 6), while PP started trading under the name PETPALS in June 2000 in Guernsey and Winchester (Rousou, para. 4). Thus, it is P4P who started trading first. I understand, however, that it is Mr. Rousou’s contention that:

- (1) P4P had no protectable goodwill as of the relevant date of 13th June 2000 or
- (2) such goodwill that they possessed was geographically limited.

17. There was much discussion at the hearing about regional goodwill, and its effects in passing off. Mr. Hicks Stated:

“It is well-established that a right in passing off may be local, rather than national. Furthermore, services (particularly as here services which operate from specific licensed premises) are more likely to have a local rather than have a national reputation.”

18. I do not dispute, at least, the first part of this. Nevertheless, in my view, it is not necessary to show a nationwide goodwill to receive nationwide protection from the law of passing off: it is only essential that P4P show one existed under the mark PALS4PETS as of June 2001, that use of PETPALS would create a misrepresentation and that the goodwill was vulnerable to harm if the intent signified by the registration was realised. I will explain in some detail my understanding of the law in general, before turning to the specifics of the case in hand.

19. I note the following from *KERLY’S LAW OF TRADEMARKS AND TRADE NAMES* (13th Edition), at paragraph 14-18:

“It is essential to the success of any claim in respect of passing off, based on the use of a given mark, get-up or other indication of origin, for the claimant to show that this had (at the relevant date) become by user in this country distinctive, to some section of the public, if not of the claimant’s goods or business alone, at least of a defined class of goods or business to which those of the claimant belong.”

20. Much of the discussion relating to ‘regional’ goodwill focused largely on the *Chelsea Man Menswear Ltd. v Chelsea Girl Ltd.* [1987] RPC 189 case. Nourse LJ’s comments at page 207 of

this judgment is on all fours with paragraph 17 above, that is, proof of passing off depends on the

application of established legal principles to the facts of each particular case - *Chelsea Man* does not fashion a new tenet on the significance of local goodwill:

“I do not think that there is any point of principle beyond the general requirement that the injunction should give the plaintiff reasonable protection against the damage which is likely to be caused to the goodwill of his business by the confusion which is likely to result from the passing off. Every case of passing off depends on its own facts.”

21. Thus location, size and nature of a business are all particulars of varying significance in each case. Accordingly, *Kerly's* is also able to state at paragraph 14-18 that ‘The mark or other indication concerned need not be universally known. A small trader with limited clientele is as much entitled to protect his brands and business name as any large concern’. Referring to the *Chelsea Man*, *Kerly's* adds:

“The overriding consideration, in judging extent of reputation, is whether the claimant has built up a goodwill to the point where substantial damage will be caused to it by the acts he complains of.”

22. I think this is the essence of the conclusion reached by Slade LJ in *Chelsea Man*, which I have reproduced at length here (page 201ff). The defendants submissions noted the plaintiffs’ lack of advertising, the relatively small volume of their sales of goods labelled ‘Chelsea Man’, and their choice of the shop name ‘Nickleby’, rather than ‘Chelsea Man’. However, Lord Justice Slade then went on to say:

“To take two examples at random, I infer that, on the evidence, few, if any, men ordinarily living in Penzance or Newcastle-on-Tyne would be likely to connect the name ‘Chelsea Man’ either with the plaintiffs or with ‘Nickleby’. If, therefore, the evidence had shown that the defendants were intending to conduct business under the name ‘Chelsea Man’ in (for example) one or other of those two places and were not threatening to do so in any other place, then, in the light of authorities such as *Outram* and *Clouds*, there might have been grounds for contending that the plaintiffs had not even established a cause for action.

However, comparisons with hypothetical situations are not helpful. In any passing off action the court has to consider not only the nature and extent of the plaintiffs’ reputation (if any), but also what are the acts, or threatened acts, complained of. Paragraph 6 of the statement of claim in this *quia timet* action describes clearly the acts threatened by these particular defendants:

‘The Defendants threaten and intend to open a chain of retail shops selling menswear to be called “CHELSEA MAN”. Further they intend to carry on business with the trade, the public and others under and by reference to the said name. Further they threaten and intend to place on the market menswear under the brand name “CHELSEA MAN”.’

This paragraph is admitted, without qualification, in paragraph 9 of the defence. At the date when these proceedings were instituted, the defendants were not merely intending to open one or two ‘Chelsea Man’ shops in isolated parts of the country far removed from the three proposed restricted areas. On the contrary, having already in operation a chain of more than 150 Chelsea Girl shops, with a very large turnover of business, they were intending to open a chain of ‘Chelsea Man’ shops up and down the country. Their practical

ability to do so is illustrated by the fact that by the date of the trial they already had no less than 28 'Chelsea Man' shops operating either on their own or (in the majority of cases) in conjunction with Chelsea Girl shops.

