

TRADE MARKS ACT 1994

**IN THE MATTER of Application No 2210294
by Leonardo Internet Limited**

and

**IN THE MATTER of Opposition thereto under No 50852
by Hermstedt AG.**

Background

1. On 4 October 1999, McDermott Publishing Ltd applied under the Trade Marks Act 1994 to register a series of trade marks, following amendment the application proceeded for the trade mark **LEONARDO**. The specification of goods reads:

Class 16:

Printed matter; printed publications; books; magazines; advertising materials; posters; stickers; stationery; all relating to the building and construction industries.

Class 35:

Advertising services; promotion services; rental of advertising space; compilation of information into computer databases; business information services; compilation of advertisements for use as web pages on the Internet; all relating to the building and construction industries.

Class 42:

Design, drawing and commissioned writing, all for the compilation of web pages on the Internet; creating and maintaining web sites; hosting the web sites of others.

2. The application was accepted and published. On 3 April 2000, Hermstedt GmbH filed notice of opposition to the application. The statement of grounds accompanying the notice of opposition set out two grounds of opposition, these can be summarised as follows:

- (a) under section 5(2)(a) of the Trade Marks Act 1994 in that the trade mark the subject of the application **LEONARDO** is identical to the opponents' earlier trade mark **LEONARDO**, registration number 1542433 and that in so far as the application covers the services "creating and maintaining web sites; hosting the web sites of others" in class 42, these services are similar to the goods for which the earlier trade mark is protected and there exists a likelihood of confusion. The statement of grounds notes that the specification is not limited to the "building and construction" industry and could be used on websites which relate to the goods covered by the earlier mark; and

- (b) under section 5(4)(b) [sic] of the Act in that registration of the trade mark the subject of the application in Class 42 is, having regard to the established use of the opponents' mark on ISDN cards for personal computers, for the same reasons as set out in (a), liable to be prevented by the law of passing off.

3. The applicants filed a counterstatement admitting that the opponents were the proprietors of the earlier trade mark referred to in their statement of grounds and admitting that the marks in question are identical. However, the applicants' counter-statement denies the ground of opposition under section 5(2)(a) asserting that the goods and services in question are not similar. The ground of opposition under section 5(4)(a) is also denied. Following an assignment, the application now stands in the name of Leonardo Internet Limited. The opponents have also changed name and is now Hermstedt AG.

4. Both parties seek an award of costs and both parties filed evidence in the proceedings. The matter came to be heard before me on 24 July 2002. The applicants were represented by Mr Alan Fiddes of DLA, the opponents informed the registrar in a letter dated 11 July 2002 that they would not be represented at the hearing but were content for a decision to be taken on the basis of the evidence and submissions already on file.

Evidence

Opponents' Evidence

5. The opponents' evidence consists of two affidavits and a witness statement. Both affidavits are by Jörg Hermstedt, President and General Manager of Hermstedt GmbH, now Hermstedt AG. Mr Hermstedt is also Occupation Director of Hermstedt Ltd of London.
6. Mr Hermstedt's first affidavit is dated 11 October 2000. In it, Mr Hermstedt states that the opponents are the proprietors of the registered trade mark 1542433 LEONARDO, registered in the United Kingdom for various goods in class 9. He states that the opponents are manufacturers and merchants of printed circuit boards and computer software including modems for personal computers allowing access to the Internet and software for use therewith.
7. At JH1 he exhibits an extract from the minutes of the board meeting of Hermstedt AG held at 7 Warwick Court on April 1 1999. This confirms that Hermstedt Ltd, a wholly owned subsidiary of Hermstedt AG is authorised distributor of the company's products and software in the United Kingdom and also authorised to use the company's trade mark LEONARDO in the United Kingdom.

