

TRADE MARKS ACT 1938 (AS AMENDED) AND THE TRADE
MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION **m** 1578969
BY JULIAN LAMORGN HIGGINS TO REGISTER THE MARK



AND

IN THE MATTER OF OPPOSITION
THERE TO UNDER OPPOSITION **m** 44043
BY THE US GOVERNMENT AND ITS FEDERAL GOVERNMENT
AGENCY NATIONAL AERONAUTICS & SPACE ADMINISTRATION

TRADE MARKS ACT 1938 (AS AMENDED) AND THE TRADE MARKS ACT 1994

IN THE MATTER of trade mark
application **m** 1578969 by Julian Lamorgn Higgins
to register a mark in class 25

5 and

IN THE MATTER of opposition
thereto under opposition **m** 44043
by The US Government and its Federal Government Agency
National Aeronautics & Space Administration

10 DECISION

Julian Lamorgn Higgins applied on 21 July 1994 under section 17(1) of the Trade Marks Act 1938 to register the mark shown below in Class 25 for:

“Articles of outer clothing; all included in Class 25; but not including clothing relating to aviation or aeronautics.”



15 The application was given the number 1578969 and published for opposition purposes on 1 November 1995. On 8 February 1996 the US Government and its Federal Government Agency, the National Aeronautics & Space Administration, formally opposed the application.

I summarise the grounds of opposition as follows:-

20 **M** The mark applied for is not adapted to distinguish goods of the Applicant according to the provisions of section 9 of the Trade Marks Act 1938 (as amended).

M The mark applied for is not capable of distinguishing the goods of the Applicant according to the provisions of section 10 of the Trade Marks Act 1938 (as amended).

25 **M** Use of the mark applied for would be likely to deceive or cause confusion and so would be contrary to law and would be disentitled to protection in a Court

of Justice. The mark applied for should therefore be rejected according to the provisions of section 11 of the Trade Marks Act 1938 (as amended).

M The mark applied for is not the Applicant's mark within the meaning of section 17(1) of the Trade Marks Act 1938 (as amended).

5 M Any use made by the Applicants of the mark as applied for would not constitute use as a Trade Mark under section 68 of the Trade Marks Act 1938 (as amended).

In response, the applicant filed a counterstatement denying each of the grounds pleaded.

Both parties seek an award of costs in their favour.

10 The matter came to be heard on 27 October 1998. At the hearing, the applicant was represented by Ms Mary Vitoria, Queen's Counsel, instructed by Withers & Rogers. The opponents were represented by Mr Henry Carr, Queen's Counsel, instructed by Venner Shipley & Co.

15 By the time this matter came to be decided, the Trade Marks Act 1938 had been repealed in accordance with Section 106(2) and Schedule 5 of the Trade Marks Act 1994. Nevertheless, these proceedings having begun under the provisions of the Trade Marks Act 1938, they must continue to be dealt with under that Act in accordance with the transitional provisions set out at Schedule 3 of the 1994 Act. Accordingly, and unless otherwise indicated, all references in the remainder of this decision are references to the provisions of the old law.

20 Opponents' Evidence

The opponents filed two statutory declarations by John Gerard Mannix dated 10 October 1996 and 17 October 1997, the latter of which was in reply to the applicant's evidence.

25 Mr Mannix is the Associate General Counsel (Intellectual Property) for The National Aeronautics and Space Administration (hereafter called "NASA"). He says that he has been employed by NASA for over 15 years and has overall responsibility for NASA's legal affairs in the area of Intellectual Property Law.

30 NASA is an agency of the United States government. It was established in July 1958 and has been responsible for the US space program since that date. The agency has called itself "NASA" and been generally known as "NASA" since its foundation. The full name "National Aeronautics and Space Administration" is little used other than by the agency's own officials, and Mr Mannix claims that the agency's acronym is famous in every part of the developed world.

35 NASA has long-standing connections with the United Kingdom. These include various agreements with UK governmental organisations for joint space projects. In addition NASA has frequently participated in the Farnborough Air Show and is well known to the public in the

United Kingdom through the considerable exposure given by the worldwide media coverage of NASA's aeronautical activities and the worldwide attendance at NASA's visitor centres.

5 According to Mr Mannix, approximately 2,100,000 people visited the NASA Kennedy Space Centre in 1995. A marketing specialist employed by the Kennedy Space Centre has estimated that approximately 40 percent or 840,000 of these visitors were from outside the United States with Germany contributing the highest number of non-US citizens visiting the centre and United Kingdom the second largest number of non-US visitors.

It has been estimated that between 100,000 and 200,000 citizens from the United Kingdom visited Kennedy Space Centre in 1995.