Mr. Robin Jacob Q.C., on behalf of the plaintiffs, was, I think, inclined to accept that, at the date of the writ, they had not established a nationwide reputation in the sense that they were known throughout the country. However, he submitted in effect that:

- (1) they have at very least, on the evidence, established a clear reputation and goodwill attaching to the name 'Chelsea Man' in connection with their business in the three proposed restricted areas;
- (2) in the light of the activities threatened by the defendants, the plaintiffs have established a clear cause of action which entitles them to relief by way of injunction;
- (3) the reasonable protection of the plaintiffs requires the injunction to run throughout England and Wales and does not permit it to be circumscribed geographically within those limits.

I need say no more about proposition (1), save that I accept it. I likewise accept proposition (2), and merely add that, in order to establish a cause of action within the principles stated in the *Advocaat* case, it is not necessary to show a nationwide goodwill which is likely to be injured by the activities of the offending trader, as will appear from the authorities cited below.

The third proposition is the only one which has caused me to hesitate. However, we have before us the case of plaintiffs with a strong reputation and goodwill in certain parts of the country, particularly Coventry and Oxford Street, which is faced with threats by the defendants to use the name 'Chelsea Man' in all or any parts of the country in connection with the sale of men's clothing, in such a manner as is likely to mislead potential customers of the defendants and thereby to injure the plaintiffs' goodwill. Since the intended use by the defendants of the name 'Chelsea Man' is nationwide, *prima facie*, it seems to me, the plaintiffs must be entitled to ask for a nationwide injunction. In my judgment, on the facts of the present case, the court would be justified in circumscribing the ambit of the injunction to narrower limits than England and Wales (which are the limits accepted by the plaintiffs) only if it were satisfied that the use by the defendants of the name 'Chelsea Man' outside those limits in connection with their business *would not be likely substantially to injure the plaintiffs' goodwill*. I am far from satisfied that this is the case, for a number of reasons.

If it be assumed, for the sake of argument, that the injunction were confined to the three proposed restricted areas, it also has to be assumed that there is a live possibility, perhaps amounting to a probability, that the defendants with their large resources and wide chain of existing shops, would soon be using the name 'Chelsea Man' in trading in towns close to the borders of some or all of those areas."

23. This seems to me very much in agreement with the citations from *Kerly's*. Mr. Hicks referred me to the following cases:

- *Cellular Clothing Company v Maxton and Murray* (1899) 16 RPC 397;
- *Cavendish House v Cavendish-Woodhouse* [1968] RPC 448; and
- *Levey v Henderson-Kenton (Holdings) Limited* [1974] RPC 617.

The first and third of these was considered by the judge in *Chelsea Man*, and did not disturb his conclusions as set out above. Having carefully studied the second of these citations, I'm not sure of its relevance. There was no dispute that an injunction to restrain trade can be limited to a particular area – which was the remedy sought by the claimant in *Cavendish House*, who had one department store in Cheltenham, Gloucestershire, incorporated under that name since 1928. I note the following extract from *The Law of Passing-Off* by Wadlow (2nd Edition), paragraph 2.42 (emphasis mine):

“The nature of goodwill means, as a matter of law, that it cannot extend over national boundaries. The converse is not automatically true, in that goodwill does not necessarily extend right up to the boundaries at which it must stop. Goodwill may be localised in a specific region within a state. If all the plaintiff's customers come from that region, it cannot very well be said that the plaintiff's goodwill is of any greater extent. *In practice, the courts are reluctant to confine the plaintiff's remedy to a limited geographical area in all but the clearest cases, and a fairly thin spread of goodwill outside the plaintiff's main centre of operations is likely to suffice.* In *Chelsea Man v. Chelsea Girl* the plaintiffs operated retail menswear shops in Leicester, Coventry and London Oxford Street. The defendants argued that any injunction should be confined to around those areas, but the Court of Appeal granted one with nationwide effect. In *Brestian v. Try* the plaintiff had hairdressing salons in London and Brighton. The Court of Appeal found in his favour against a hairdresser based in Tunbridge Wells and did not qualify the scope of the final injunction.