8. Mr Hermstedt gives annual sales turnover under the mark in the United Kingdom. Those prior to the relevant date include:

1998	£684.668	1.446 units
1999	£1 322 690	4.470 units

9. He states that the approximate annual spend on advertising the opponents' goods and services under the trade mark as been £52,000. At JH5 - 13 he exhibits specimen advertisements and promotional brochures which he states shows use of the mark before the relevant date. These appear to be Hermstedt's promotional brochures. None seem to carry any specific dates but I note that the copyright on some appears to be 3/00 which I take to be March 2000. This would put them outside the relevant period. Others appear to be earlier but are undated. Much of the use of the mark LEONARDO appears to be on an ISDN card for insertion in a PC or Macintosh. Mr Hermstedt states that sales have been made throughout the United Kingdom including London, Birmingham, Newcastle, Glasgow and Southampton.

10. Mr Hermstedt goes on to state his belief that the goods of computer hardware, in particular modems for connecting personal computers to the internet, are similar to the services of creating and maintaining websites and hosting web pages for others. At JH3 he exhibits a list, from the internet, which he states identifies a number of companies offering computer hardware, software and providing services of website designing and website hosting.

11. At JH4, he exhibits documents which he states show a number of internet service providers in Germany selling software and hardware solutions as well as consulting services of website designing and website hosting. One of the documents is entirely in German and no translation has been provided. Another is predominantly in German and again no translation is provided. Another is in German and English but seems to relate to software for the management of IP rights.

12. Mr Hermstedt states his view that if a customer familiar with the opponents' use of the trade mark LEONARDO for modems and computer software therefor, was to become aware of a person offering the services of website design and hosting under the trade mark LEONARDO, they would naturally assume that such services were being offered by the opponents or a company linked with them.

13. Mr Hermstedt's second affidavit is dated 23 May 2001. At JH1 he exhibits details of advertising spending by Hermstedt UK over the last 4 years. These figures range from £84,028 in 1997-1998 to £35,827 in 1998-1999. In any event, they are of little value since they do not state that they relate to the mark in question. At JH2 he exhibits details of UK publications in which advertisements for products bearing the mark have appeared. Examples of such use are shown in exhibit JH3. The earliest of these is an advertisement in DIGIT dated October 1998. The advertisement relates to "The Hermstedt ISDN System", "Hermstedt ISDN Card Grand Central Pro". It states, "only Hermstedt ISDN brings you the 4 channel Leonardo XL and Grand Central Pro file transfer software.....". The next is dated November 1999 again from Digit, however, this and the remainder of the advertisements are all after the relevant date.

14. The opponents also filed a witness statement by Mr David C F Gilmour a partner of Potts Kerr & Co, the opponents' representatives in this matter. At DG1 he exhibits a certified copy of the registration certificate for the opponents' earlier trade mark LEONARDO. At DG2 he exhibits five sample print outs from commercial websites as examples where the web-site

host and the web-site designer are also identified on the web-page of the client. He states his view that this shows an association between the parties.

15. At DG3 he exhibits a printout from the web-site of a company which he states shows a company providing computer hardware, software and the services of web-site design and web-site hosting. This he states confirms that the goods of computer hardware, in particular modems for connecting personal computers to the internet are associated with the services of web-site hosting and web-site design. Mr Gilmour makes submissions as to the factors to be taken into account when considering similarity of the goods and services. I will consider these at the appropriate point in my decision.

16. At DG4 he exhibits copies of correspondence between Potts Kerr & Co and the opponents' representatives DLA concerning possible settlement of this dispute.

Applicants' Evidence

17. The applicants filed a single statutory declaration by Mr Steven Tolley dated 29 January 2002. Mr Tolley states that he is the director of Leonardo Internet Limited.

18. Mr Tolley says that in 1998 his company launched the website *leonardo2.com* which was the world's first consolidated website for building and construction industries. He says that the site provides free data on approximately 8,500 companies who offer in excess of 50,000 different products and services. Mr Tolley states that the LEONARDO service is the logical development of the product compendium principle allowing potential customers to sort through information about a huge variety of different products and provides a pro-active link between manufacturers specifiers such as surveyors and architects and end user installers.

19. At ST1 he exhibits examples of his company's website. He states that as part of the services his company offers to users of the website, they design not only on individual users contents on his company's website but also a users own website. He states that this services allows for more prominent advertising and promotional activity by those people who are registered with his company and listed on their *leonardo2* website.