10 NASA also has visitor centres at Johnson Space Centre, Ames Research Centre, Lewis Research Centre, Marshall Space Flight Center and Goddard Space Flight Centre. In addition, the Air and Space Museum in Washington DC which prominently features accomplishments of NASA, has been since its opening in 1976 the most frequented attraction in the city of Washington DC. In addition each of the visitor centres and the Air and Space Museum have
15 gift shops where they sell souvenir items including clothing bearing the NASA logo. Mr Mannix adds that over the past twenty years, millions of international visitors have been to the Space and Research Centres and to the gift shops where clothing bearing the NASA logo is sold.

20 In 1975, NASA adopted a new logo incorporating the "NASA" acronym. The logo (shown right) is familiarly termed "the worm" because of its generally sinuous character and the linkage between the middle 'A' and 'S'. From 1976 onwards this NASA logo appeared on the NASA's space craft, space suits and was used on stationery and publications issued by NASA. It became, says Mr Mannix, the principal emblem of the agency, and representative of all its activities.
25 The logo remains on the cornerstone of NASA's Headquarters building in Washington DC as well as on all of the space shuttle vehicles and numerous other prominent locations where visitors can see it. Mr Mannix states that it is also very popular on shirts, hats, jackets and other articles of clothing which are sold in the visitor centres.



30 NASA receives numerous requests each year from individuals and businesses in the United Kingdom and other countries seeking its permission to use the NASA logo on various products including tee shirts, jackets and other types of clothing. Exhibited to Mr Mannix's declaration are copies of replies to such requests. He explains that because NASA does not keep files more than three years old the copies are by way of example only.

35 In considering whether or not to give its consent NASA always takes particular account of the nature of the products concerned and lays down specific rules on the appearance of the NASA logo and the goods concerned. In particular NASA insists that no alteration whatsoever should be made to its NASA logo and that the logo should appear either alone or with NASA's full name "National Aeronautics and Space Administration". Mr Mannix declares that NASA has never departed from these rules and would not grant a licence of any kind of
40 exclusivity in that case. He says further that NASA did not grant the applicant any such consent and would not have consented to the use actually being made of the mark as applied

for in these proceedings. Mr Mannix then exhibits a copy of the code of Federal regulations regarding use of NASA logo.

5 Mr Mannix goes on to say that NASA did receive a communication on behalf of the applicant in December 1995. A lawyer acting for Mr Higgins telephoned his office in Washington DC and spoke to one of Mr Mannix's colleagues. Mr Higgins lawyer enquired whether his client could become a vendor for NASA souvenir items including use of the NASA logo on clothing. Mr Mannix's colleague replied that for the client to become an approved vendor of NASA souvenir items it would be necessary to comply with the general requirements which meant that they could not use the words "Nice and Safe Attitude" on the clothing with the NASA
10 logo. NASA only approves use of the NASA logo on clothing when it is the only logo that appears on the product.

Mr Mannix claims that NASA has built up a substantial goodwill and reputation in the United Kingdom from the various activities described above. He says that NASA had this goodwill and reputation well before the filing date of the application in suit.

15 Finally, Mr Mannix says at paragraph 12 of his first declaration:

"Because NASA and its logo is taken universally to represent NASA in the United States of America I am firmly of the opinion that the Applicant has adopted the Mark the subject of Application No. 1578969 to benefit from the reputation of our NASA logo and the public's recognition of our logo."

20 The second declaration provided by Mr Mannix was filed in reply to the applicant's evidence and is almost entirely concerned with submissions in relation to the evidence that had already been filed. Although I have read the declaration and bear in mind the points mentioned, I see no need to summarise them in detail here.

Applicant's Evidence

25 This comprises a statutory declaration dated 18 April 1997 by Julian Lamorgn Higgins. Mr Higgins was the Managing Director of Nice and Safe Attitude Limited.

Mr Higgins began trading in the clothing field as a sole trader in 1993. Previously he had worked in the popular dance music business. He says that his aim was to provide a new brand of clothing which would have a particular appeal to people who have an interest in dance
30 music and who may visit clubs to listen to this type of music. In September 1993 Mr Higgins launched a range of clothing bearing the mark in suit. He states that the concept of 'Nice And Safe Attitude Limited' arose originally from his philosophy 'to live life with a nice and safe attitude'.

When seeking a name for his business, Mr Higgins explains that he was influenced by the mark
35 'AWOL' (A Way of Life) used by a clothing wholesaler. He thought AWOL was a good name because although people initially thought that it meant 'Absent Without Leave', in fact it stood for 'A Way of Life'. It was this type of double meaning that Mr Higgins hoped to achieve with his NASA brand. Mr Higgins goes on to say:

“In fact, the use of the letters NASA was, to some extent, a parody of the National Aeronautics & Space Administration, which is a heavily funded State organisation. My intention was to depict the adventures of human life on Earth in contrast to the Space Administration’s exploits in space involving what I believe to be huge sums of wasteful expenditure.”

