

TRADE MARKS ACT 1994

IN THE MATTER OF:

OPPOSITION NO. 46834

IN THE NAME OF DERBY HOLDING LTD

TO APPLICATION NO. 2033472

TO REGISTER A TRADE MARK IN CLASSES 16, 21, 25, 26, 36 and 41

IN THE NAME OF RALEIGH INTERNATIONAL TRUST

DECISION

The Application

Raleigh International Trust (“the Applicant”) applied on 13th September 1995 to register the following sign as a trade mark for use in relation to a wide specification of goods and services:



The specified goods and services were as follows:

Class 16: “Printed matter; magazines, journals, newsletters and periodicals; booklets; books; calendars; pamphlets; pictures; postcards; greeting cards; posters; paper, wrapping paper, cardboard, cardboard articles; paper and plastic merchandise bags; stationery; transfers; writing pads; writing or drawing books; folders; note books; artists’ materials; drawing materials; drawing pens; office requisites; paperweights; pen cases; pen clips; stands for pens and pencils; instructional and teaching materials; maps; but not including pens and writing instruments or any goods similar to pens and writing instruments.”

Class 21: “Household or kitchen utensils and containers; glassware, porcelain and earthenware, crockery, cups and mugs, tableware.”

Class 25: “Articles of clothing”.

Class 26: “Badges; cloth badges; button badges”.

Class 36: “Charitable fund-raising services”.

Class 41: “Arranging and conducting educational expeditions all relating to environmental and community projects”.

The Opposition

On 14th May 1997 Derby Holding Limited (“the Opponent”) filed notice of opposition to the application for registration. In summary, the Opponent contended that registration should be refused: (i) under Section 3(6) of the Trade Marks Act 1994 on the basis that the application was made in bad faith; (ii) on the basis that the application contemplated unauthorised use of the relevant mark within the area of protection afforded to the Opponent’s “earlier trade marks” by Section 5(2) of the Act; (iii) under Section 5(4) of the Act on the basis that use of the relevant mark as contemplated by the application would be actionable in passing off. Thirteen “earlier trade marks” were cited by the Opponent in support of its objection under Section 5(2) of the Act. I need only refer to five of them for the purposes of this decision:

Trade Mark	Number	Date	Goods
RALEIGH	1194780	27/4/83	Tubes and tubing, all of metal and for use in the manufacture of bicycles and of tricycles; fittings therefor included in Class 6.
RALEIGH	1541118	8/7/93	Protective clothing for cyclists; cycle helmets; parts and fittings for all the aforesaid goods; all included in Class 9.
RALEIGH	448983	4/6/24	Motor cycles
RALEIGH	601115	17/9/38	Pedal bicycles and their parts.
RALEIGH	819297	11/4/61	Bicycles, tricycles, motor-cycles, mopeds and scooters; parts and fittings included in Class 12 for all the aforesaid goods.

The Opponent's Evidence

The evidence in support of the opposition consisted of a Statutory Declaration of Lyne Booth dated 23rd February 1998. She is the Company Secretary of Raleigh Industries Ltd, a wholly owned subsidiary of the Opponent. She gave evidence as to the nature and extent of her company's trading activities. It can readily be inferred from her evidence that RALEIGH is a famous mark, primarily associated with bicycles in the minds of many people in the United Kingdom and elsewhere in the world: "Since 1887 my Company has produced 60,000,000 bicycles and distributed them to approximately 70 different countries. In 1997, approximately 698,000 bicycles were manufactured of which 596,000 were sold in the United Kingdom. It is estimated that one in ten of the UK population currently owns a Raleigh bicycle".

Paragraphs 5 and 6 of her Statutory Declaration stated:

5. My company is not restricted to the manufacture of bicycles. Many different products are manufactured under licence including baseball caps, badges, mugs, T-shirts, gloves, pens, sweets, tool bags, sweatshirts, key rings and carrier bags. These all bear the trade mark RALEIGH. There is now produced and shown to me marked "Exhibit LB4", a leaflet containing examples of some of the non-bicycle merchandise produced and distributed by my Company.

6. My company also licences its name and other associated names and logos to other companies. There is now produced and shown to me marked "Exhibit LB5", a brochure giving details about obtaining a trade [mark] licence from my Company. Currently manufacturers of toys, clothing, giftware, stationery, food and beverages all licence one of my Company's trade marks. An example of this is the isotonic "Raleigh Activator Drink".