20. At ST2 he exhibits a list of the clients who have used the internet design facilities of his company. Since the date of first use of the trade mark LEONARDO, he states that his company's website has received approximately 5000,000 hits. He gives the total amount of revenue generated as a result of the goods and services under the trade mark LEONARDO as:

1998 Oct-Dec £40,000
1999 Jan-Dec £142,000

21. Commenting on the opponents' evidence, Mr Tolley states that he cannot see any justification for the claims that are made with regard to the association of the goods covered by the opponents' trade mark registration and the services covered by his company's activities. He states his view that there is no association between computer modems and the services they provide. He states that modems allow one computer to communicate with another, whilst, his company's services allow a client to put business information via a

website onto the world wide web to allow others to access it and advising on the design and construction of the website in terms of its graphic presentation and the way in which it works. Mr Tolley makes various comments concerning the lack of similarity between the respective goods and services. I will not summarise these here but will comment on them further in the relevant part of my decision.

Opponents' evidence in reply

22. The opponents did not file any evidence in reply. Therefore, that concludes my review of the evidence.

Decision

23. The grounds of opposition refer to sections 5(2)(a) and 5(4)(b) [which I take to be 5(4)(a)] of the Trade Marks Act 1994. The relevant provisions read as follows:

“5.-(1)

(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)

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

24. The term ‘earlier trade mark’ is defined in section 6 of the Act as follows:

“6.-(1) In this Act an "earlier trade mark" means -

(a) a registered trade mark, international trade mark (UK) or Community trade mark which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,”

Section 5(2)(a)

25. I will deal first with the opponents’ ground of opposition under section 5(2)(a). In determining the question under section 5(2), I take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v. Puma AG* [1998] R.P.C. 199, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1999] R.P.C. 117, *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* page 224;
- (b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v. Puma AG* page 224, 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.* page 84, 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* page 224;
- (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* page 224;
- (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* page 132, 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* page 224;
- (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* page 224;
- (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* page 732, 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* page 133 paragraph 29.

26. Under section 5(2), the test is a composite one, involving a global appreciation taking into account a number of factors. With these comments in mind I proceed to consider the opponents' case under section 5(2)(a).

The earlier trade mark

27. The trade mark on which the opponents seek to rely, registration 1542433 is an earlier trade mark within the definition of section 6 of the Act. For ease of reference I reproduce the applicants' and opponents' trade marks and the relevant specifications below. The opposition is only in respect of the application in so far as it covers certain services in class 42:

Opponents' trade mark

Applicants' trade mark

LEONARDO

LEONARDO

Class 9

Class 42

Printed circuit boards, printed wiring boards, plug-in boards, boards and plates comprising electrical and electronic components, printed connections and connecting conductors; integrated and printed circuits; connection modules for electronic data communication apparatus and instruments; connection units incorporating data processing components for use with data transmission lines; all included in Class 9.

Design, drawing and commissioned writing, all for the compilation of web pages on the Internet; creating and maintaining web sites; hosting the web sites of others.

Reputation/Inherent distinctiveness of the earlier trade mark

28. The opponents' earlier trade mark is the word LEONARDO. It is a forename of Italian origin and presumably the opponents seek to bring to mind the Italian painter, sculptor and inventor Leonardo Da Vinci. Indeed, the opponents' promotional literature makes use of some of Da Vinci's drawings. It seems to have no relevance to the goods for which the mark is registered and despite the fact that it is a name, it would not in my view be one in common usage in the United Kingdom. As such, it has in my view a high degree of inherent distinctiveness. The case law set out above, indicates that there is a greater likelihood of confusion where the mark is highly distinctive per se or because of the use that has been made of it. As such, the distinctiveness of the opponents' mark becomes one of the factors to take into account when reaching a decision under this section of the Act.

29. The opponents' filed some evidence of use of their mark. Limited turnover figures were provided and some examples said to show use of the mark on the goods in question prior to the relevant date. The majority of advertisements are clearly after the relevant date and so I cannot take them into account. The evidence of use is in my view very small. I have one advertisement prior to the relevant date, some promotional literature and the turnover figures. I am given no indication as to the market penetration these figures represent but they seem very modest. Absent more detailed evidence to show the market share and penetration of the opponents' product, or some evidence from the trade, I decline, on the basis of the evidence before me, to find that the opponents' mark enjoyed an enhanced reputation at the relevant date.