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Mr Higgins declares that the NASA logo which is the subject of the opposed application was designed for him by an independent contractor and that he took an assignment of copyright in the design created. He admits that the letters NASA appearing in the mark have some similarity to one of the logos used by the National Aeronautics & Space Administration but says that it was certainly not his intention to deceive the general public into believing that clothing sold by him and his company were in any way connected with the National Aeronautics & Space Administration.

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Regarding the likelihood of confusion, Mr Higgins says that to the best of his knowledge the National Aeronautics & Space Administration has never sold clothing bearing their NASA logo in the United Kingdom, neither is he aware that NASA has ever authorised another party to do so in the United Kingdom.

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Moreover, says Mr Higgins, the mark the subject of the application comprises the words NICE AND SAFE ATTITUDE as a prominent and significant element of the mark. These were always used as part of his mark. Consequently no customer, in his view, would be misled into believing that his goods emanated from the National Aeronautics & Space Administration.

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In his first year of trading, the value of goods sold bearing the mark was only £78,000, but Mr Higgins explains that this was because he gave away in excess of £20,000 worth of clothing bearing the NASA NICE AND SAFE ATTITUDE mark to television companies and magazines. The magazine publishers gave the clothing away to their readers and the television companies used the clothing as props in television programmes; for example characters in Eastenders and Brookside wore some of the clothing. However, sales quickly took off and during the year September 1994 - August 1995 Mr Higgins achieved a turnover of £900,000.

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Mr Higgins says that he did not release clothing bearing his NASA logo to the clothing trade in general until a trade show in February 1995. Prior to this he had persuaded a few “high profile” stores dealing in this type of clothing to sell the range. These stores included MASH (Oxford Street, London), Cult Clothing (with branches in Cheltenham, Oxford, Cambridge), Arc (with three branches in the Midlands) and MAX OUT in Cornwall. At a trade show in February 1995, Mr Higgins took orders for clothing worth over £150,000. As a consequence of the success of the operation a limited company, Nice And Safe Attitude Limited, was formed in November 1995 to take over and continue the business which Mr Higgins had founded. The first items of clothing sold bearing the NASA logo were jackets and t-shirts, but the range was quickly expanded to include shorts, shirts, sweatshirts, hooded tops, hats, various types of bags, dresses, skirts, hot pants and halter neck tops.

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As a result of the success of the brand, counterfeit versions of the clothing started appearing all over the country. Mr Higgins stresses that the counterfeiters copied the slogan NICE AND SAFE ATTITUDE as well as the letters NASA on the counterfeit garments.

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In late 1995 Mr Higgins became aware that a company called Distribution Network Company Ltd was preparing to sell clothing bearing the US NASA “worm” logo in the United Kingdom through an agent, Piers Flook. Mr Higgins says that Mr Flook created a great deal of trouble for his company by approaching many of his customers and offering to supply them with what he describes as “cheaper, inferior quality clothing bearing the US NASA logo” and saying that only his firm (Distribution Network Company Ltd) had official sanction to use the NASA name.

It is common ground between the parties that Distribution Network Company Ltd did obtain permission from the opponents to use the US NASA “worm” logo in relation to clothing for sale in the UK.

Nevertheless, Mr Higgins’ company sued Mr Flook in restraint of trade libel and passing off. The trade libel aspect of the case was deferred but the passing off action went before Evans-Lombe J for judgment on an interlocutory basis on 6 December 1995. This claim was judged in Mr Higgins’ favour and Mr Flook gave an undertaking inter alia to refrain from :

“Using the name or mark NASA or any other name or mark confusingly similar thereto in relation to any garments, fashion accessories and/or any business or service related thereto.”

It appears that Mr Flook subsequently sought, unsuccessfully, to have this undertaking varied to add, in essence the following proviso:

“Otherwise than with the licence or authority of NASA (US) permitting such use”

Mr Higgins exhibits a copy of a judgment given by Robert Walker J in connection with this matter. Later in this decision, at page 15, I quote a passage from this judgment.

At this point Nice and Safe Attitude Ltd ran out of money and had severe debt problems — a state of affairs which Mr Higgins attributes to the expense incurred in the High Court proceedings. Mr Higgins says that the United States Department of Justice and the National Aeronautics & Space Administration instructed Nabarro Nathanson, a large firm of London solicitors, to commence proceedings against his company for passing off and copyright infringement. Whilst Mr Higgins says that he was confident of success in relation to both claims, Nice and Safe Attitude Ltd simply had no further funds to defend the action. Consequently he had no option but to put the company into voluntary liquidation and to stop selling clothing bearing the NASA logo. The last sales of clothing bearing the mark in suit by Nice and Safe Attitude Ltd occurred in June 1996.

