

O-457-15

TRADE MARKS ACT 1994

**APPLICATION 500766 BY STEELSEAL LIMITED
TO INVALIDATE TRADE MARK REGISTRATION 3057638
FOR THE MARK 'STEEL SEALS HEAD GASKET.'
IN THE NAME OF MODERN CRAFTSPEOPLE LIMITED**

Background and pleadings

1. This is an application by Steelseal Limited (“the applicant”) to invalidate trade mark registration 3057638, which is the word mark ‘**Steel Seals Head Gasket.**’ in class 1 and covers:

Sodium silicates; chemical products for the manufacture of sealants; chemical products and preparations for use in sealants.

2. The registered proprietor of the registered mark is Modern Craftspeople Limited (“the proprietor”).

3. The application to register the mark was filed on 29th May 2014 by Mahmoud Ismaeilian, who appears to be the moving force behind the proprietor. The mark was entered in the register on 17th October 2014.

4. The application to invalidate the trade mark was filed on 19th February 2015¹.

5. There are two grounds for invalidation. Firstly, that the applicant is the owner of an earlier unregistered right to the words STEEL SEAL as a result of the use of that sign throughout the UK since October 2010 in relation to ‘chemical products for the manufacture of sealants; chemical preparations for use in seals’. Secondly, that the proprietor was aware of the applicant’s established use of this sign in trade and registered the trade mark in order to block the applicant from registering its mark and in pursuance of other illicit aims. In this connection the applicant claims that shortly prior to applying to register the trade mark the proprietor sent an email to the applicant asking for a ‘loan’ of 1800 euros in order to pay for the sister of a director of the company to have an operation in Portugal.

6. Consequently, the applicant asks for the registration to be declared invalid under s.47 of the Trade Marks Act 1994 because registration of the mark by the proprietor was contrary to sections 5(4)(a) and 3(6) of the Act.

7. A counterstatement was filed which essentially denied the grounds for invalidation. The form was actually filed in the name of Mahmoud Ismaeilian, but was clearly filed on behalf of the proprietor and I have treated it as such. The counterstatement included a denial that Mahmoud Ismaeilian even has a sister, or that he had ever spoken to the applicant.

¹ Although the application was amended twice, the last time on 30th March 2015.

Separation of proceedings

8. Following receipt of the counterstatement, I appointed a case management conference (“CMC”) on 6th May 2015 using the Registrar’s powers under Rule 62(4) of the Trade Mark Rules 2008. The applicant was represented by Mr Derek Jackson of Derek Jackson Associates, trade mark attorneys. The proprietor was not legally represented. Instead, Mr Mahmoud Ismaeilian took part in the CMC on behalf of the proprietor. The CMC confirmed the impression given by the contents of the counterstatement that Mr Mahmoud Ismaeilian, who is Iranian, does not find it easy to understand and communicate clearly in English. Having regard to:

- i) The applicant’s alternative grounds for invalidation of the trade mark;
- ii) The level of practical difficulty that Mr Mahmoud Ismaeilian had in understanding, and would have in answering, the applicant’s bad faith claim;
- iii) The likely cost to the parties (and the Office) of dealing with the applicant’s claim to an earlier right was likely to be significantly less than the cost of dealing with bad faith claim;
- iv) The overriding objective, which requires a procedural approach that is proportionate to the matters at stake;
- v) The need to ensure that individual cases do not take a disproportionate share of the tribunal’s resources at the expense of other users;

I directed that the proceedings should be separated under Rule 62(h). This means that the application for invalidation based on the applicant’s claim to an earlier right would be dealt with separately to (and before) the applicant’s claim for invalidation on the ground that the mark was registered in bad faith. The proceedings based on the applicant’s bad faith ground would be stayed. If the applicant’s case based on its earlier right succeeded it was unlikely to be necessary for the parties to file evidence going to the bad faith claim, or for a determination to be made on that matter. I recognised that there was a risk that taking this course might increase costs if the passing-off right claim failed but, without pre-judging the matter, the applicant appeared to have a tenable basis for its claim to have a relevant earlier right. Further, if the passing off right claim failed, this would resolve one of the relevant issues in the follow-on bad faith proceedings. In any event, the degree of likely difficulty and cost involved in fairly determining the bad faith claim appeared to me to be such that the risk of eventually increasing costs was one that should be accepted on this occasion.

9. Neither side objected to this course.

The applicant's evidence of an earlier right to STEEL SEAL

10. The applicant's evidence takes the form of a witness statement by Adam Weaver. Mr Weaver says that he began trading under the mark STEEL SEAL in 2005. Initially he traded on his own account, but in October 2010 he incorporated the applicant company to continue his business. The applicant has since continued to trade under the mark.

11. STEEL SEAL is a chemical product, such as silicon silicate, that is poured directly into the radiator of a vehicle in order to repair damage to the cylinder head gasket. Once the engine is running at operating temperature the product is drawn into the damaged head gasket and seals any cracks through a thermo-chemical bonding process.

12. Examples of press cuttings from 2011 to 2013 are in evidence that show public recognition of the applicant's STEEL SEAL product². It is evident from these press cuttings that the applicant also exhibited its product at two trade shows held in the UK in 2013.

13. The applicant has maintained a website – www.steelseal.co.uk – to advertise its goods since 2011³. In 2012, the applicant began advertising its product by means of informational videos on YouTube⁴. In September 2013, the applicant began advertising its product on TV, both on general channels, such as ITV4 and 'Dave', and on channels dedicated to sport or motorsport, such as BT Sport Channel and Motors TV⁵. Traditional advertisements have also been placed in publications relating to vehicles and vehicle maintenance, such as Car Mechanics⁶. It is estimated that the latter advertisement was seen by 30k readers. Between September 2013 and April 2014 the applicant spent around £49,450 promoting its STEEL SEAL product via press and TV advertisements and on internet advertising including a Google Pay Per Click Campaign that had been running since October 2010.