30. To conclude, I find that the opponents' mark LEONARDO has a high degree of distinctiveness per se, but at the relevant date that had not been enhanced through use of the mark.

Comparison of the Trade Marks

31. The marks are clearly identical, visually, aurally and conceptually.

Similarity of the Goods

32. Whilst the trade marks in question are clearly identical, for a finding under section 5(2)(a), I must also find that there is some similarity between the goods for which the opponents' trade mark is registered and the services for which the applicants seek protection. In particular in *Canon* at paragraph 22 the court stated:

“22. It is however, important to stress that, for the purposes of applying Article 4(1)(b), **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 or services covered.** In contrast to Article 4(4)(a), which expressly refers to the situation in which the goods or services are not similar, Article 4(1)(b) provides that the likelihood of confusion presupposes that the goods or services covered are identical or similar.” [my emphasis].

33. Mr Hobbs Q.C., sitting as the Appointed Person in *Raleigh International* [2001] R.P.C. 11 has stated:

“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.”

34. The opponents' case is that their mark is registered for a range of computer hardware products but in particular, modems and ISDN cards for use in personal computers to allow computers to talk to one another or access the internet. They also claim use on associated software products but that is not relevant to my consideration under section 5(2)(a) since their registration does not cover such products. The opponents argue that there is a connection between modems and ISDN cards which enable a computer to connect to the internet and the services covered by the application, namely, creating and hosting web sites. As such, there is in their view some similarity between the respective goods and services.

35. The applicants argue that the opposition has no basis in law since there is no similarity between the opponents' goods and the services covered by the application. As such, one of the pre-requisites for an opposition under section 5(2)(a) is not present and the opposition should accordingly be dismissed.

36. Mr Fiddes took me through the test set out by Mr Justice Jacob in *British Sugar Plc v James Robertson & Sons Ltd* [1996] R.P.C. 281 at page 296. Adapted to the instant case, it can be stated as:

- (a) the uses of the respective goods and services;
- (b) the users of the respective goods and services;
- (c) the physical nature of the goods and services;
- (d) the trade channels through which the goods and services reach the market;
- (e) [does not apply]
- (f) the extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods or services, for instance whether market research companies, who of course act for industry, put the goods or services in the same of different sectors.

37. These factors were referred to in the opinion of the Advocate General in *Canon*; page 127, paragraphs 45-48. In its judgment, the ECJ stated at paragraph 23:

“23. In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves 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.”

Are the goods and services similar?

38. The opponents' specification in class 9 covers a range of goods, however, in their evidence and submissions, the opponents concentrate on those aspect of their specification which cover modems and ISDN cards which allow computers to access the internet. I should state that in my view these goods represent the high point of the opponents' argument. If they cannot show that these are similar to the applicants' services then they are in no better position with regard to the other goods covered by their registration. In comparing the goods and services I will therefore refer to modems and ISDN cards only.

39. On any view, whilst both the goods and services relate to computers in some way, the uses of the goods and services in question are very different, as is their physical nature. The opponents' products include pieces of hardware in the form of modems or ISDN cards which are installed in or connected to personal computers to enable that computer to perform different functions, for example making a connection to the internet. The applicants' services provide advice and guidance on establishing an internet site, designing that site and then hosting it for the third party enabling them to have a presence on the internet to, for example, advertise their goods or services.

