

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No 2192687
by Original Additions (Beauty Products) Limited
to register a trade mark in Class 3**

**AND IN THE MATTER OF Opposition thereto
under No 50914 by Perfect 10 Inc.**

BACKGROUND

1. On 24 March 1999, Original Additions (Beauty Products) Limited applied to register the trade mark reproduced below in Class 3 in respect of “Nail care preparations; adhesives for fixing false nails; abrasive paper for nails; nail polish and nail varnish; preparations for removing nail polish or nail varnish; nail strengthening preparations; nail hardening preparations”.



2. On 18 April 2000, Perfect 10 Inc. of California, U.S.A. filed Notice of Opposition to the proposed registration. The grounds of opposition which are still pursued are that:

- (i) The applicants mark is similar to Community Trade Mark No. 675504, which is registered for, inter alia, Video cassettes, video discs (Class 9), Magazines, calendars (Class 16), and Entertainment services (Class 41), which are said to be similar to the applicant's goods;
- (ii) Because of the similarity of goods/services and marks there exists a likelihood of confusion, including a likelihood of association with the earlier mark, and registration would therefore be contrary to Section 5(2)(b) of the Act;
- (iii) The opponent has promoted a magazine under the name PERFECT 10, and by the date of the application under opposition, had thereby acquired a goodwill and reputation in the UK under that name;

- (iv) Use of the applicant's mark would constitute an act of passing off and registration should therefore be refused because of the opponent's earlier right.
3. The applicant filed a Counterstatement denying the grounds of opposition.
 4. Both sides seek an award of costs.
 5. The matter came to be heard on 10 September 2002 when the opponent was represented by Mr Richard Davis of Counsel, instructed by Marks and Clerk, and the applicant was represented by Mr Simon Malynicz of Counsel, instructed by Clifford Chance.

THE OPPONENT'S EVIDENCE

6. The opponent's factual evidence is contained within an affidavit dated 27 November 2000 (together with 29 exhibits) by Dr Norman Zadeh of Perfect 10 Inc. The key points which emerge from this evidence are that:
 - (i) The opponent publishes an advert?? entertainment magazine entitled PERFECT 10 which is promoted on the basis that all the models featured are 'natural', that is they have not had cosmetic surgery;
 - (ii) The opponent established a website in the U.S.A. in October 1996, which it says is accessible from the UK;
 - (iii) The website has a similar content to the opponent's magazine;
 - (iv) The opponent says that its website was receiving 200K visitors per month by November 2000 of which 5-10K originated in the UK;
 - (v) The opponent has not provided comparable information for the position prior to the relevant date of March 1999;
 - (vi) In September 1997 the opponent conducted a week long promotion of its PERFECT 10 magazine in the Sun newspaper, which included an invitation to readers to send a photograph of themselves to the Sun if they wished to appear as a model in PERFECT 10 magazine;
 - (vii) There were further promotions of PERFECT 10 magazine in the Sun (which, like the first, resulted in PERFECT 10 models appearing on page 3 of that paper) in December 1997 and March, April, May and October of 1998;

- (viii) The March 1998 promotion announces that PERFECT 10 magazine and the Sun were to run a modelling competition with a first prize of £30K – the winner of which would appear in the Sun and PERFECT 10 magazine;
- (ix) The winner of this competition, which took place in the U.S.A., was subsequently announced in a further feature in the Sun in April 1999 (after the relevant date);
- (x) The opponent claims to have sold 5400 magazines bearing the trade mark PERFECT 10 from retail stores in the UK in 1997: The corresponding figures for 1998 and 1999 are 30,272 and 31,704, respectively (although the majority of the 1999 sales would have been after the relevant date).

THE APPLICANT'S EVIDENCE

7. The applicant's evidence is contained within a statutory declaration by Malcolm Lyons dated 28 June 2001. Mr Lyons is Managing Director of the applicant company.

8. Much of Mr Lyons' declaration consists of an explanation of how the applicant's mark came to be chosen and the process which resulted in the Registrar's decision to accept the mark for registration. I understand that much of this was submitted in response to a 'bad faith' objection that the opponent no longer pursues. I need therefore say no more about it.

9. The only potentially relevant facts in Mr Lyons' declaration are that:

- (i) The applicant has used its trade mark in relation to nail care products since April 2000 on a significant scale (£630K worth of sales in the period April – December 2000);
- (ii) Despite those sales and having spent £485K during 2000 and 2001 on a national advertising campaign for nail care products bearing the mark applied for, the applicant company is not aware of "any customer having manifested any impression that our Company's goods were in any way connected with the Opponent."