Exhibit LB4 is undated. It contains illustrations of various items designed for use as cycle accessories (such as saddles, handlebar grips and bar ends, water bottles, lights, pumps, tools, bells, locks, mudguards, child seats and performance monitors) and various items of cycle wear (such as gloves and track mitts, helmets, sunglasses and replica 'Team Raleigh' jerseys). The exhibit demonstrates commercial involvement by Raleigh Industries Ltd. in the supply of cycling equipment and cyclists' requirements. However, it does not demonstrate involvement in the supply of other items of the kind referred to generally in paragraphs 5 and 6 of the Statutory Declaration. The nature and extent of any such involvement prior to the relevant date (13th September 1995) cannot be determined from the evidence. Exhibit LB5 appears to have been issued in or after 1997 and does not assist in that connection.

The Opponent's evidence is not sufficient to establish that the designation RALEIGH was actually used prior to 13th September 1995 so as to perform the "essential function" of a trade mark (as described in paragraph 28 of the Judgment of the European Court of Justice in Case C-39/97 Canon Kabushiki Kaisha v. Metro-Goldwyn Mayer Inc. [1998] ECR I-5507) across the whole spectrum of goods referred to in paragraphs 5 and 6 of Ms Booth's Declaration.

The Applicant's Evidence

The evidence in answer to the opposition consisted of a Statutory Declaration of Richard Kendall dated 12th July 1998. He is the Company Secretary of the Raleigh

International Trust which was incorporated on 22nd May 1995 as a company limited by guarantee. The Trust is registered as a charity in the United Kingdom.

Mr. Kendall explains that the objects of the Trust are the furtherance of education (including social and physical training) of young people and the promotion, organisation and support (financial or otherwise) of expeditions for the exploration of undeveloped regions of the earth for the purposes of advancing knowledge of or researching into the geography, geodesy, geophysics, history, archaeology, sociology and economics together with the topography, ecology, geology, meteorology, botany, zoology, human physiology and glaciology of the said regions and allied subjects relating thereto for the benefit of the public.

It appears from his evidence that the Trust grew out of “Operation Raleigh” which was developed in the 1980’s as a marathon expedition on six continents to provide opportunities for young people from many countries to realise their personal potential. Paragraph 4.1 of his Statutory Declaration explains that the name RALEIGH was chosen to mark the 400th anniversary of the founding of America’s first English speaking colony by Sir Walter Raleigh. He says that the name RALEIGH in the context of the Trust has become synonymous with expeditions and adventure.

Paragraph 4 of his Statutory Declaration indicates that the sign put forward for registration on 13th September 1995 was adopted by the Trust in 1992. The extent to which it has actually been used as a trade mark for goods and services falling within the specification of the application for registration is not apparent. The Trust’s advertising is

said to have been limited to sending brochures and newsletters to individuals and organisations on its mailing list. Until 1997 it operated a mail order service for outdoor equipment which it wished to be able to offer venturers at reasonable prices for use on expeditions. Exhibit RK5 is a page from a catalogue sent to venturers, staff and other people closely involved with the Trust. The exhibit (which is not dated) shows T-shirts, sweatshirts and hats bearing the mark applied for. No figures are given for any of these activities.

Paragraphs 11 and 13 of the Statutory Declaration add to the uncertainty regarding the extent of the trading interests and activities of the Applicant by stating that: “*The Trust is not a commercial organisation*” and “*Raleigh is a youth development charity whose main activity is running expeditions abroad. However we also undertake in the UK and abroad development training for companies which has enabled us to build a reputation in the field of outdoor training*”.

The Hearing Officer’s Decision

The opposition proceeded to a hearing before Mr. G.W. Salthouse, acting on behalf of the Registrar of Trade Marks, on 3rd November 1999. At the hearing the grounds of opposition under Section 3(6) of the Act were withdrawn, as were all grounds of opposition to the application for registration in Classes 36 and 41.

In his decision issued on 30th December 1999 the Hearing Officer held that the application was objectionable under Section 5(2) to the extent that it included clothing for

cyclists (non-protective) in Class 25 and under Section 5(4) to the extent that it included badges related to cycling in Class 26. He determined that the application should be allowed to proceed to registration with amendments confining the specification of goods to “Articles of clothing excluding clothing for cyclists” (Class 25) and “Badges; cloth badges; button badges; excluding badges related to cycling” (Class 26). His decision provided for refusal of the application in its entirety if the Applicant failed to file a Form TM21 requesting amendment of the application within one month of the end of the appeal period applicable to his decision. He ordered the Applicant to pay the Opponent £435 as a contribution towards its costs of the partially successful opposition.