Some businesses are so inherently localised that the geographical extent of their associated goodwill can be defined with reasonably precision. If so, any injunction should preferably be confined to that area. In *Clock v. Clock House Hotel* (1936) 53 RPC the Court of Appeal granted an hotel a permanent injunction against a road house some five miles away, but the injunction was confined to those specific premises. A restaurant in the London suburb of Kingston-upon-Thames was refused an interlocutory injunction against one in central London in *Clouds Restaurant v. Clouds Hotel*. In the Canadian case of *Blades Enterprises v. Thibault* (1975) 65 DLR (3d) 378 an injunction was refused to one restaurant against another 30 miles away, the plaintiffs having only a few months priority, and the nature and customers of the parties' restaurants differing. Department Stores have been awarded interlocutory injunctions restricted to the towns in which they were situated in *Cavendish House v. Cavendish-Woodhouse* and *Levey v. Henderson-Kenton*. In both cases the defendants were already established outside those towns. In many of these cases, particularly the older ones, it is difficult to say whether the plaintiff's difficulty was lack of goodwill outside his home area or lack of distinctiveness. *The two are likely to go together, but in theory a business could be known in a remote area of the country without there being any possibility of its having any customers there.*”

24. To buttress the views expressed here, I think I must return to *Chelsea Man*, and the analysis of Slade LJ, who considered a number of additional cases. In particular, he referred to *Ewing v. Buttercup Margarine Company Ltd.*[1917] 2 Ch. 1, and the following passage, at page 12, where Bankes LJ considered irrelevant the defendants' plea that they were only wholesale dealers:

“What does this matter if they intend to pass their goods on to the market as being of their manufacture with the intention that they shall retain their identity until they reach the retail purchasers? Or what does it matter that the business of the plaintiff at the present time is mainly confined to Scotland and parts of the North of England? All that seems to me to be perfectly immaterial.”

Slade LJ commented:

“Th[e] court affirmed the principle that a defendant may be restrained from using a trade name resembling that of the plaintiff if such name, though innocently adopted, is calculated to deceive and cause the plaintiff damage, *either* by diverting customers from the plaintiff to the defendant *or* occasioning a confusion between the two businesses by suggesting that they are connected. Either form of potential damage will suffice to establish the tort.”

In other words, the tenets of the tort were satisfied – the emphasis being on the damage the defendant's action could do to the plaintiff's business - and this was sufficient: the fact that the latter business was confined to Scotland and parts of the North of England (with an intention to expand further south), and the defendant company had its office in Westminster, did not halt the imposition of a *quia timet* injunction.

25. Further, *Brestian v Try* [1958] RPC 161 was concerned with hairdressing services: the plaintiff had hairdressing salons in London and Brighton, and the Court of Appeal found for him against a hairdresser in Tunbridge Wells, not qualifying the scope of the final injunction. ‘It rejected an argument that the plaintiff could not get relief in relation to the defendant's Tunbridge Wells activities without proving that the plaintiff had established a reputation for himself in that town itself: (see at page 173 per Romer LJ).’ In that case, Jenkins LJ (at page 170) observed:

“...the matter cannot be decided by a mere allocation of goodwill by areas. The question in cases of this sort must surely be whether, given a proprietary interest in the goodwill attached to a name, that name is being used by an interloper in circumstances in which such use is calculated to cause confusion or deception. Distance may no doubt in some cases reduce and sometimes even remove the likelihood of confusion or deception, but that must be a question of fact depending on the circumstances of the particular case.”

26. Thus, I should make clear, again, that I do not believe that *Chelsea Man* supports the contention that the existence of protectable goodwill in a part of the UK means that it can, *prima facie*, be protected in every part of the UK. Nevertheless, it does support the notion – which captures the prohibition set by s. 5(4) – that registration of a mark is ‘liable to be prevented’ when the claimant has built up a goodwill to the point where substantial damage will be caused to it by the acts complained of. I will return to this, but I must, in the light of it, consider Mr. Hicks’ contention that ‘..you can only succeed in passing off throughout the UK if the tentacles of your reputation and goodwill spread that far’ is wrong.
27. Mr. Hicks also sought to distinguish *Chelsea Man*, emphasizing the factual imperative behind each individual passing off case. He was, of course, right to do so as I have noted - *Chelsea Man* cannot be extrapolated to other scenarios *sans* care. But neither should I ignore it. Passing off is subject to the same evolution in case law as any other branch of the common law, and one case is not hermetically sealed off from another because some of the facts vary. Precedents are not set to be ignored: Nourse LJ's words suggests discretion, not disregard.