OPPONENT'S EVIDENCE IN REPLY

10. For the sake of completeness I should also record that the opponent filed a statutory declaration dated 21 September 2001 by Julie Kay. Ms Kay is a Trade Mark Attorney with Marks & Clerk, who act for the opponent. Her evidence is in reply to Mr Lyons' evidence. It consists mainly of submissions that were repeated or overtaken by other submissions at the hearing, which I will come to later. The only factual matter I should record is that (at exhibit JK1) Ms Kay provides copies of the downloaded home pages of the websites PERFECT 10.com and PERFECTTEN.COM showing copyright notices of

1996-2001. This is said to show that the opponent's websites have been operational since 1996 as claimed.

SECTION 5(4)(a)

11. Section 5(4)(a) is as follows:-

"5.-(4) 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."

12. The opponent seeks to rely on passing off rights under the mark PERFECT 10. The law in this area is well established and it is conveniently set out in Halsbury's Laws of England (4th Edition). The relevant passages are re-produced below:

"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."*

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.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) the nature and extent of the reputation relied upon;*
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;*
- (c) the similarity of the mark, name etc used by the defendant to that of the plaintiff;*
- (d) the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and*
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.*

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action."

The nature and extent of the Opponent's Goodwill and Reputation

13. Section 5(4)(a) of the Act is based upon article 4(4)(b) of EC Directive 104/89 and must be interpreted in a way that is consistent with the Directive. It is apparent from the Directive that the question of whether the applicant's use could have been prevented by the earlier right must be determined as at the date of the application. The onus is on the opponent to establish that, on the balance of probabilities, it would have succeeded in a passing off action brought at 24 March 1999. Where the applicant first used the trade mark prior to the date of the application for its registration the tribunal may also have to consider the position at the earlier date in order to determine the position at the date of application. There is no such complication here. The applicant's mark was not used prior to the date of the application.

14. The opponent claims to have built up a substantial goodwill and reputation under its PERFECT 10 mark by 24 March 1999. It claims that to have established a business in the UK by this date selling adult magazines, providing an entertainment service via its web site, and organising beauty competitions.

15. There is some doubt about the extent to which the opponent had established a goodwill under the mark PERFECT 10 by the relevant date. Mr Zadeh claims to have launched the magazine in September 1997 and to have sold over 5K magazines in 1997. However, the feature in the Sun newspaper dated 30 December 1997 (exhibit NZ4) talks of the magazine being launched "soon". The subsequent feature in the Sun of 4 March 1998 announces that the magazine is now on sale. Be that as it may, Mr Malynicz

realistically accepted that the Sun newspaper enjoyed a substantial readership and the evidence therefore showed that the opponent had established some goodwill and reputation in the UK by the relevant date in respect of its trade in adult magazines.

16. With regard to the opponent's other claims he submitted that:

a) there was no evidence that the opponent's web site was visited by any UK visitors prior to the relevant date:

b) the opponent could not properly claim to be engaged in the business of running beauty competitions as a result of the competitions run jointly with the Sun newspaper to find models; this activity was accurately classified as promotional activity for the PERFECT 10 magazine.

17. I agree with the second point. The competition organised with the Sun was plainly an attempt to promote the opponent's adult magazines. The opponent had no separate goodwill as an organiser of beauty competitions.

18. As far as the first point is concerned, I note that there is a reference to the availability of the opponent's PERFECTTEN.COM web site in the feature about PERFECT 10 in the Sun newspaper of May 1998 (in exhibit NZ7). I therefore think it likely that some UK customers would have visited this web site prior to the relevant date, but I accept Mr Malynicz's point that the numbers are not clear and are likely to be small. Even the figures provided for visitors to the web site for periods after the relevant date are small. Further, it appears that in order to gain full access to the site the user must take out a subscription. It is therefore of significance that no figures have been provided for the number of UK subscribers. In any event, the web site appears to be no more than an extension of the business conducted through the sale of the magazine.

19. I conclude that the opponent had only a small trade in the UK by the relevant date, primarily in adult magazines, and although the promotions run in the Sun newspaper will have led to a greater reputation, that too was still relatively modest at the relevant date.

Misrepresentation

20. The respective marks are virtually identical. The marks are inherently distinctive, but they are both allusive of the character of the respective goods and services and not, therefore, at the very top end of the range of distinctive trade marks, such as invented words

21. Mr Davis submitted that the parties were in "neighbouring" fields of activity. He further submitted that the evidence showed that the opponent had one tentacle in the applicant's field of activity because of its stance against using models who have had cosmetic enhancements, and because of its organisation of beauty competitions, which he submitted widened his client's customer base to include females.