The Appeal

In January 2000 the Opponent gave notice of appeal to an Appointed Person under Section 76 of the 1994 Act. In its grounds of appeal (as amplified in March 2000 in order to satisfy the requirements of Rule 57(1) of the Trade Marks Rules 1994) it contended that the application should have been refused for all of the goods specified in Classes 16, 21, 25 and 26 on the basis of the objections raised under Sections 5(2) and 5(4) of the Act. At the hearing before me, Counsel for the Opponent accepted that the objection under Section 5(4) added nothing worth pursuing to the objection under Section 5(2) and that the earlier trade marks identified above were the ones which mattered for the purposes of the objection under Section 5(2). The appeal thus falls to be determined under Section 5(2), with reference to those earlier trade marks.

Section 5(2) of the 1994 Act

Section 5(2) of the 1994 Act (implementing Article 4(1)(b) of Council Directive No. 89/104/EEC of 21st December 1988) provides as follows:

“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.”

Objections under Section 5(2) are conceptually indistinguishable from actions under Section 10(2) of the Act (Article 5(1)(b) of the Directive). They serve to ensure that trade marks whose use could successfully be challenged before the courts are not registered: Canon paragraph 21.

It was noted in the Opinion delivered by Advocate General Jacobs on 27th January 2000 in Case C-425/98 Marca Mode CV v. Adidas AG that the objection set out above is differently expressed in different language versions of the Directive, with the English version referring to a “likelihood” of confusion, the Dutch version referring to the “possibility” of confusion and most other versions referring to the notion of a “risk” or “danger” of confusion. Nevertheless, for the reasons given in his Opinion, the Advocate

General maintained that the objection could not succeed in the absence of a genuine and properly substantiated likelihood of confusion. That view of the matter was accepted by the European Court of Justice in paragraphs 33 et seq. of its Judgment delivered on 22nd June 2000.

I think it is clear from the case law of the European Court of Justice that an objection under Section 5(2) of the Act raises a single composite question: are there similarities (in terms of marks and goods or services) which would combine to create a likelihood of confusion if the “earlier trade mark” and the sign subsequently presented for registration were used concurrently in relation to the goods or services for which they are respectively registered and proposed to be registered?

The question falls to be answered in accordance with the detailed guidance provided by paragraphs 17 to 27 of the Judgment of the European Court of Justice in Case C-342/97 Lloyd Schuhfabrik Meyer GmbH v. Klijsen Handel BV [1999] ETMR 690. Those paragraphs confirm that an objection under Section 5(2) should be assessed with due regard to the commercial realities of the market place, bearing in mind that distinctiveness, resemblance and proximity of trading are matters of fact and degree which must be given such weight and priority as they deserve as part of the overall assessment.

There can be no objection under Section 5(2) where it does not appear that the public could believe that the goods or services supplied under the marks in contention come from the same undertaking or, as the case may be, from economically-linked

undertakings: Canon paragraph 30. A belief in the existence of a licensing or joint venture arrangement would seem to satisfy this requirement: Case C-9/93 IHT Internationale Heiztechnik GmbH v. Ideal Standard GmbH [1994] ECR I-2789 paragraphs 34 and 37 to 39; Case C-63/97 Bayerische Motorenwerke AG (BMW) v. Ronald Karel Deenik [1999] ECR I-905 paragraph 51. However, the mere association which the public might make between two trade marks as a result of their analogous semantic content is not in itself a sufficient ground for concluding that there is a likelihood of confusion, even if the earlier trade mark has a particularly distinctive character (either *per se* or because of the reputation it enjoys in the market place): Case C-251/95 Sabel BV v. Puma AG [1997] ECR I-6191, paragraph 27; Case C-425/98 Marca Mode CV v Adidas AG 22nd June 2000, paragraphs 37 to 41.

If the goods or services specified in the opposed application for registration are not identical or self-evidently similar to those for which the earlier trade mark is registered, the objection should be supported by evidence as to their “similarity” (whether or not the objection is directed to the use of an identical mark): Canon paragraph 22. Paragraph 23 of the Judgment in Canon indicates that it is appropriate to consider the pattern of trade with reference to factors such as those (uses, users and physical nature of the relevant goods and services; channels of distribution, position in retail outlets, competitive leanings and market segmentation) identified by Jacob J. in British Sugar Plc v James Robertson v Sons Ltd. [1996] RPC 281 at 296, 297.

Similarities between marks cannot eliminate differences between goods or services; and similarities between goods or services cannot eliminate differences between

marks. So the purpose of the assessment under Section 5(2) must be to determine the net effect of the given similarities and differences. According to Lloyd Schuhfabrik paragraph 19:

"a lesser degree of similarity between those goods or services may be offset by a greater degree of similarity between the marks and vice versa."