28. In summary, there are important principles in *Chelsea Man* that I believe are relevant to this matter. The case is not on all fours with this one, and there are some clear differences of fact, which Mr. Hicks made much of. For example, as indicated above, the nature of the trade in issue: goods (clothing) as opposed services. Nourse LJ stated that the product in that case:
- “..is one in which the mark or label bears much influence. Even where clothes are distinctive of their origin a purchaser will often check the label first. And where they are not distinctive the label is often decisive of the purchase. .. The goods are durable and .. the label remains as a reminder of their origin. At the same time, their nature is not such as to give them any inherent association with a particular place or area and the mobility of those who wear them can carry the trader’s reputation far and wide.”
29. Mr. Hicks also pointed out that the marks and the goods at issue were identical in *Chelsea Man*. Though I accept the significance of this in that the issue of confusion between the marks was more clear cut once the plaintiff’s in that case had established a protectable goodwill, I do not see that it can be distinguished on that basis. The legal principle is a finding of confusion, and marks that are similar (and Mr. Rossou admits they are) have been found to be confusing in passing off cases. A finding of confusability, that is misrepresentation, would leave the consumer in the same position as in *Chelsea Man*. Further, as I discuss below, I do not find all the services at issue to be non-identical.
30. Mr. Hicks also sought to distinguish *Chelsea Man* on the grounds that the latter dealt with a significant level of sales on behalf of the plaintiff – some £1M of turnover. However, the judge described this as modest and I can see why: the sales occurred over ten years, and must be set against the UK clothing market as a whole, which I must reasonably regard as vast.
31. And there are similarities with the instant case that I cannot ignore. The most significant being (as in *Chelsea Man*) the nature of the defendant’s activities and their intention: they were a nationwide concern and, as the defending counsel admitted, natural expansion of business could lead to clashes in those areas where the plaintiffs had established a reputation. In the cases cited by Mr. Hicks, this was not likely on the facts. It is stated in *Chelsea Man*, page 20, line 25:
- “In any passing off action the court has to consider not only the nature and extent of the plaintiffs’ reputation (if any), but also what are the acts, or threatened acts, complained of.”
32. This can be compared with the nationwide scope granted by Mr. Rousou’s registration. This factor will invariably be considered in passing off cases before the Registrar. That Mr. Rousou’s plans clearly involve expansion of his services via a franchise system (see paragraph 6 of his Declaration) might be said to underscore this point matters not: I must consider that his intention in registration relates to the whole of the UK, because that is the entitlement registration has given him.
33. With these considerations in mind, I now wish to turn to the instant case. I note from *Warnink* (see paragraph 10 above) that to establish a likelihood of deception or confusion requires the presence of a name which has acquired a reputation among a relevant class of persons, members of whom will mistakenly infer that the business at issue are from the same source or are connected – and that these two factual elements are ‘.. ultimately a single question of fact.’ Nevertheless, I wish to separate them, for convenience sake. Further, I wish to begin with the services at issue, as their similarity was a matter of some dispute.

The Services

34. As I have stated previously, I am required to consider the services for which P4P have a reputation as compared with those listed in Mr. Rousou's specification. Ms. Lane was of the view that the statement by Mr. Rossou in the Counterstatement, recorded in paragraph 3 above, amounted to an admission that the services at issue were the same. I do not agree. Though it was curious of Mr. Rossou to refer to the parties registrations when the pleading relates to an earlier right under the common law tort of passing off, I accept that the comments used amounted to no more than what they say – that the services specified in the *registrations* of the parties were ‘..identical and closely similar..’ – and form a response to paragraph 5 in the Statement of Case, which can be read as a reference to the registrations the parties both own.
35. I do not believe that this statement, therefore, amounts to an admission that Mr. Rousou's services are the same as P4P's. (However, it is an admission, in my view, that the marks are similar, a point I will revisit later).
36. Returning to the comparison I must make, I consider that the services at issue – most of them – are identical or similar to the activity carried out by P4P, despite the submissions of Mr. Hicks. For example, animal boarding services subsume the services supplied by P4P: to this extent the trade plied by both is identical. As for the other services, I regard these as similar, that is, provision of pet sitting services, pet grooming, dog walking and exercising services. Further, I accept that advice on these services would also be considered similar to providing them. Ms. Lane referred me to the ‘*Treat*’ criteria (*British Sugar Plc v. James Robertson & Sons Ltd* [1996] R.P.C. 281) which support these findings.
37. Of course, a ‘common field of activity’ (*McCulloch v May* [1947] 65 RPC 58) is no longer a requirement in passing off, but clearly the similarity of the trade(s) in question is a factor which must be considered (*Annabel's (Berkeley Square) Ltd. v Schock* [1972] RPC 838) – consumers are more likely to assume a connection or be confused where trades are closely related or the same. That is certainly the case here.
38. The issue is not so straightforward with veterinary services. Can these be associated with those in which P4P have established their reputation? Ms. Lane cited the 5th May Daily Telegraph article, and the references therein to ‘..lessons in behavioural psychology and mouth-to-mouth resuscitation’, and also the interviews which discussed the latter in a lighthearted manner. On its own, this is not enough. I take ‘veterinary services’ to include certainly the activities of a fully trained vet, but also a range of services concerned with animal health, including ‘first aid’. Though I do not regard a couple of references to rather basic ‘doggy first aid’ as being able to establish a reputation in veterinary services as such, I do not believe it would be unreasonable for consumers to expect that an organisation with P4P's reputation would be able to supply such services. In my view, it is part of the common field of activity.