40. The users of the opponents' goods will be those who wish to improve their computers or to build a computer. There is no indication from the opponents as to how their goods reach the market. There is no indication that one could walk into a store such as 'PC World' and purchase a LEONARDO SL PCI; exhibit JH3. Mr Fiddes noted that the opponents' evidence was silent on this but that the contact details for sales on the promotional brochures referred to the opponents' themselves or their United Kingdom subsidiary. He suggested that this showed that the opponents' product is a specialised product which would be installed by professionals upgrading computers or installing the cards in the computers as they were built. As such, they were not goods that might appear in a high street retailer. Absent any direct evidence on the point it is difficult for me to come to a view on this. Even if the products

were available on the high street, I am not sure that this would assist the opponents. At one level, the users of modems and ISDN cards may well also want to have a presence on the internet and so engage the services offered by the applicants. But this in my view is a very superficial similarity. Those who drink beverages also buy cloths but that does not make the goods similar. The applicants give the example of different departments within a company. They point out that the opponents' goods would be used by the IT department in dealing with the hardware. The applicants' services would be used by the marketing department in seeking to advertise the company's products on the internet. I think that the example is a good one. To conclude, it seems to me that whilst there will be some cross-over of users this is at the most superficial level.

41. What of the trade channels? I have already stated that it is not clear how the opponents' goods reach the market. They refer in their evidence at JH3 to a list of companies which they say shows companies providing website design services and also provide hardware and software. The list is from the internet and lists some 307 companies. I have studied the list but in my view the vast majority only refer to website design and hosting and do not mention software or hardware. Mr Fiddes informed me that there were 307 entries of which he countered 5 that included software and hardware in their lists. This in my view does not show that there are common channels of trade for the goods of the opponents and the applicants' services. Exhibit JH4 is also filed in support of the opponents' contention that the channels of trade are the same. As noted above, the first of these documents is entirely in German. Mr Fiddes was of the view that it was of no probative value in the form in which it had been filed. I agree. If the opponents had wished me to take account of it then it should have been translated in accordance with registry practice and filed in the appropriate format. The same is true of the second exhibit at JH4 from a company called ARAGON. The third document from a company called URANUS seems to me to show use on software alone. The opponents also filed at exhibit DG3 a page from an internet site. It purports to show a company that supplies web design and hosting and hardware and software. It seems to me that the page in question does not show this. It is a single page from a website which does not tell me much if anything about the company concerned.

42. The goods and services are in my view not competitive. One is a piece of hardware the other is a service for providing and maintaining an internet site. Mr Gilmour at Exhibit DG2 filed pages from various website showing that the website designer and host is often shown on the third party's website pages. That is so, but it does not in my view follow that people would believe the two companies were connected in any way. The examples attached to his statement clearly show that you are in the website of Herbert Parnell or Grant Finder. At the bottom of the page it clearly states that the website has been designed or hosted by PlugIn.co.uk.limited or Pro-Net Services Ltd. Mr Fiddes argued that no one would make any connection between the BCIS (Building Cost Information Service Ltd) and Pro-net who provide their internet services. I agree.

43. Mr Fiddes argued that the opponents' had set out to show that there was some similarity between their goods and the services covered by his clients' application but that they had failed to show any such connection. He suggested that the opponents' position was tantamount to saying that because they had a registration which covered modems which allowed access to the internet any other application of the mark LEONARDO for goods or services on the internet would amount to an infringement of their mark. This would be stretching their monopoly right too far and could not be the case.

44. Having regard to all the factors listed above, I find that the users, physical nature, channels of trade are all different and the goods and services are not competitive or indeed complementary. Whilst there is some similarity in users this is inevitable and at a superficial level. **As such, I reach the view that there is no similarity between the goods covered by the opponents' specification and the services in class 42 for which the applicants seek protection.**

45. As I have found that the goods and services in question are not similar, a pre-requisite for an opposition under section 5(2)(a) is not present and the opponents' ground of opposition is dismissed.

Conclusions under section 5(2)(b)

46. If I am wrong in my conclusions as to absence of any similarity between the respective goods and services, then, in my view there is a very low degree of similarity. Together with my finding in relation to the inherent distinctiveness of the opponents' mark, how would my findings in respect of the identity of the marks and the similarities of the goods and services come together under section 5(2)(a)?

47. Mr Hobbs, Q.C., sitting as the Appointed Person *Balmoral Trade Mark* [1998] R.P.C. 297 at page 301, found that section 5(2) raised a single composite question. Adapted to this case it can be stated as follows:

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", LEONARDO and the sign subsequently presented for registration, LEONARDO, were used concurrently in relation to the goods or services for which they are respectively registered and proposed to be registered?