Mr Higgins states that he has continued with the trade mark application that was filed in his name when he was a sole trader and wishes to do so despite the opposition lodged by the US Government and its Federal Government Agency the National Aeronautics and Space Administration because he would like to start producing clothing bearing his NASA logo again in the future.

Mr Higgins concludes his evidence with some detailed comments concerning the opponents' evidence. Again, I have read these comments, and bear in mind the points mentioned, but I see no need to summarise them in detail here.

5 Against this background, I now turn to consider the grounds of opposition. Mr Carr confirmed at the outset of the hearing that he was not pursuing the opposition based upon sections 9, 10 and 68. I therefore need only consider the opposition under section 11 and section 17(1).

Section 11

This section is in the following terms:

10 **11.** It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.

15 One important consideration under this head is that the opponents are unable to rely upon any use of their "worm" logo as a trade mark in the United Kingdom.

With this in mind, Mr Carr's starting point in relation to section 11 was that the section does not require goodwill as a result of trading in the UK. He submitted that section 11 exists to protect the public from being deceived or confused, and that it is not primarily directed towards protection of private rights such as the goodwill that might be vested in an
20 unregistered trade mark.

In support of his position, Mr Carr began by referring to the following words found at paragraph 10-02 of Kerly¹:

25 "If it indeed be a prerequisite of refusal under section 11 that the earlier mark should actually have been used in this country, then the "Crazy Horse" problem, of the legal consequences of a mark's acquiring a reputation here without its owner trading here at all, arises under this section too. It has been held in New Zealand (under a similar statute) that a reputation acquired solely by advertising, without actual trade, can found this objection to registration: but then, advertising can be "use" of a trade mark in the sense of the Act."

30 According to Mr Carr, Kerly describes the *Crazy Horse* case² as a problem because it has always been regarded as a very unsatisfactory decision. The case is covered in more detail at paragraph 16-18 of Kerly, where the text describes how the Courts have tried to work around the problem that arises in situations where a plaintiff has a substantial reputation in this country, but no actual goodwill. Says Kerly:

¹Kerly's Law of Trade Marks and Trade Names; Twelfth Edition, pages 93, 94.

²Bernadin v Pavilion Properties [1967] RPC 581

“The court will then no doubt accept very small indications that exploitation has actually started as justifying intervention.”

But the paragraph continues:

5 “There remain, however cases where there is a reputation, where there is damage — there may be customers here, even though no business is carried on here and no goods are sold here — but the goodwill is situate elsewhere; with the result that our law, as it now stands, seems to offer no redress for that damage.”

10 Of course the *Crazy Horse* case was concerned with an action under the common law tort of passing off, and not section 11 of the Trade Marks Act 1938. It was Mr Carr’s contention that the *Crazy Horse* problem was never applicable to section 11, and that in any event, the law of passing off had changed since *Crazy Horse*.

Mr Carr then took me to the *BALI* case³ where Lord Morris of Borth-y-Gest, considering section 11, says at page 486 and line 14:

15 “That the evidence did not positively prove that there had been cases where detriment or financial loss had actually been caused to Berlei was immaterial. What has to be considered is whether there is a likelihood of deception or of confusion in the mind of the public. If there is, then there may be, but need not necessarily be, some resulting injury to one manufacturer or resulting gain to another.”

20 Thus Lord Morris’ judgment establishes that section 11 exists to protect the public from being deceived or confused, and is not primarily directed towards protection of private rights. Indirectly, it also distinguishes the operation of the section from the law of passing off, since it is essential for a plaintiff in a passing off action to show that a private right — goodwill — either has been damaged or is likely to be damaged.

25 Consequently, Mr Carr submitted that in order to succeed under section 11, he did **not** have to prove the facts necessary to succeed in a passing off action. In particular he maintained that the expression “disentitled to protection in a court of justice” as used in section 11 does not import the test for passing off. In support of this proposition he took me again to the *BALI* case and page 487 line 12 where Lord Morris begins to deal with this subject as follows:

30 “In this House an argument was presented in regard to the meaning of section 11. It was submitted that it does not suffice to prove a likelihood of deception or confusion but that there must be further proof of resulting disentitlement to protection in a court of justice and this, so the submission ran, involved that it must be established that there would be success in passing off proceedings. As the submission was developed it was modified. It was submitted that what would have to be established was that there was a reasonable chance of success in a passing off
35 action.”

Before going on to reject this argument, Lord Morris first asks (page 488 line 13):

³BALI Trade Mark [1969] RPC 472

5 “What, then, is a mark which by reason of its being likely to deceive or cause confusion would be disentitled to protection in a court of justice? As to a mark itself it might be likely to deceive or cause confusion because it might be (a) one that closely resembles or is identical with another mark, or because it might be (b) one that makes a false representation as to the nature or quality of the goods.”