According to Canon paragraph 24:

"the distinctive character of the earlier trade mark, and in particular its reputation, must be taken into account when determining whether the similarity between the goods or services covered by the two trade marks is sufficient to give rise to the likelihood of confusion".

It follows that an objection can succeed under Section 5(2) on the strength of the distinctiveness and reputation of the earlier trade mark, even if people might not otherwise (i.e. apart from the use of the marks in contention) expect the same undertaking or economically-linked undertakings to be supplying goods or services of the kind in contention.

If the earlier trade mark cited against an application has been registered, it will (as it would in proceedings for infringement) benefit from the stipulation in Section 72 of the 1994 Act that *"In all legal proceedings relating to a registered trade mark the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other*

transmission of it". I understand this to imply that the earlier trade mark should be taken, prima facie, to have possessed a distinctive character (so as to be free of objection under Section 3(1) of the Act) when it was registered.

It may actually possess a highly distinctive character, either *per se* or because of the degree of recognition it enjoys in the market place. If so, it may be afforded broader protection than marks with a less distinctive character (as re-affirmed by the European Court of Justice in Lloyd Schuhfabrik paragraph 20). However, the less use it has had in connection with the goods for which it is registered, the less distinctiveness it is likely to have acquired, and, therefore, the more the protection claimed for it will be limited to its inherent distinctiveness: Premier Brands UK Ltd v. Typhoon Europe Ltd [2000] I.P.&T. 218 at 230 per Neuberger J. Moreover, use of a mark does not prove that it is distinctive and increased use, of itself, does not do so either: the use and increased use must be in a distinctive sense to have any materiality: Bach Flower Remedies Trade Marks [1999] I.P.&T. 146 (CA), paragraph 49 of the Judgment of Morritt LJ. And the more descriptive and less distinctive the major feature of a mark, the less the likelihood of confusion may be: The European Ltd v. The Economist Newspaper Ltd [1998] FSR 283 (CA) at 290 per Millett LJ.

The question which arises when a trade mark has been used under licence is whether the context and manner of the licensed use can be said to "guarantee the identity of the origin of the marked product to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin" and so "offer a guarantee that all the goods or services bearing it have

originated under the control of a single undertaking which is responsible for their quality”: see Canon paragraphs 27 and 28. If so, the licensed use is liable to have amplified the distinctiveness and reputation of the licensed trade mark and can be taken into account on the basis that “use of the trade mark with the consent of the proprietor ... shall be deemed to constitute use by the proprietor”: Article 10(3) of the Directive; IHT Internationale Heiztechnik GmbH paragraph 34.

The position would appear to be different when representations of a licensed trade mark have been used non-distinctively in relation to the particular goods upon which they appear (i.e. they do not serve to identify the source of those goods: Case C-63/97 Bayerische Motorenwerke AG (BMW) v. Ronald Karel Deenik [1999] ECR I-905 paragraphs 38 and 39). It is perfectly possible for trade marks to be present on goods without performing the function of a trade mark in relation to the goods which carry them: Premier Brands UK Ltd v. Typhoon Europe Ltd [2000] IP & T 218 at 222, 223 and 254 to 256; Trebor Bassett Ltd v. The Football Association [1987] FSR 211; British Sugar Plc v. James Robertson & Sons Ltd [1996] RPC 281 at 293 lines 1 to 8. That can be the effect of exploiting trade marks like copyrights, in the form of durable representations intended to be seen and shown as an integral part of the design applied to the underlying goods.

In my view the question whether licensing has amplified the distinctiveness and reputation of a trade mark is a question of fact to be determined on the basis of evidence put forward for the purpose of demonstrating that it has.

Is it necessary or appropriate to take account of the distinctiveness and reputation that an earlier trade mark may have acquired through use in relation to goods or services other than those for which it is registered? In Lloyd Schuhfabrik the European Court of Justice ruled (with emphasis added) as follows:

“In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, it is necessary to make a global assessment of *the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings*. In making that assessment, account should be taken of all relevant factors and, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of *the goods or services for which it has been registered*. It is not possible to state in general terms, for example by referring to given percentages relating to the degree of recognition attained by the mark within the relevant section of the public, when a mark has a strong distinctive character.”