22. I have already found that the “beauty competitions” the opponent organised jointly with the Sun newspaper were really merely just a means of promoting the launch of the opponent’s adult magazine in the UK. The opponent’s magazines may be bought by some women, and no doubt there are some women who read page 3 of the Sun newspaper and others, who even if they do not read page 3 of the Sun newspaper themselves, were likely to become aware of the competition promoted by the opponent through male partners or friends. Nevertheless, I believe that it is obvious that the vast majority of the opponent’s customers are likely to be male.

23. Nor do I accept that the opponent’s stance against cosmetic enhancement brings the parties fields of activity any closer. It could be argued that, if anything, the opponent’s stance against cosmetic enhancement puts further distance between its activities and those of the applicant, which sells nail care cosmetics. However, I believe that in reality this is a non-point. The opponent is in the adult entertainment business and its products are directed primarily at men. The applicant is in a particular subset of the cosmetics business selling nail care products directed primarily, if not exclusively, at women. The respective fields of activity are far apart.

24. Mr Davis sought to persuade me otherwise by drawing my attention to a page that appeared in the Sunday Times on 11 October 1998. The page in question (which appears in exhibit NZ28) contains part of an article about breast enhancement surgery, which mentions the opponent’s PERFECT 10 in the context of backlash against such cosmetic enhancement. Mr Davis pointed out that at the bottom of the same page is an advertisement for a skin care product and that this could equally have been an advertisement for the applicant’s PERFECT 10 nail care product. He submitted that readers would assume a commercial connection. Mr Malynicz submitted that this single example of the opponent’s magazine appearing on the same page of a newspaper as an advertisement for a cosmetic did not prove that the parties fields of activity were overlapping, still less that any of the opponent’s customers would assume that it had launched or endorsed a nail care product under the name of its magazine. In my judgement, Mr Malynicz is plainly correct. A single co-incidence of this sort does not prove anything. More significantly, Mr Davis was unable to point me a single example of an advertisement for a cosmetic product in any of the opponent’s magazines or web site pages in evidence. That is hardly surprising because the respective goods and services are aimed at quite different audiences.

25. Mr Malynicz relied upon Mr Lyons’ evidence that the applicant had made significant use of its trade mark PERFECT 10 for nail care products since the relevant date but was unaware of instances of confusion. He submitted that this evidence and the lack of any evidence to the contrary effect from the opponent pointed to the conclusion that the opponent had not made out its case on misrepresentation. Mr Davis criticised this evidence on the grounds that a) Mr Lyons’ has not provided an account of the enquiries he made to establish whether or not any incidences of confusion had come to the applicant’s attention, and b) given that the parties are not trading in competing products, confusion may exist without coming to light. There is something in both these points, but equally Mr Malynicz is right in pointing out that the burden of proof is on the opponent.

26. Although there is no requirement of a common field of activity the more remote the respective fields, the stronger the evidence needed to establish deception: see Kerly's Law of Trade Marks and Trade Names, at 14-75. The marks are effectively identical, but this alone is not sufficient to justify a conclusion that use of the applicant's mark constitutes a misrepresentation. The other primary facts are not supportive of the opponent's case in this respect. And there is no other evidence that persuades me that this will be the likely result of the applicant's use. Consequently, there is no proven case of misrepresentation.

Damage

27. Mr Davis cited the loss of exclusivity of the opponent's mark and the loss of possibilities for expansion of its trade as a head of damage. Absent misrepresentation this submission, even if correct, is irrelevant.

28. At the hearing, Mr Davis added a second head of damage. He submitted that the opponent may suffer from a mistaken belief on the part of the public that it is PERFECT 10 (the nail care product) rather than PERFECT 10 (the adult magazine) that is sponsoring the "beauty competitions" organised with the Sun newspaper. Mr Davis was unable to point to any authority as support for the proposition that this kind of mistake would amount to a misrepresentation by the applicant, and given the nature of the "beauty competitions" I think it unlikely in the extreme that the public would misattribute the party behind these competitions in the manner suggested.

Conclusion

29. My finding that the applicant's use at the relevant date has not been shown to amount to a misrepresentation is determinative of the matter. The opposition under section 5(4)(a) fails.

SECTION 5(2)

30. Section 5(2) is as follows:

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

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

31. It is common ground that the opponent's Community Trade Mark is an "earlier trade mark". I remind myself of the guidance provided by the European Court of Justice (ECJ) in **Sabel BV v Puma AG** [1998] E.T.M.R. 1, **Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc** [1999] E.T.M.R. 1, **Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.** [2000] F.S.R. 77 and **Marca Mode CV v Adidas AG** [2000] E.T.M.R. 723. It is clear from these cases that:-

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*, paragraph 22;
- (b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v. Puma AG*, paragraph 23, who is deemed to be reasonably well informed and reasonably circumspect and observant - but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind; *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* paragraph 27;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v. Puma AG*, paragraph 23;
- (d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v. Puma AG*, paragraph 23;
- (e) A lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17;
- (f) 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; *Sabel BV v. Puma AG*, paragraph 24;
- (g) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v. Puma AG*, paragraph 26;
- (h) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode CV v. Adidas AG*, paragraph 41;

- (i) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 29.