Further down on page 488, Lord Morris provides the following example to clarify the position:

10 “An example of a case where because of something contained in a mark there was disentitlement to protection irrespective of considering any rights of other traders is to be seen in *Eno v Dunn* [1890] 7 RPC 311. The public knew of Mr Eno’s Fruit Salt and would be likely to be deceived if Mr. Dunn adopted the expression “Fruit Salt”. Upon a consideration of what was then section 73 of the Act of 1883 (which was amended by section 15 of the Act of 1888 so as to omit the word “exclusive”) it was held by a majority in this House that the evidence showed that the words which Mr Dunn proposed to use were calculated to deceive the public. So the case fell within section 73. Mr Eno had had trade marks on the register but he submitted to an order to remove them from the register. In his opposition to Mr Dunn’s application to use the term “Fruit salt” he confined himself to the contention that the term was calculated to deceive. Lord Macnaghten in his speech said:

20 ‘The question is one between Mr Dunn and the public, not between Mr Eno and Mr Dunn. It is immaterial whether the proposed registration is or is not likely to injure Mr Eno in his trade. Equally immaterial, as it seems to me, is the fact that for a considerable time Mr Eno had on the register, as his trade mark, the words FRUIT SALT. Mr Eno may have gained some advantage to which he was not properly entitled; but that is hardly a reason for permitting Mr Dunn to practise a deception upon the public.’

The interesting feature of the case is, I think, that once the likelihood of deception was shown it was apparently accepted that it followed that there would be disentitlement to the protection of the court.”

After considering several other authorities in the same area, Lord Morris concludes:

30 “From all this I think it follows that, in 1938, if Berlei had shown that the use of the mark BALI was likely to deceive or cause confusion they would have shown (quite without any reference to section 12(1)) that the use of the mark BALI was disentitled to protection in a court of justice. Our attention was called to the interesting judgment of Buckley J in *TRANSFERMATIC Trade Mark* [1966] RPC 568. As to the decision itself no question now arises. But in the course of his judgment the learned judge at 579 said:

40 ‘If an opponent to registration can show that the circumstances are such that on the ground of likelihood of deceit or confusion, the applicant could be restrained in a court of justice from using the mark sought to be registered, section 11 must prohibit registration. If all that the opponent could show was that a number of persons might entertain a reasonable doubt whether goods bearing the two marks came from the same source, falling short of grounds for relief against passing off, I, for myself, would require further argument before reaching the conclusion, apart from authority, that the section would prohibit registration.’

My Lords, I do not think that the words of the learned judge need be read as saying that potential success in a passing off action is always the test in applying section 11 or that the evidence must always be such as would warrant success in a passing off action. If his words bore that meaning they would not be in accord with what was said in various cases.”

5 Lord Guest and Lord Wilberforce agreed with Lord Morris’ construction of section 11. As Mr Carr put it, Lord Upjohn’s reasoning is slightly different, but he reaches the same conclusions as the majority. Lord Upjohn says, at page 494 line 15:

10 “So it seems to me impossible to give to the construction of the section that which is sought for by Bali. Section 11 and its forebears were designed not so much for the protection of other traders in the use of their marks or their reputation but for the protection of the public. This was made quite plain by the majority opinions in your Lordships’ House in *Eno v Dunn* [1890] 7 RPC 311.”

Thus did Mr Carr establish beyond doubt that section 11 exists to protect the public from deception, and that potential success in a passing off action is not the appropriate test.

15 Mr Justice Evershed had previously formulated the following test under section 11 in the *OVAX* case⁴:

20 Having regard to the reputation acquired by the name HOVIS, is the court satisfied that the mark applied for, if used in a normal and fair manner in connection with any goods covered by the registration proposed, will not be reasonably likely to cause deception and confusion amongst a substantial number of persons?

But as we now know, Lord Upjohn modified this test in his judgment in the *BALI* case by substituting the words “reputation acquired by” with the words “user of”. At line 26 of page 496 he says:

25 “My Lords, I think the learned judge was wrong to use the words “reputation acquired by”; it should have been “the user of”. Of course, in that case there was no difference between those two expressions, as the household word of HOVIS was involved; but in many cases, such as *TRANSFERMATIC*, the difference might be vital.”

