

O-164-06

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 82230
BY CONNECTIONS (AML) LIMITED
FOR A DECLARATION OF INVALIDITY
IN RESPECT OF TRADE MARK No 2330976
STANDING IN THE NAME OF
PULSAR DIRECT (UK) LIMITED**

BACKGROUND

1) The registered proprietor has the following trade mark registered in the UK:

Mark	Number	Effective Date	Class	Specification
IN THE PIPELINE	2330976	01.05.03	16	Printed publications including trade magazines, journals, brochures and circulars; all relating to plumbing products and plumbing matters.

2) By an application dated 27 July 2005 Connections (AML) Limited applied for a declaration of invalidity in respect of this registration. The grounds are, in summary:

a) The applicant has been using the mark IN THE PIPELINE in the UK since 1989 in respect of its printed publications relating to plumbing products and plumbing matters. As such it has built up a goodwill and reputation in respect of the mark in the UK. The mark has therefore been registered in breach of Section 5(4) of the Trade Marks Act 1994.

3) The registered proprietor filed a counterstatement denying the above grounds.

4) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. The matter came to be heard on 27 April 2006 when the registered proprietor was represented by Miss Ann Edwards-Stuart of Counsel instructed by Messrs Murgitroyd, and the applicant was represented by Mr Ian Gill of Messrs A A Thornton & Co.

APPLICANT'S EVIDENCE

5) The applicant filed a witness statement, dated 17 October 2005, by Roger Oates the Sales and Marketing Director of the applicant company a position he has held since 1993. He states that his company has been using the mark IN THE PIPELINE since 1989 in respect of its publications relating to plumbing products and plumbing matters and has, he claims, built up an extensive goodwill and reputation in the mark in the UK.

6) Mr Oates describes the applicant's business as being in three parts. These are its group business which is an internal market within Travis Perkins, a national DIY business and a business dealing with plumbers and builders merchants. He states that it is with the latter group that the applicant uses the mark IN THE PIPELINE. He states that the income generated by IN THE PIPELINE is in excess of 70% of the total sales of this sector of the business and he provides the sales forecast for the year ending December 2005 as £1.7 million.

7) Mr Oates states that "In 1989 we employed seven field sales people as well as two agents all of whom used IN THE PIPELINE as their prime selling tool. By 1999 we had a live and active customer base of between 900-1000 customers each month. In recent years we have cut the number of field sales people and our dependence on the

IN THE PIPELINE publication to bring in business has increased”. He states that the publication takes the form of a monthly and bimonthly brochure marketed predominantly towards independent plumbers’ merchants. He states that circulation has increased during the ten years that he has been associated with the applicant from 1000 to 1500-2000. He states that the brochure is mailed to customers nationwide and customers predominantly buy from the promotional brochure. The brochure is the applicant’s prime marketing and most successful selling tool.

8) Mr Oates states:

“The circulation of our IN THE PIPELINE brochure is to the vast majority of independent plumbers merchants in the UK. Independent plumbers’ merchants are rapidly being bought by or joining larger groups or societies. Our database indicates that the circulation of our brochure reaches more independent merchants than there are members in the 2 largest of these groups. NMBS (National Merchant Buying Society) has about 800 members. NMBS is a centralised buying society. Any plumber, builders or hardware merchant can become a member on buying shares. On becoming a member the merchant would then buy its products through the Society. UNIMER (United Merchants PLC) has 1200 members and operates in much the same way by merchants buying membership and then purchasing supplies through them. By comparing the membership of these societies to our circulation of IN THE PIPELINE where our circulation reaches up to 2000 merchants this shows how strong we are in the marketplace.”

9) Mr Oates provides the following exhibits:

- Exhibit RO1: copies of the IN THE PIPELINE brochures from September 1989 to January 2004 most of which are bi-monthly. Although these also carry the name of the company (Connections) the mark IN THE PIPELINE is shown at the top of each brochure, albeit in a slightly stylised manner, the exact mark is shown later in this decision.
- Exhibit RO2: Letters from three independent businesses. The first letter, dated 20 July 2005, is by Mr Williams a Director of Drakes Plumbing Supplies since 1986. He states:

“To my knowledge, the IN THE PIPELINE trademark has been in use by Connections (AML) ltd for many years. It is used to describe their plastic piping, rainwater goods and fixings and is also used in their brochures and on other publicity material.

I would associate the term IN THE PIPELINE with Connections (AML) Ltd and with no other company or product.”

The second letter, dated 21 July 2005, is by Mr Ruddle, a manager of George Jones Brothers, plumbers and builders merchants. He states that:

“I first became aware of IN THE PIPELINE from Connections approx. 1995. I view Connections IN THE PIPELINE as their bi-monthly special

offer brochure. I would expect to see plumbing brassware, plumbing sundries, plumbing fittings and promotional offers included in IN THE PIPELINE.

I have always known Connections IN THE PIPELINE as an exclusive mark and have never seen it not used on their bi monthly special offer brochure.”