The Goodwill

39. A detailed analysis of P4P's evidence may divide this material into essentially three categories: publicity, what I will call ‘trade evidence’ that is, turnover, the number of customers and the like and the witness statements of individual customers.
40. In terms of publicity, the exposure of the PALS4PETS mark before June 2000 is set out in Exhibit ML1:

Page 1: The London Evening Standard (circ. ~1 million) of 22 nd April 1998; featured Jenny Seagrove, the actress.	The article states: “LAUNCHES today: Pals4Pets, a dog-minding service for those who can’t bear to put poochie in kennels. Instead Rover stays in a private home licensed by the local authority. Harrow and Barnet are the first boroughs to participate... More boroughs are coming on line; Hertsmere and Enfield will be next. Not a sniff from Barking, as yet, however.”
Pages 2-4: The Guardian (Daily Readership of the newspaper 1. 14 million) of 28 th November 1998.	“£100 per week Dog-sitter. Pals4Pets seeks an animal-lover with commitment to look after dogs in his or her own home. Relevant experience is essential (see the <i>Hampstead & Highgate Express</i> , November 19).”
Page 5: St Michael’s News (Marks and Spencer magazine) of August 1998.	M&S part-time employee recruited by P4P as licensed dog carer. The “..first of 13 animal enthusiasts to be taken on by Pals4Pets, an animal nannying operation.”
Page 6: Daily Telegraph article (national audience of 2.5 million people), 5 th May 1999.	In depth article; Pals4Pets was highlighted on the front cover and there was over half a page feature inside. I note customers from St. John’s Wood and Hampstead.
Pages 7 – 9: Advert for carers in Arthritis News and Disability Now (April/May 2000).	P4P is described as a ‘London-based dog walking scheme.’
Pages 10 -11: Daily Mail article, 13 th June 2000.	Though about ‘cybersquatting’, the article says “Pals4Pets (which arranges short term care for pets) got a nasty shock when its owners tried to register the domain name Pals4Pets.co.uk. The name, along with similar sounding names, had been snapped up by a new competitor offering similar services.”

41. Mr. Hicks and Mr. Rousou leveled particular criticism at this evidence. Mr. Rousou refers to this as ‘some mention of her business in newspapers and elsewhere’; he describes it as ‘sporadic’ and states that it occurred in circumstances unlikely to:

“.. have given rise to any significant reputation or recollection of the business amongst members of the public. I believe that the vast majority of persons reading or hearing of the publicity to which she refers will simply not have taken in the name of her business.

Furthermore, anyone who had taken in the name of the business when they heard or saw the relevant excerpt, article or publication some years or months earlier would have entirely forgotten the name by the time of the relevant date of 13 June 2000.”

Mr. Hicks reinforced this assessment at the hearing. I cannot accept these observations: they are statements of unsupported fact as to the probable reaction of readers of newspaper articles. The only evidence I have before me that might illuminate the latter is that supplied by Ms. Loosely, who points to the very large response she received to (for example) the Telegraph report (paragraph 24ff). It does seem likely many of those reading the articles would have ignored them or forgotten quickly – being disinterested in dogs or the type of services offered – but many equally did not. Further, there is some evidence that the articles would have been retained by potential customers for future reference (see the Witness Statement of Mr. Walters). As Ms Lane stated, the service provided is not a ‘fast-moving’ consumer item, that is briefly registered and quickly forgotten.

42. Other articles in ML1 are after the relevant date. However, there was radio and television exposure as well. I have listened to, and viewed, this material. Ms. Loosely describes it thus:

- i. BBC Breakfast News 23 June 1999 carried a feature (BARB figures for the slot 960,000)
- ii. Channel 1 TV - 22 April 1998 broadcast the launch party nationally on cable and satellite
- iii. Carlton TV London Tonight - 6 May 1999 (British Audience Research Board hereafter as BARB: 418,000)
- iv. BBC Breakfast News June 2000 with an interview/feature on cybersquatting.”

Mr. Rousou directed his criticisms to each of the reports specifically, stating that P4P’s name was mentioned only briefly, typically no contact details were given and the last report was about cybersquatting, not pet care. Though there may be something in this last comment (which also pertains to the Daily Mail Article), the lack of contact details, or exact duration of time the PALS4PETS name was exposed, does not, I believe, completely devalue this publicity. I believe it is exactly the sort of exposure that most new businesses would be delighted to receive. Further, there is evidence that it led to trade (see the Witness Statement of Ms. Harrison).