14. The applicant has also sponsored the British Touring Car Championships since 2011, which means that its mark was displayed trackside at each of the 10 rounds raced per season. Mr Weaver estimates that 35k people would have seen such advertising at each round of these races.

15. The applicant sold around 39k units of its STEEL SEAL product in 2012 with a value of over £311k. Around 65k units were sold in 2013 at a value of around £560k. Between January 2014 and April 2014 (i.e. the last four full months before the

² See exhibit AW2

³ See exhibit AW5

⁴ See exhibit AW8

⁵ See exhibit AW7

⁶ An example from December 2013 is in evidence as AW9

application was made to register the proprietor's mark), the applicant sold around 28k units of STEEL SEAL at a value of around £237k.

16. Mr Weaver also provides evidence about some email communications that took place with Mr Mahmoud Ismaeilian in July 2013, primarily about the latter's use of STEEL SEAL in internet listings. Showing an intention to deceive the public may be relevant to a passing off right claim, but this evidence appears to me to be primarily relevant to the applicant's bad faith claim. There is therefore no need for me to say much more about it for the purposes of these proceedings. However, I note the contents of an email dated 8th July 2013 in which a Mr Ben Hall of Automotive Brands, which I understand to be a trading name of the applicant, asked Mr Mahmoud Ismaeilian to remove the name STEEL SEAL from the labels of products that he was selling at the time. This was recorded as following an incident in which a customer tried to return one of Mr Mahmoud Ismaeilian's products to the applicant and reclaim his money under the applicant's refund policy. However, rather surprisingly, Mr Weaver does not mention this matter in his written evidence. In these circumstances, I am not inclined to attach any weight to the incident recorded in the contents of this email.

No evidence from the proprietor

17. The proprietor was given an opportunity to file evidence in response but did not do so.

The Law

18. The applicant claims that the trade mark registration should be cancelled under section 47(2) of the Act which is as follows:

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

Section 5(4)(a) 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, or
- (b)...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

19. Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 provides the following analysis of the law of passing off. The analysis is based on guidance given in 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] AC 731. It 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 the 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.”

Need to consider notional use of the proprietor’s mark

20. There is no evidence, or at least no evidence of any weight, that the proprietor used its mark in relation to the registered goods. I must therefore consider the effect of notional use of the proprietor’s mark at the date of the application for registration (“the relevant date”).

Goodwill

21. Turning to the requirement for the applicant to establish that it possessed relevant goodwill at the relevant date, it is clear on the evidence that the applicant had by then established a significant trade in products promoted as, and bearing the name, STEEL SEAL. I have considered whether the name STEEL SEAL is inherently suited to distinguish the goods of a particular undertaking, it being more difficult to establish distinctiveness in the case of a descriptive name. However, I have come to the conclusion that the name is, at most, allusive of the function and purpose of the goods. The goods are plainly intended to create a seal, but they are not steel seals. Further, although head gaskets may be made of steel, the goods are specifically for sealing head gaskets not ‘steel’ in general. The word ‘Steel’ in the applicant’s product name is therefore used in a fanciful way, no doubt intended to give the impression that the seal it creates will be as strong as steel. In these circumstances, I have no hesitation in finding that the applicant has established that

it owned a significant goodwill in the UK under the mark STEEL SEAL at the relevant date, and that this name was distinctive of the applicant's chemical sealing products.

Misrepresentation

22. In *Neutrogena Corporation and Another v Golden Limited and Another*⁷, Morritt L.J. stated that:

“There is no dispute as to what the correct legal principle is. As stated by Lord Oliver of Aylmerton in *Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] R.P.C. 341 at page 407 the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]”

23. The goods covered by the registered mark appear to be the same goods as the goods the applicant sells under the mark STEEL SEAL, or at least closely related goods.

24. The registered mark includes the name of the applicant's product, with the minor variation that SEAL is pluralised to 'seals'. The registered mark also includes the word 'Head Gasket'. However, as this appears to be the name of the very item that the parties' products are intended to seal, these words are merely descriptive and incapable of distinguishing the competing products of different businesses.

25. In my judgment, it is self evident that a significant number of the relevant public, being customers and potential customers for the applicant's chemical sealants, will believe that the proprietor's mark designates chemical products from the same trade source. Use of the proprietor's mark in relation to the goods for which it is registered would therefore constitute a misrepresentation to the public.

Damage

26. In a case such as this, where there is clear potential for the use of the registered mark to divert business from the applicant to the proprietor, establishing the likelihood of damage is straightforward. This means that there is no need for distinct evidence establishing damage. Damage to the applicant's goodwill can be inferred from the obvious potential for the diversion of business caused by the proprietor's misrepresentation to the public. Accordingly, I find that there is a likelihood of damage.

⁷, [1996] RPC 473

Result

27. The application for invalidation succeeds. Subject to an appeal, the registration will be cancelled.

Costs

28. The application having succeeded, the applicant is entitled to a contribution towards its costs. I will award the applicant the sum of £1100 calculated as follows.

£300 for filing an application for invalidation;
£200 for the official filing fee for the Form TM26;
£500 for filing evidence;
£100 for attending a case management conference.

29. I order Modern Craftspeople Limited to pay Steelseal Limited the sum of £1100 within 14 days of the end of the period allowed for appeal or, if there is an appeal, within 14 days of the conclusion of those proceedings.

Dated this 1st Day of October 2015

**Allan James
For the Registrar**