The third letter, dated 20 July 2005, is by Mr Goodland a former Managing Director of Connections (AML) Ltd until 1991 and now working for Mueller Europe Ltd, a competitor to the applicant company. He states:

“Connections launched a publication “In the Pipeline” in September 1989 and it was published on a bi-monthly basis during my time at the company. So far as I know the name has been used by Connections continuously to this day to promote the sale of fittings, valves and plumbing accessories.”

REGISTERED PROPRIETOR’S EVIDENCE

10) The registered proprietor filed a witness statement, dated November 2005, by Justin McInerney the Managing Director of the registered proprietor company. He states that his company first used the mark IN THE PIPELINE in the UK in 2003. He states that:

“The Mark IN THE PIPELINE has been used extensively in the Republic of Ireland since 1995 and has been in continuous use in Ireland from that time until the present date in relation to printed publications aimed at the plumbing industry. The goodwill and reputation acquired in Ireland through use of the mark is present at least in Northern Ireland. It is likely that the Mark IN THE PIPELINE was already known in the UK prior to its first use there in 2003 as a result of the extensive use made of the Mark in Ireland.”

11) Mr McInerney states that his company has used the mark on approximately 40,000-45,000 copies of its publication per month in the UK. He provides examples of the publication at exhibit JM1 which show use of the mark IN THE PIPELINE in plain type across the top of the brochure. He also states that since 2003 approximately £700,000 has been spent on promoting the mark in the UK, with annual expenditure on promotions running at approximately £250,000. He states that turnover of goods sold under the mark in the UK is as follows:

Year	Total Sales £million
2004	2.2
2005	4.6
2006	8.0 (projected)

12) Mr McInerney states that he is not aware of any instances of confusion between the two parties marks. He also states that the applicant’s mark is not IN THE PIPELINE but PIPE IN THE LINE. He also points out that the applicant has

circulation figures of only 1500-2000 copies per month which is far less than his company achieves.

APPLICANT'S EVIDENCE IN REPLY

13) The applicant filed a second witness statement, dated 13 January 2006, by Mr Oates. He denies that his company's mark would be seen as PIPE IN THE LINE. He states:

“This has no resonance and is not the way in which the mark is perceived by the public. IN THE PIPELINE is a recognised phrase in the English language and it is clear that the mark used by my company is IN THE PIPELINE.”

14) At exhibit RO3 he provides a copy of a page from the New Oxford Dictionary of English 1998 which shows a reference to the phrase IN THE PIPELINE. He states that as he confirmed in his earlier statement his company has used their mark throughout the UK which would include Northern Ireland, use which pre-dates the use made by the registered proprietor. At exhibit RO4 he provides a copy of the applicant's brochure dated September 1993 which shows the name and phone number of the Northern Ireland agent. He points out that use in the Republic of Ireland is immaterial and in any case he claims that the registered proprietor has not shown reputation in Eire. He also states that whilst the circulation is small this is because his company targets merchants not installers.

15) That concludes my review of the evidence. I now turn to the decision.

DECISION

16) The request for the declaration of invalidity is made under the provisions of Section 47(2) of the Act. The relevant part of which states:

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

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.”

17) The action is brought under section 5(4)(a) which states:

“5. (4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented -

- (a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

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

18) In deciding whether the mark in question “IN THE PIPELINE” offends against this section, I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC, in the *WILD CHILD* case [1998] RPC 455. In that decision Mr Hobbs stated that:

“The question raised by the grounds of opposition is whether normal and fair use of the designation WILD CHILD for the purposes of distinguishing the goods of interest to the applicant from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see Article 4(4)(b) of the Directive and section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the applicant in accordance with the law of passing off.

A helpful summary of the elements of an action for passing off can be found in Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731 is (with footnotes omitted) as follows:

‘The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

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

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House’s previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of passing off, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.’

Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

‘To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

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

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

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

19) The date at which the matter must be judged is not entirely clear from Section 5(4)(a) of the Act. This provision is clearly intended to implement Article 4(4)(b) of Directive 89/104/EEC. It is now well settled that it is appropriate to look to the wording of the Directive in order to settle matters of doubt arising from the wording of equivalent provisions of the Act. The relevant date may therefore be either the date of the application for the mark in suit (although not later), or the date at which the acts first complained of commenced – as per the comments in *Cadbury Schweppes Pty*

Limited v. The Pub Squash Co Pty Ltd [1981] RPC 429. In the counterstatement the registered proprietor claims to have first used its IN THE PIPELINE mark in 2003.

