

O-078-08

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NO 2421244  
BY LANDLORD MORTGAGES LIMITED  
TO REGISTER THE TRADE MARK:**

**GHD**

**IN CLASSES 14, 16, 18, 20, 24 AND 27**

**AND**

**THE OPPOSITION THERETO  
UNDER NO 94875  
BY  
JEMELLA LIMITED**

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and the opposition thereto  
under no 94875  
by Jemella Limited**

### **Background**

1) On 8 May 2006 Landlord Mortgages Limited, which I will refer to as LML, applied to register the trade mark GHD. The application was published for opposition purposes on 29 September 2006 with the following specification:

*precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; precious stones; horological and chronometric instruments, jewellery and watches;*

*paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers' type; printing blocks, paper patterns for home sewing and knitting; stationery articles;*

*leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery; handbags, shoulder bags, cosmetic bags (sold empty), leather shoulder belts, wallets, credit card cases, business card cases, key cases, coin purses, clutch purses, general purpose purses, luggage, pouches, belt bags, tote bags, clutch bags, travelling bags, backpacks, attaches, satchels, umbrellas;*

*furniture, mirrors, picture frames; goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials, or of plastics; fitted fabric furniture covers;*

*textiles and textile goods, not included in other classes; bed and table covers, bed covers, table covers; wall hangings made of textile; fabrics; table linen, bed linen, bath linen; window curtains; textile articles;*

*carpets, rugs, mats and matting; linoleums and other materials for covering floors; wall paper; wall hangings not made of textile.*

The above goods are in classes 14, 16, 18, 20, 24 and 27 respectively of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

2) On 27 December 2006 Gemella Limited, which I will refer to as Gemella , filed a notice of opposition to the application.

3) Gemella states that it believes that the application for registration of the trade mark was made in bad faith, contrary to section 3(6) of the Trade Marks Act 1994 (the Act), because of previous quasi legal proceedings between the parties. Gemella states that in October 2005 it began Nominet proceedings against LML in respect of the domain name www.ghd.co.uk. LML had registered the domain name prior to Gemella beginning trade under the name GHD. LML contacted Gemella and offered to sell the domain name, raising the price to £20,000. Gemella was not prepared to pay the price that LML was asking for the domain name. Gemella had concerns about the conduct of LML and it instituted proceedings before Nominet. The case was originally decided in favour of Gemella but the original decision was overturned on appeal. In the Nominet proceedings LML put forward various arguments in relation to its business and actions. Taking into account the arguments put forward by LML, Gemella believes that the trade mark application does not reflect the business which LML professed to operate during the Nominet proceedings. As part of the Nominet proceedings LML argued that it had registered the domain name www.ghd.co.uk to help with the future growth of its business and that it was its intention to support the Home brand and LettingAgent.com businesses, the domain name standing for 'getta home deal'. LML confirmed in an e-mail, dated 28 October 2005, to Gemella that the domain name would not be sold but would be developed for its mortgage and letting business. LML's solicitors, in a letter dated 21 December 2005, as part of the Nominet proceedings, stated that LML specialised in the arranging of mortgages in the buy-to-let market and the development of ghd.co.uk was a natural extension of LML's business. As part of the Nominet procedure Gemella provided LML with details of its trade mark applications and registrations for ghd both in the European Union and throughout the world. The specifications of Gemella's latest trade mark applications cover more classes and a wider range of goods than Community trade mark number 2860518, to reflect the development which has and is intended to take place in its ghd brand. Gemella states that the specifications of LML's trade mark application do not reflect the nature of the business which it professed to be operating and which it stated that it was developing as little as two months before the filing of the application. Gemella considers that the application was made in bad faith as it was made simply with the intention of blocking further applications and/or registrations by Gemella within the relevant classes or with the intention of blocking the licensing of rights to third parties. Gemella claims that LML has considered the specifications of its later applications and applied to register the trade mark GHD for goods in classes which Gemella does not have a registration but which could arguably be linked or allied to further expansion of Gemella's existing classes of registration and its current activities.

4) Gemella claims that registration of the trade mark would be contrary to section 5(3) of the Act. In relation to this ground of opposition it relies upon its Community trade mark

registration no 2860518 of the trade mark GHD. The application for registration was made on 4 August 2003 and the registration procedure was completed on 21 April 2004. The registration is for the following goods:

*soaps; perfumery, essential oils, cosmetics, hair lotions; hair styling products, hair straightening products; hair gels, sprays and mousses; hair dyes, hair bleaching products; shampoos; toiletries;*

*hand tools and implements (hand-operated); scissors; hair straightening irons; hair curling irons; hair crimping irons;*

*electrical apparatus and instruments; electrical hair straightening irons; electrical hair curling irons; electrical hair crimping irons;*

*apparatus for lighting, heating and drying; hair dryers;*

*combs; brushes; hair combs and brushes;*

*clothing; hair cutting gowns.*

The above goods are in classes 3, 8, 9, 11, 21 and 25 respectively of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