43. Finally, there is also publicity in the specialist press (Exhibit ML4):

- ‘Dog World’, 6th November 1998 – An advert describing P4P’s services;
- ‘Our Dogs’, 6th November 1998 – article entitled ‘First Licensed dog carers scheme’;
- ‘The Kennel Gazette’ (apparently, the official newspaper of the Kennel Club; December 1998 – Again, the nature of P4P’s home care scheme is described;
- ‘Your Dog’, January 1999 – extensive article describing P4P’s activities;
- ‘Pet Dogs’, January 1999 – a small article, giving details about P4P; and
- ‘Paws’, (the Magazine of Battersea Dogs Home), Summer 1999, detailed article about P4P;
- ‘Sainsbury’s pet Club’ (made available to Sainsbury’s customers), May 2000; again, a detailed description of the applicants’ activities.

Each of these articles mention the trade mark PALS4PETS. Further, though the stated circulations are small, they are directed at not only dog owners (the relevant constituency in this matter), but dog owners motivated enough to purchase such specialist publications: the core of the applicants' likely customers.

44. Perhaps the high point of the registered proprietor's criticisms is that much of this publicity took place a year before his mark was registered. I note, however, the last advertisement, and mentions of the applicants services, appear in May 2000, only 2 months before the relevant date. And the effect of the publicity appears to have been persistent (see, again, the Witness Statement of Mr. Walters, and that of Ms. Harrison).
45. Ms. Loosley also lists the turnover under the mark over the relevant period: £35,954 in 1998/9 and 53,207 in 1999/00. The fee for caring for dogs in a private home is £15 per day.
46. Both Mr. Hicks and Mr. Rousou suggested that customer base was small – 362 are listed in Exhibit ML6. There was also criticism of the 1,700 phone call inquiries made following the publicity discussed above, Mr. Rousou pointing out that they again, were geographically limited to London and its environs.
47. Despite the criticism directed at this material, I do not believe that I can come to any other conclusion that, as of the relevant date, P4P possessed a goodwill in the name PALS4PETS. In the words of Ms. Lane, as of the relevant date:

“... PALS4PETS started trading over two years before the date of the PETPALS application. It is not just a local business. It has benefited from extensive national publicity, in national press, on national radio and on national television. The customers, as you have seen from the actual customer list, are not restricted only to North West London; inquiries, even less so, 58 per cent were actually outside London and customers are prepared to travel to use the service.”

48. Referring back to *Chelsea Man*, I think I would be fair to infer that the clothing industry, even in the 1970s and 1980s, would consider approximately £100K of turnover a year as small. ‘Modest’ is perhaps, a generous assessment by the judge. The turnover of P4P may also be considered small (‘modest’, perhaps) but is set against the background of what I reasonably suspect is a much smaller industry (the dog boarding industry). Of course, extent of trade is important in establishing goodwill. But, as I have stated, creation of goodwill is a function of consumer awareness and appreciation, which can spring from trade, but need not. It also must be evaluated by the large number of telephone enquires, and the publicity given to the mark.
49. Turning to the issue of ‘regional’ goodwill it seems to me that the nature of the P4P business, the extent of the publicity it received before the relevant date and the intention of the Registered Proprietor all tends to encourage a similar finding to that the court came to in *Chelsea Man*, despite the urgings of Mr. Hicks and, in his evidence, Mr. Rousou, that any goodwill was limited solely to North West London. Indeed, Mr. Hicks’ skeleton argument contained the following suggested limitation to Mr. Rousou’s specification:

“- not including the provision of dog boarding services in licensed private homes in the region of London bounded by the M25 to the north and the west, the M4 and its extension along the A4 to the south, and the A10 to the east.”

50. I do not believe that this is the sort of business that can be so regionally contained, as were those in *Cellular Clothing Company*, *Cavendish House* or *Levey*. Nevertheless, Mr. Rousou plotted a map of all P4P clients as listed in Exhibit ML6. He states:

“352 out of the 362 clients (97%) listed are plotted on this map and are situated in the Greater London area or just outside the M25. 324 of those 352 (92%) are located in the north-west quadrant of Greater London.

Only 10 customers are located outside the Greater London area. Only 6 customers of the 362 listed (1.6%) are located further than 40 miles from London.”

Ms. Lane pointed out that the map does not display 10 customers who were too far away to be included. She pointed out that many customers fell outside the boundary set above, with one customer coming from Liverpool. She also referred to the telephone enquires, the majority of which were from outside the region suggested.