30 As I understood him, Mr Carr argued that Lord Upjohn was not here addressing the question of territoriality, but was seeking to distinguish the position under section 11 from the position in a passing off action where reputation, or more properly ‘goodwill’, is an essential prerequisite. As Mr Carr said, Lord Upjohn went on to develop his own section 11 test further down on page 496 where he says:

35 “It is not necessary in order to find that a mark offends against section 11 to prove that there is an actual probability of deception leading to a passing off or (I add) an infringement action. It is sufficient if the result of the registration of the mark will be that a number of persons will be caused to wonder whether it might not be the case that the two products come from the same

⁴Smith Hayden & Co Ltd’s Application [1946] 63 RPC 97

source. It is enough if the ordinary person entertains a reasonable doubt, but the court has to be satisfied not merely that there is a possibility of confusion; it must be satisfied that there is a real tangible danger of confusion if the mark which it is sought to register is put on the register.”

5 Lord Upjohn’s modification of the section 11 test in the *BALI* case was also considered in *MACY’S* Application⁵. In that case, an opponent based in America opposed applications to register the mark *MACY’S* in respect of clothing and watches. The opponent had purchased clothing bearing the mark in the United Kingdom, but on the evidence there had been no use of the mark in relation to watches. After quoting the above passages from Lord Upjohn in
10 *BALI*, the Registrar’s Hearing Officer says at the bottom of page 551:

“This is of course the classic test for objections in respect of section 11 and Lord Upjohn explicitly distinguishes between reputation and use.”

Mr Carr maintained that the ratio of the *MACY’S* case is found at line 35 on page 552. Referring to one of the questions asked in a survey, the Hearing Officer says:

15 “The question was of course asked in a British context and I think the probability is that it was answered in this way but in the event nothing turns upon it. On the evidence before me, I should not be prepared to conclude that confusion was likely in the UK only from the reputation of the opponents in the name *MACY’S* in the USA”

20 Thus according to Mr Carr, the Hearing Officer had already concluded as a matter of fact in that case that confusion was not likely, before continuing with the following statement which Mr Carr regarded as obiter:

“.... but in any event I consider I am required to decide the question on the basis of use in this country. There would be no point in the substitution of “use” for “reputation” in Evershed J’s test *supra* if use abroad was sufficient.”

25 In Mr Carr’s opinion, the reason why Lord Upjohn preferred the word ‘use’ as opposed to ‘reputation’ was to prevent the word ‘reputation’ from being interpreted as importing the test for passing off, or at least the establishment of a reputation as would be required in a passing off action. To this extent, Mr Carr did not accept that there would be “no point” in the substitution. However, notwithstanding Mr Carr’s submissions on the point, I tend to agree
30 with the Hearing Officer in *MACY’S*, that I am required to decide the question on the basis of use in this country. But before reaching a firm view on the matter, I need to consider a further authority that Mr Carr raised. In *Pete Waterman v CBS*⁶ the Vice Chancellor (as he then was), Sir Nicholas Browne-Wilkinson reviewed the *Crazy Horse* decision at some length. The following paragraphs are found at pages 50-51 of the report:

35 “Mr Cran accepts that in order to establish a right to prior or concurrent use within the principle enunciated by Lord Diplock in the *General Electric* case which I have quoted, he has

⁵*MACY’S* Trade Mark [1989] RPC 546

⁶*Pete Waterman Ltd & Others v CBS United Kingdom Ltd* [1993] EMLR

to show that as against anyone other than IM he has an enforceable right to the name under English law. IM say, in reliance on the Crazy Horse case, that there is no such enforceable right since although CBS had and has a substantial body of customers in this country, it has had no place of business or agent here and has done nothing here; all its services and business have been conducted in New York.

Although the point only arises in a contorted way in the present case, it is a point of great importance. The issue is whether the English court will protect the trade connection with the United Kingdom customers of non-UK traders. In the passage I quoted of Lord Diplock in the General Electric case he demonstrated how the principle of honest concurrent use was developed in 19th century England to meet the problem where two traders using similar marks in separate areas of the United Kingdom were brought into the same market within the United Kingdom by improvements in internal communications. The changes in the second half of the 20th century are far more fundamental than those in 19th century England. They have produced worldwide marks, worldwide goodwill and brought separate markets into competition one with the other. Radio and television with their attendant advertising cross national frontiers. Electronic communication via satellite produces virtually instant communication between all markets. In terms of travel time, New York by air is as close as Aberdeen by rail. This has led to the development of the international reputation in certain names, particularly in the service fields, for example Sheraton Hotels, Budget Rent A Car.

In my view, the law will fail if it does not try to meet the challenge thrown up by trading patterns which cross national and jurisdictional boundaries due to a change in technical achievement.”

At page 53, the Vice Chancellor suggests that it might be possible to distinguish the facts before him from those in *Crazy Horse*, and find that there was a protectable interest in this country. He says:

“The Crazy Horse decision appears to establish that even if the foreign trader has customers here he cannot protect his reputation unless he has conducted some business here, even slight evidence of business activity being sufficient. If so, it is not inconsistent with The Hit Factory Inc. in this case having a protectable interest here since, in contrast to the Crazy Horse case, English customers of Hit Factory Inc. placed their business in this country with Hit Factory Inc. and were invoiced in this country.”