That ruling specifically relates the assessment of distinctiveness to the particular goods or services for which the earlier trade mark is registered. I think it supports the view that an objection under Section 5(2) must be based upon a likelihood of confusion which would exist even if the earlier trade mark had not been used in relation to goods or services beyond those for which it is registered. Evidence of use in relation to such goods or services cannot alter the fact that they are not included in the specification of the relevant registration. I believe that leads to the conclusion that such evidence can only go to the question whether the goods or services specified in the opposed application for registration and those specified in the earlier trade mark registration are liable to be regarded as “similar” according to the perceptions of the relevant class of persons.

Article 13 of the Directive provides (with emphasis added) that:-

“Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect only of some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods or services only.

Although the words I have emphasised do not appear to have found their way into the text of the 1994 Act, they are binding upon the Registrar of Trade Marks as the person whose task it is to implement Article 13 on behalf of the State in Registry proceedings in the United Kingdom. Article 13 serves to confirm that no grounds for refusal of registration should exist in respect of any of the goods or services for which a trade mark is to be registered. It envisages that the coverage of an application for a trade mark will (so far as possible) be restricted to the extent necessary to confine it to goods or services for which the trade mark in question is fully registrable.

This makes it necessary, in order to determine an objection under Section 5(2) in the required manner, to assess the extent (if any) to which normal and fair use of the opposed mark as a trade mark for goods or services of the kind specified would capture the distinctiveness of the earlier trade mark cited against it and give rise to the required likelihood of confusion. The assessment must be made from the perspective of “the average consumer” of the category of goods or services in question. For the purposes of the required global appreciation of the likelihood of confusion, the average consumer is “deemed to be reasonably well-informed and reasonably observant and circumspect”. It

goes without saying that the relevant perspective is that of the average consumer who does not know that there is a question as to the existence or otherwise of a likelihood of confusion.

Paragraphs 34 to 36 of the Judgment of the European Court of Justice in Case C-425/98 Marca Mode CV v. Adidas AG 22nd June 2000 indicate that the existence of a likelihood of confusion is necessary and sufficient to support an objection under Section 5(2), but not necessary or sufficient to support an objection under Section 5(3) of the Act (Article 4(4)(a) of the Directive). The similarities between two marks may support an objection under Section 5(3) even if they do not outweigh the differences between the relevant goods or services to an extent which is sufficient to give rise to a likelihood of confusion. It is questionable whether objections under Section 5(2) and Section 5(3) should be regarded as mutually exclusive objections: see paragraphs 45 and 46 of the Advocate General's Opinion in Case C-425/98 Marca Mode CV v. Adidas A.G. 27th January 2000.

Decision

It appears to me that the word RALEIGH is the primary distinguishing feature of the sign put forward for registration. The word INTERNATIONAL and the device of a globe indicate that the undertaking responsible for the use of the sign operates internationally. Since the earlier trade mark RALEIGH is and would readily be perceived as the trade mark of an undertaking which operates internationally, the presence of the word INTERNATIONAL and the device of a globe would do little to prevent the

Applicant's sign from giving rise to a likelihood of confusion if it was used in a context where the word RALEIGH would be likely to be taken as a reference to the undertaking which markets bicycles under that trade mark or an undertaking economically linked to that undertaking.

I consider that use of the Applicant's sign as a trade mark for goods of the kind specified in the earlier trade mark registrations noted above or for cyclists' paraphernalia (by which I mean miscellaneous items of equipment designed or adapted for use by cyclists) falling outside the specifications of those registrations would have captured the distinctiveness of the Opponent's earlier trade mark RALEIGH and given rise to a likelihood of confusion in the mind of the average consumer of such goods at the relevant date (13th September 1995). I do not think I am permitted or required by the evidence to envisage broader protection than that for the earlier trade mark RALEIGH under Section 5(2) of the Act. The Opponent's evidence does not demonstrate that the distinctiveness and reputation of its earlier trade mark had been amplified by any licensing arrangements that may have been put in place prior to September 1995.

The specification of the application for registration does not cover goods of the kind specified in the Opponent's earlier trade mark registrations. Would it, if it was amended in the manner required by the Hearing Officer's decision, cover items of a kind identifiable as cyclists' paraphernalia according to the pattern of trade in such items in September 1995? I am unable to say that it would on the basis of the evidence before me. The evidence simply does not go into the question of "similarity" of goods in enough

detail to support a finding that the amended specification covers such items (c.f. Canon paragraphs 22 and 23).

In the result the appeal fails. The Applicant was not represented at the hearing. I have no reason to believe that it has incurred costs in connection with the Opponent's appeal. The appeal is therefore dismissed with no order as to costs.

Geoffrey Hobbs Q.C.

14th July 2000.