Concern was also expressed about the clarity of this definition; whether this was justified seems less important than the potential that Mr. Rousou’s activities could ‘lap’ up to and over the boundaries the restriction lays down, in the same manner as envisaged in *Chelsea Man* (see page 200 – ‘increasing clashes and confusion’). As Ms. Lane states:

“It is not just a few pet mad North Londoners who are only using the service in North London and the knowledge of the service is restricted to North West London; there are a large number of people who either use or know and want to use in the future the service of PALS4PETS distributed around the United Kingdom. It is not a case of genuinely local goodwill like a pub or a hairdressers where you are not going to travel any distance to use it.”

I agree. I do not believe that the ‘ring fence’ approach, suggested by Counsel in *Chelsea Man* would work here. Of course, and this was a point made by Mr. Hicks, that case was concerned with clothing, and the ring fence approach was rejected because of the persistence of that type of product, and its potential to travel to all parts of the UK:

“I would accept that the establishment of three ring fences, at least if drawn widely enough, could considerably mitigate the risk of damage being suffered by the plaintiffs by way of actual diversion of their trade, at least until such time as the defendants extended their operations to the proximity of the boundaries of those ring fences or the plaintiffs extended their own operations beyond them. However, as the judge pointed out, it is common enough nowadays for people to move about all parts of the country (whether for living, business or holidays). Furthermore, we are not here concerned (as, for example, was Dillion J. in the *Clouds* case) merely with the use of a business or corporate name. We are also concerned with the labelling of the goods. As Mr. Leonard Lewis accepted in evidence (Day 8 page 10), what matters in the clothing trade is the mark under which goods are sold because, after the customer has left the shop, the label is a lasting reminder of the source of the goods. And labelled garments can readily move about the country with their wearers.”

51. Certainly this is a difference from this case, underlining the care one must take in extrapolating one passing off action to another. However, it is clear that the particular ‘ring fence’ mooted by Mr. Hicks fails to contain P4P’s goodwill. And it is difficult to suggest one that would do so,

That avoids confusion at its margins. Though services are at issue, here, I note that a case considered in *Chelsea Man (Brestian v Try* [1958] RPC 161) was concerned with hairdressing services: the plaintiff had hairdressing salons in London and Brighton, and the Court of Appeal found for him against a hairdresser in Tunbridge Wells (see *Wadlows* above) not qualifying the scope of the final injunction.

Confusion

52. I do not believe that PALS4PETS is, perhaps, possessive of the strongest inherent capacity to distinguish. It is a mark that is more than somewhat allusive of the service it brands. Nevertheless, the quality of the service provided by the applicants is high and the nature and extent of use of the mark, in relation to the type of services on offer, has created a protectable goodwill.
53. Mr. Hicks contended that goods – particularly clothing, as in *Chelsea Man* - were inherently more likely to be confused than services, where the interaction between the provider and the client would tend to mitigate against it. He particularly referred to P4P’s habit of interviewing their customers and carers. I think this misses the point, as the danger to the applicants’ goodwill does not arise when confused consumers come to them under the assumption they are Mr. Rousou’s business, but when they go to the latter, thinking they are P4P. And he tended to downplay the caution that buyers of clothing (even men) would apply to their purchases. Nevertheless, Mr. Hicks was right to make the point that this was a market occupied by exceptionally careful customers, and I must take this matter into account.
54. Ms. Lane, obviously, considered that the marks were confusing, pointing out that the same words were used, though in a different order, in both marks and, despite this, their very close semantic content. As I noted above, Mr. Rousou, in his Counterstatement, considered that the marks were similar. But he has gone further than this: Ms. Lane quoted from paragraph 3 of his second Witness Statement in ‘cross-invalidation’ No. 12448. Of course, this evidence is external to this case, but Mr. Hicks made no protest at its inclusion, I consider it important. Anyhow, the fact that Mr. Rousou initiated that action assumes a belief in confusing similarity between the marks. Even so, Mr. Hicks sought to distinguish between the two actions: the latter covered identical or similar services (that specified in the respective registrations), while this matter considered different services. As I found above, this is not the case: but for veterinary services, the respective fields of activity are common between the two parties.
55. There is also evidence that the registered proprietor finds the marks confusing in this case. I was referred to Exhibit ML5, and a letter from Mr. Rousou’s agents, Gouldens. In the third paragraph of that letter they state:

“ Our client is concerned that your client’s use of the trade mark PALS4PETS will lead to consumer confusion and, in particular, confusion amongst potential PETPALS franchisees, resulting in a loss business.”
56. And Mr. Hicks has fallen into confusion himself. In his skeleton argument, he states:

“ ‘Provision of pet homes’ appears to cover the services in fact provided by Pets4Pals (as well as more conventional animal boarding services)”

clearly confusing the marks. On top of all this there is evidence of actual confusion, as witnessed in the Statement of Mr. Anthony Monahan, and in paragraph 37 of Ms. Loosely's second Witness Statement. Mr. Hicks sought to distinguish this evidence, on the basis that it concerned potential franchisees, and not customers 'proper' of P4P, but I do not regard this as relevant. Confusion took place around the marks at issue.