Comparison of the Trade Marks

32. I note that although the opponent's earlier trade mark is not identical to the applicant's mark, but it is so similar that the lack of complete identity has little bearing on the likelihood of confusion between the respective marks.

The Distinctive Character of the Earlier Trade Mark

33. As I noted earlier, I regard the trade mark PEFECT 10 as having a relatively high inherently distinctive character for all the goods and services at issue, but not the very highest degree of distinctive character. I do not believe that the relatively modest use made of the opponent's trade mark in the UK prior to the relevant date will have elevated the distinctive character of the mark substantially by the relevant date. The reputation of the mark was nothing approaching a household name.

The Similarity of the Respective Goods and Services

34. The parties do not agree on whether the respective goods and services are similar. Mr Davis points out that the opponent's Community trade mark is protected in respect of beauty magazines and entertainment such as beauty contests. He says that these are similar goods and services to the applicant's products because of the "beauty" connection to cosmetics.

35. Mr Malynicz says that the goods are not similar. He reminded me that in paragraph 22 of its judgement in *Canon v MGM*, the ECJ stated that whilst the likelihood of confusion must be assessed globally:

"It is, however, important to stress that, for the purposes of applying article 4(1)(b) (of the Trade Marks Directive, equivalent to section 5(2) of the Act), even where a mark is identical to another with a highly distinctive character, it is still necessary to adduce evidence of similarity between the goods and services covered."

36. Mr Malynicz submitted that the opponent had produced no evidence that the respective goods and services are similar. He also reminded me that in paragraph 23 of its judgement in *Canon V MGM* the court provided the following guidance on the matter:

"In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments have pointed out, all the relevant factors relating to those goods or services should be taken into account. Those factors include,

inter alia, their nature, their end users and their method of use and whether they are in competition with each other or are complementary.”

37. Mr Malynicz argued that the physical nature and properties of nail care products are completely different to those of magazines and beauty competitions. I believe that he must be correct about that. He says that the respective goods/services are put to different uses. That too must be correct. He points out that the respective goods/services are not in competition with each other or complementary. I do not understand the former point to be in dispute. Whether or not the latter point is accepted, I believe that it is also correct. Nail care products are not complementary in any commercial sense to beauty magazines or beauty competitions. Mr Malynicz further submits that the respective goods/services are promoted differently and through different trade channels. I would not expect a magazine to reach the public through the same trade outlet as nail care products. Even in the case of a Department store, I would expect nail care products to appear in a different department to magazines. The position is even clearer when it comes to the channels of trade through which nail care products and entertainment services such as beauty competitions reach the market, which are plainly different. In fact of the specific factors the court suggests should be taken into account, the only one in which there is likely to be an overlap is that the end users of (say) beauty magazines are likely also to be the end users of nail care products. However, as this constituency constitutes a significant proportion of the entire female population in this case, it is not as significant a point as it might have been if the respective user bases were of a more specialised composition.

38. Similarity is plainly a matter of degree. The case law of the ECJ makes it clear that a lesser degree of similarity may suffice in some cases, for example where the respective marks are identical and share a highly distinctive character, but there still has to be evidence of some similarity between the respective goods/services. Goods do not have to be dissimilar in every conceivable respect before they can be considered to be dissimilar overall. I find that the respective goods and services in this case are dissimilar or, at least, the opponent has not satisfied me that, overall, they can be considered similar. Consequently, the opposition under section 5(2) is bound to fail.

Alternative Global Assessment

39. In case I am subsequently found to be wrong about this, I record here that if I had found the respective goods and services to share a scintilla of similarity, and this required me to undertake a global assessment of all the relevant factors, my conclusion would have been that the similarity between the respective goods/services was so slight as to be insufficient to give rise to a likelihood of confusion, despite the virtual identity of the trade marks. In this respect I observe that the mark PERFECT 10 is not so distinctive in relation to the goods and services concerned, that the relevant public would inevitably be driven to the conclusion that its concurrent use in relation to such different goods and services is indicative of an economic connection between the users, rather than being merely coincidental.

Conclusion

40. The opposition under section 5(2) of the Act also fails.

COSTS

41. The opposition having failed the applicant is entitled to a contribution towards its costs. I order the opponent to pay the applicant the sum of £1200. This sum to be paid within 7 days of the end of the period allowed for appeal, or in the event of an unsuccessful appeal, within 7 days of the final determination of the matter.

Dated this 17 Day of December 2002

**Allan James
For the Registrar**