48. Having considered the various factors, I reach the view that this question must be answered in the negative. In so finding, I have taken account of the level of distinctiveness of the opponents' mark and the identity of the two marks and that a lesser degree of similarity between the goods can be offset by a greater degree of similarity/identity between the marks.

49. I must also factor in the relevant consumer. Neither the opponents', goods nor the services offered by the applicants are casual purchases. They would both be selected after careful consideration of the options available and any competition. The consumer would have to establish that the opponents' goods were compatible with their existing equipment and the consumer would want to inspect examples of the applicants' work before commissioning them to design their website. These factors lead me to the view that even if I am wrong in finding no similarity in the goods and services, the way in which the respective goods and services would be selected is more than enough to offset the fact that I have here identical marks. There is in my view no likelihood of confusion, nor is there a likelihood that the average consumer would believe that services offered by the applicants were in some way provided by or connected with the opponents.

50. Therefore, I find that the opponents have failed to show that there is a likelihood of confusion within the meaning of section 5(2)(a) and the ground of opposition is dismissed.

Section 5(4)(a)

51. The opponents also seek to rely on the ground of objection under section 5(4)(a) of the Trade Marks Act 1994. The requirements for this ground of opposition have been restated many times and can be found in the decision of Mr Geoffrey Hobbs QC, sitting as the Appointed Person, in *WILD CHILD Trade Mark* [1998] RPC 455. Adapted to opposition proceedings, the three elements that must be present can be summarised as follows:

- (1) that the opponents' goods have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) that there is a misrepresentation by the applicants (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the applicants are goods or services of the opponents; and
- (3) that the opponents have suffered or are likely to suffer damage as a result of the erroneous belief engendered by the applicants' misrepresentation.

Goodwill and Reputation

52. Under section 5(2)(a) I declined, on the basis of the evidence before me, to find that the opponents' mark enjoyed an enhanced reputation in the United Kingdom. The same evidence is relied upon in support of the opponents' claim to a goodwill and reputation and the same criticism can be made of the evidence. There is in my view insufficient evidence to base a claim to a reputation and goodwill in the mark LEONARDO for modems, ISDN cards or software. All I have is some turnover figures with no indication of market share or penetration. There is one example of how the mark was advertised prior to the relevant date. Some promotional literature is also supplied but I do not know how widely this was circulated. Absent such evidence I cannot, in my view, find the necessary goodwill and reputation. **The opponents' ground of opposition under section 5(4)(a) fails at the first hurdle and is dismissed.**

Conclusions

53. I have found that the opponents' grounds of objection under section 5(2)(a) and 5(4)(a) have not been made out and both are dismissed.

Costs

54. The applicants have been successful and are entitled to a contribution towards their costs. Mr Fiddes argued that the opponents' case was bound to fail from the start and had no merit.

The applicants filed various letters between the parties sent before and during the early stage of these proceedings. In these letters, the applicants advised the opponents that they saw no merit in their position and that any opposition would be defended and that if the opposition was unsuccessful they would seek a higher award of costs. Referring to these letters and in his view, the lack of merit in the opponents' case, Mr Fiddes sought an award from the upper end of the scale or an award off the established scale. These proceedings were commenced before May 2000 and therefore, the old scale applies but I still have a discretion to go outwith the scale if that is justified.

55. As set out above, I have found that one of the requirements for an action under section 5(2)(a), similarity of the goods or services was not present. The letters between the parties, referred to by Mr Fiddes, were submitted in the evidence of Mr Gilmour. In Mr Gilmour's evidence he suggested that the letters showed his clients' willingness to reach a settlement. The settlement would have involved the applicants restricting their specification. Mr Gilmour asks that the letters be taken into account when considering the question of costs.

56. I have considered carefully the submissions made to me on the question of costs. In the circumstances of this case, I do not think that an award outwith the scale is justified. I will, however, order that the opponents pay the applicants the sum of £1300-00 as a contribution towards their costs. Such award of costs being made from the published scale. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 15TH day of August 2002

**S P Rowan
For the Registrar
the Comptroller General**