But he was clearly not content with this for he went on to say:

“In my judgment, such narrow distinctions are unsatisfactory and, with diffidence, suggest that the case was wrongly decided. Pennycuik J seems to have held by reference to the Muller case that the right to protection against passing off in this country depends upon the plaintiff having a goodwill which is locally situate here. The steps in the argument seem to be: (a) passing off is an interference with goodwill; (b) goodwill always has a local situs, being the place at which the customers’ business is received; (c) if there is no business activity here the situs of the goodwill cannot be here; therefore (d) in the absence of a local goodwill there is no right to protect. Pennycuik J therefore shifted the emphasis in the early authorities from the need to show use of the name in this country to the need to show a goodwill here. For reasons which I have already given, in my judgment the local situs of the goodwill which is interfered with is irrelevant. If there is a use by the foreign trader in this country of his name for the purposes of his trade, the piracy of that name is an actionable wrong wherever the goodwill is situate.”

After reviewing the authorities in great depth, the Vice Chancellor concluded (page 58):

5 “A. As a matter of principle, the existence of a severable English goodwill attached to a place of business in this country is not the basis of a right to complain of passing off in this country. What is necessary is for the plaintiffs to show they have a trade connection here which will normally consist of customers forming part of their goodwill, wherever that goodwill is situate, which goodwill is being invaded by the acts of the defendant in this country;

B. The approach which I have set out at A above is not open to me as there is binding authority to the effect that the basis of plaintiffs’ claim must be a goodwill locally situate in England; but

10 C. The presence of customers in this country is sufficient to constitute the carrying on of business here whether or not there is otherwise a place of business here and whether or not the services are provided here. Once it is found that there are customers, it is open to find that there is a business here to which the local goodwill is attached;

D. To the extent that the Crazy Horse case is authority to the contrary, I prefer not to follow it.”

15 Thus although the Vice Chancellor would clearly have preferred to find, as a matter of legal principle, that goodwill forming the basis of a passing off action need **not** be locally situate in this country, such an approach was not open to the court on the authorities.

20 In summary therefore, and bearing in mind the passage from paragraph 10-02 of Kerly which I have reproduced above (see page 7), Mr Carr’s submission was that the *Crazy Horse* problem of requiring goodwill locally situate on the basis of trade in this country, should never have arisen under section 11 in the first place having regard to the purpose of section 11 which is to protect the public from deception. To the extent that decided cases, for example *MACY’S*, suggest that the *Crazy Horse* problem has been a factor under section 11 in the past, Mr Carr invited me to depart from this tradition in view of the Vice Chancellor’s specific criticism of *Crazy Horse* in the more recent *Pete Waterman* case. Although I have found this to be a very tempting proposition, not least in view of the Vice Chancellor’s comments regarding the failure of the law “... if it does not try to meet the challenge thrown up by trading patterns which cross national and jurisdictional boundaries”, I have ultimately rejected it. In passing the Trade Marks Act 1994, Parliament in effect recognised that the old law was subject to certain failings — an observation which the courts had made on a number of previous occasions⁷. Rather than attempt to remedy what might be considered yet further proof of the deficiency of the old law by departing from the established view of the interpretation of section 11, I prefer to continue on the well trodden path in the knowledge that parliament has enacted a panacea in the form of the Trade Marks Act 1994.

35 Consequently, the opponents cannot succeed under section 11 unless they can show that they have used their mark in this country. The closest they can get is the existence in this country of customers who have purchased goods bearing the NASA worm logo. But the goods, including items of clothing, were purchased during visits to one or other of NASA’s visitor centres in the United States of America. In my view that cannot constitute “use” for the purposes of the test under section 11. The opposition under section 11 fails accordingly.

⁷Per Mackinnon LJ in *Bismag Ld v Amblins (Chemists) Ld* [1940] RPC at page 237, and Lord Diplock in *GE Trade Mark* [1973] RPC 324-325.

Section 17(1)

I next consider the opposition under section 17(1), which reads:

5 “17(1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him who is desirous of registering it must apply in writing to the Registrar in the prescribed manner for registration either in Part A or in Part B of the register.”

10 The issue in relation to section 17(1) is whether the applicant can genuinely claim to be the proprietor of the mark in view of the opponents’ claim to own copyright in the NASA worm logo. In the past, objections based on copyright have been pleaded under section 11, but in the *KARO STEP* case⁸, Whitford J commented that “... the objection might arise more directly by a consideration of the provisions of section 17(1)”.