20) It is well established that it is not necessary for the parties to a passing-off action to be in the same area of trade or even a related area of trade. The point can be supported by reference to the following passage from Millet L.J.'s judgment in *Harrods Ltd v Harrodian School Ltd* [1996] RPC 697:

“There is no requirement that the defendant should be carrying on a business which competes with that of the plaintiff or which would compete with any natural extension of the plaintiff's business. The expression “common field of activity” was coined by Wynn-Parry J. in *McCulloch v May* [1948] 65 RPC 58 when he dismissed the plaintiff's claim for want of this factor. This was contrary to numerous previous authorities (see, for example, *Eastman Photographic Materials Co. Ltd v John Griffiths Cycle Corporation Ltd* (1898) 15 RPC 105 (cameras and bicycles); *Walter v Ashton* (1902) 2 Ch. 282 (The Times Newspaper and bicycles) and is now discredited. In the *Advocaat* case Lord Diplock expressly recognised that an action for passing-off would lie although “the plaintiff and the defendant were not competing traders in the same line of business”. In the *Lego* case Falconer J. acted on evidence that the public had been deceived into thinking that the plaintiffs, who were manufacturers of plastic toy construction kits, had diversified into the manufacture of plastic irrigation equipment for the domestic garden. What the plaintiff in an action for passing-off must prove is not the existence of a common field of activity but likely confusion among the common customers of the parties.

The absence of a common field of activity, therefore is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration.”

21) In the instant case it is clear that the parties are indeed engaged in the same field of activity, indeed their activities seem identical.

22) With these considerations in mind I turn to assess the evidence filed on behalf of the parties in the present proceedings as set out earlier in this decision.

23) The applicant for invalidity has filed evidence of use dating from September 1989. The applicant has used its mark on brochures sent out to independent plumbers merchants since this time. Each issue is sent to approximately 1000-1500 such merchants who are located throughout the UK. The registered proprietor claims that the applicant has not used the name of its publication as a trade mark and has not sold goods under this mark. They also dispute whether the mark used is “In the Pipeline” or “Pipe in the Line”. For ease of reference the mark used on the top of the applicant's brochure is reproduced below:



24) I will first consider the issue of goodwill. The registered proprietor contends that the sales turnover figures are after the relevant date and they are quite correct in this and so they do not play a part in the proceedings. They claim that the mark has not been advertised although to my mind the publication itself must surely be considered as advertising the mark as it is sent out on a regular basis, every other month, to a large number of traders advertising products that the applicant offers for sale. The registered proprietor claimed that the reputation would be in various pipework, plumbing goods and rainwater goods. I find this argument somewhat spurious. Whilst the publication offers such items for sale, and the applicant has achieved a reputation and goodwill for such goods, the medium for these sales is via the publication and hence the publication also has goodwill and reputation attached to it. In a similar vein the publication Autotrader would undoubtedly be said to be known for selling vehicles, but there can be little doubt that it has a reputation and goodwill as a publication.

25) The evidence is clear that the applicant has issued a regular publication since 1993 under the mark shown above. This publication has been sent to merchants who have provided evidence that the mark has been used for this period and is well known to them. I have no hesitation in reaching the conclusion that the applicant has goodwill in the mark shown in paragraph 23 above.

26) I now move to consider whether the mark shown above is sufficiently similar to that of the registered proprietor that the average consumer will be led to believe that the goods offered by the registered proprietor are goods of the applicant, that is whether there will be misrepresentation. The applicant sought to rely upon the three letters from traders provided at exhibit RO2 to Mr Oates statement. However, under Rule 55 of the Trade Marks Rules 2000 (as amended) these exhibits are not acceptable as evidence. If the applicant wished these letters to form part of their evidence then they should have been filed as witness statements in their own right. I therefore do not take exhibit RO2 into account in my decision.

27) The registered proprietor contends that the mark is "PIPE IN THE LINE" and that there would therefore be no misrepresentation. I would agree that a forensic examination of the mark might give such a result, but this does not take into account the average consumers knowledge of the English language. To my mind the average consumer would not view the applicant's mark as "PIPE IN THE LINE", the phrasing simply grates on the ear and although the average consumer is used to being assailed by truly appalling uses of the language by advertising agencies such a construction is unlikely to be made. The phrase "IN THE PIPELINE" is one which would be readily recognised by the average consumer and to my mind this is how the mark would be seen. However, even if the registered proprietor were correct there is such a degree of similarity between "IN THE PIPELINE" and "PIPE IN THE LINE" that when used

on publications to promote plumbing goods, as is the case with both parties here, then I believe that there would be misrepresentation.

28) The registered proprietor contends that no evidence of such misrepresentation has been produced despite both parties trading in the market under their respective marks since 2003. However, it seems clear that currently both parties are dealing with slightly different customer bases. The registered proprietor sends its publication out to plumbers whilst the applicant has dealt with plumbing merchants. I do not draw any adverse conclusions from the absence of evidence of misrepresentation.

29) Lastly, the registered proprietor contends that the applicant has not shown damage. The applicant contends that given the registered proprietor's use of its mark in relation to plumbers it made a commercial decision not to expand its field of activity until the issue was resolved. This limitation upon its activity is the damage which is claimed. In the instant case the parties are trading in identical fields with very similar marks, to my mind damage would be an inevitable consequence.

30) The ground of invalidity under section 5(4)(a) is successful.

31) As the applicant was successful it is entitled to a contribution towards its costs. I order the registered proprietor to pay the applicant the sum of £2000. This sum 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 20th day of June 2006

**George W Salthouse
For the Registrar,
the Comptroller-General**