57. Thus, I have come to the conclusion that confusion, amounting to misrepresentation – is likely for both the identical services and those I regard as similar. It does not seem unlikely – and neither would I consider that the relevant consumers would be surprised - that an organisation engaged in the trade for which P4P is known, would also provide services such as pet sitting, pet grooming, dog walking and exercising in addition. The same would apply to consultancy, advisory and information services relating to all the aforesaid services. They are all part of a common field of activity.

Damage

58. I note the following from *BBC v Talbot*, where Megarry VC refers to the *Warnink* case:

“If ‘there is goodwill attached to the name’ (I use Lord Fraser’s expression in the *Warnink* case at page 755) and that goodwill is injured by another person who uses that name for his goods, then if the other requirements of the tort are satisfied I do not see why the injured party should not recover damages for his injury, even if that injury is caused by some means other than filching trade or damaging the reputation. It is the injury to the goodwill rather than the precise method of inflicting that injury that matters; and if that injury is inflicted by a process of passing off, the major requirements of the tort are satisfied”.

59. Even so, I think the species of damage in this matter can be reasonably inferred. Direct loss of trade, in my view, cannot be ruled out by Mr. Rousou. Once confusion has occurred, who is to say that the consumer will discover, in the course of securing the service that two different suppliers are involved? It is not clear to me that procurement process would exclude this eventuality. There are, of course other heads of damage. I note that potential damage was included in *Chelsea Man*, at page 206:

“Their Lordships in that case were not concerned with misrepresentations made to suppliers. In the passage cited above from his judgment in the *Buttercup Margarine* case, Warrington LJ. expressly accepted that the poor credit which a trader enjoys is capable of injuring another trader who is assumed wrongly to be associated with him. Since the credit of a trader is of interest to his suppliers rather than his customers, this seems to presuppose that a misrepresentation made to potential suppliers is capable of constituting passing off. In my judgment, the plaintiffs are entitled to rely on the potential confusion among their potential suppliers as well as among their potential customers for the purpose of establishing their cause of action and formulating their claim to relief.”

Summary

60. So, what have I found? That P4P have a goodwill that cannot be held captive in North West London: by custom and media exposure it has extended beyond this. I have found that the marks at issue – on the admission of Mr. Rossou himself – are confusing for identical services; I consider them so for similar services and for veterinary services, and I have found that damage will follow. In my view, applicants have made their case. Accordingly I direct that registration N^o 2235947 be declared invalid, removed from the Register and, in accordance with s. 47(6), shall be deemed

never to have been made.

61. Before considering the matter of costs, I wish to ‘mop-up’ two outstanding issues.
62. First, it was Ms. Lane’s contention that s. 47(5) does not provide for a partial invalidation of a mark in relation to geography. It clearly refers to goods and services, and appears ‘blind’ to geographical limitations. This might be the case, but I do not see that s. 47 therefore excludes from the Act this alternative to complete dissolution of a registration. As Mr. Hicks pointed out, the Act allows for geographical limitations elsewhere (e.g. s. 11(3)), and s. 5(4)(a) is not so constrained, reflecting the common law development of passing off, as discussed above.
63. Second, Mr. Hicks made the very valid point that the onus was on the applicant in this case: but he appeared to rather inflate the effects of this:

“It is not, in my submission, like a passing off case in the courts. The reason it is not like a passing off case in the courts is that in the courts there is no presumption of a right to use a name or not. Here we are not dealing with that question, we are dealing with the fact that there is a *prima facie* valid mark. I will give the example of Scotland, Northern Ireland or Cornwall. On any basis, there is no evidence to support an injunction extending that far - on any basis.”
64. Of course, the approach taken to ‘passing off’ under the Act diverges from a passing off case before the courts: it is usually *quia timet* and the comparison of trade is different (see above), for example. But the notion that the assumed validity of a registration (see s. 72) would limit the effects of a passing off finding is one that I cannot make.
65. Finally, costs. The applicants have been mostly (but not wholly) successful in this case, and deserve some contribution to their costs. I order Mr. Rousou to pay them £1700. This sum is to be paid within seven days 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 27th Day of November 2002.

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