In the *KARO STEP* case, the Registrar had concluded that:

15 “The question of deciding whether or not copyright subsists in the mark does involve deciding whether it is, as Mr Price submitted, an original artistic and literary work. This is not within the competence of the Registrar to decide and since the matter has been placed in question in the counter-statement I do not think that it would be right for me to deal with the objection which has been raised on copyright grounds.”

On appeal to the High Court, Whitford J commented (page 273 line 31):

“I can understand the reluctance of the assistant registrar to deal with this question when it was, on the view that he had taken on other points, unnecessary that he should do so.”

20 Unfortunately, the opposition under section 11 having failed, I cannot say that it is unnecessary for me to deal with the question of copyright in these proceedings. Both Counsel provided some helpful submissions on the matter of copyright, including references to such cases as *KARO STEP*, *Ibcos Computers Ltd v Barclays Mercantile Highland Finance Ltd* [1994] FSR 275, *PELICAN* TM [1974] RPC 692 and *AL BASSAM* TM [1995] RPC 511.

25 However, I observed at the hearing that the notice of opposition does not even refer to the issue of copyright. Moreover the only reference to copyright in the opponents’ evidence is the following, rather oblique reference at paragraph 11 of Mr Mannix’s first declaration:

30 “In the United States the NASA logo and other emblems are considered a species of property held in trust for the people and are very carefully guarded. Therefore as well as its copyright protection NASA enjoys specific statutory protection under US law. Section 310 of the NASA Space Act provides a general prohibition on use of the letters "NASA" (either alone or in connection with other words or letters) as a firm or business name, or in connection with any product or service in a manner reasonably calculated to convey the erroneous impression of endorsement of or authorisation from NASA. Moreover in the United States, Section 701 of the United States code

⁸KARO STEP Trade Mark [1977] RPC 255

imposes fines and imprisonment for the unauthorised exploitation of the NASA logo.”

(My underlining)

To my mind, this is clearly a reference to the position in the United States. Thus notwithstanding the vigour with which Mr Carr pursued this ground of opposition, I do not feel able to conclude, on the basis of the evidence filed in the proceedings, that the opponents’ have substantiated their claim to copyright in the United Kingdom. Indeed on the basis of the notice of opposition, I am not even satisfied that there is a legitimate claim to copyright. It has certainly not been raised in the pleadings. The opposition under section 17(1) fails accordingly.

10 *Registrar’s Discretion*

There remains the matter of the Registrar’s discretion. Mr Carr argued that even if I were to find against him in relation to copyright, it was nonetheless accepted by both sides that the applicant’s mark contained within it a copy, albeit a parody, of the NASA “worm” logo. As such, and in order to protect the public as much as anything else, Mr Carr invited me to refuse the application in the exercise of the registrar’s discretion. I have considered this point carefully, but in the end I have decided that it would not be appropriate to refuse this application in the exercise of the registrar’s general discretion. On the one hand I have no evidence that the public either has been confused or deceived, or is likely to be confused or deceived. On the other hand, the applicant has provided evidence which tends to suggest that in fact the public will be more likely to associate the mark with the applicant than anyone else, at least when used in relation to clothing. Mr Higgins refers in his declaration to the judgment of Mr Justice Robert Walker⁹ in the matter of an application to vary an undertaking given by Mr Flook (see page 6 above) in which Robert Walker J says (at page 21):

“As to the facts, Mr Banner argued that although NASA (US) had no conventional trading activities in the United Kingdom, its participation in joint research projects gave it a sort of commercial presence in this country. That argument might have some force and relevance in other situations (for instance, a science college established for profit on the fringe of an English university and claiming to be approved by NASA(USA). I do not see that it can have any force or relevance in the field of young people’s fashions. Nor do I think that any substantial doubt is cast on NASA Ltd’s claim to exclusive goodwill by the single (not very successful) T-shirt sold in 1994, or by the use of NASA(US) insignia on model kits of the Discovery Spacecraft and other space vehicles. I conclude that NASA Ltd has established at least an arguable case.”

Thus in terms of the goodwill acquired in the mark by the applicant’s company, the court decided that there was at least an arguable case that they could protect that goodwill through the law of passing off — even against the US space agency NASA or its licensee in this country. To my mind, this argues in favour of allowing the application to proceed. It certainly does not suggest to me that I should refuse the application in the exercise of the registrar’s discretion in order to protect the public from potentially confusing use of the mark by the applicant.

⁹NICE AND SAFE ATTITUDE Limited v Piers Flook (trading as “SLAAM! Clothing Company”) [1997] FSR 14

The applicant, having been successful in these proceedings, is entitled to a contribution towards the costs of defending his application. I therefore order the opponents to pay to the applicant the sum of **£900**.

Dated this 13th day of January 1999

5 **Mr S J Probert**
Principal Hearing Officer
For the Registrar, the Comptroller-General