5) In relation to the goods for which it claims a reputation, Jemella, unusually, gives a list of specific products. The nature of some of the products can be readily identified eg Guardian shampoo. However, other names of products are somewhat impenetrable eg Halo, Halo NV, Matt Wax and Angel Tears. Making the best that I can from the list given, which has the appearance of being a downloaded list of current products, it would appear the Jemella is claiming a reputation in respect of hair brushes, combs, hair care products, bags and sarongs. Fortunately, Jemella goes on to give further details of its claim in its statement of grounds. It states that it is the market leader and most prestigious brand in the hair straighteners and styling irons market. It was one of the first companies to introduce ceramic hair styling technology into the United Kingdom. Jemella states that as well as offering hair straighteners and hair styling irons under the ghd trade mark, it also offers other products ranging from shampoos and conditioners to hair styling products. Jemella also states that as part of “product offering and other related incentive schemes” it has also offered other goods such as beach bags, leather bags for hair irons and sarongs. Jemella states that it has made substantial worldwide sales of its products under the trade mark ghd and at the date of the filing of the opposition had sold in excess of 10,289,595 ghd branded products. Jemella gives a list of the countries in which it has sold its products; those that were in the European Union at the date of application are the United Kingdom, Ireland, France, Germany, Netherlands, Greece, Malta, Spain, Belgium, Italy, Cyprus, Luxembourg, Denmark, Portugal, Czech Republic, Sweden, Slovakia, Finland, Hungary and Estonia. Jemella states that it has won awards for the runaway success of its products and marketing campaigns. Jemella

states that it has made extensive sales and conducted extensive advertising so that ghd is a household name and is the first name for which a customer looks when considering purchasing hairstyling irons, hair straighteners or related hair care products. Jemella states that it has spent in excess of £31 million in advertising the ghd brand and used a variety of media to effect this advertising, including the Internet, newspapers, television and the cinema. In 2004 Jemella entered into a deal costing £1.3 million to sponsor the Channel 4 programme *The Salon*. Jemella is also running an advertising campaign on United Kingdom terrestrial television and in cinemas.

6) Jemella states that its products regularly receive favourable press coverage. In 2006 its products had been referred to in a large number of publications. Jemella states that it has a celebrity clientele which includes Jennifer Anniston, Lourdes, Jade Jagger, Amber Valletta, Yasmin Le Bon and Victoria Beckham. In 2005 Jemella was involved in a charity campaign which saw the sale of a limited edition pink styling iron, which was only available during breast cancer awareness month. Jemella states that this promotion was extremely successful, with the irons selling out within two weeks and over £382,000 was raised. Since May 2005 James Brown has been the ghd style director. Jemella states that Mr Brown has styled the hair of Kate Moss and has “previously won advertising campaigns for Calvin Klein and Donna Karan”.

7) Jemella claims that, given the extensive sales, advertising, and favourable press coverage of its products and its well-known celebrity clientele, it has a significant reputation and goodwill in the term ghd and that the ghd brand is moving away from simply being a brand merely for hair products and into a fashion brand of more general application. Jemella states that the ghd is one of the leading aspirational and style brands in the United Kingdom and further afield. Jemella states that the ghd is instantly recognisable to significant elements of the public and that use of the trade mark by LML would take advantage of the ghd trade mark. Jemella claims that LML would inevitably gain an unfair advantage from the reputation of its trade mark and be detrimental to the distinctive character and reputation of its trade mark. Jemella claims that many of the goods of the application would be perceived as having a link or connection to it.

8) Jemella claims that registration of the trade mark would be contrary to section 5(4)(a) of the Act. It claims that it has used the trade mark since 2001. Most of what is pleaded is the same as was pleaded in relation to section 5(3) of the Act. The only additional element relates to the publication and distribution of a magazine under the ghd brand, called *Icons Magazine*.

9) LML filed a counterstatement. The contents of the counterstatement are reproduced below:

**“Overview — Opponent's Mentality**

The defendant filed the Trade Mark Application because of the perceived threat to its intellectual property rights. Such a perceived threat originates from the defendant's perceived mentality of the Opponent.

The defendant starts the defense statement with an extract from Patent Office guide to Opposing a Trademark:-

`You should contact the applicant, preferably in writing, and tell them why you are thinking of opposing their application. You can get their address (described as an 'address for service') from the Journal in which their trade mark was advertised. It helps everyone if you can settle your differences in a friendly way before starting formal opposition proceedings. If you do not tell the applicant that you are going to oppose their application, you may have to pay towards their costs'.

The Opponent has made no attempt to contact the Defendant in respect to opposing the mark.

On the 5<sup>th</sup> April 2006 17.37 the Defendant acted in good faith and sent an email to the Opponent setting out its findings in respect to rights. In particular that Nominet had defined its right in the text mark GHD as the right to derive the benefit of its use. The Opponent did not reply setting out its perceived rights but just stated 'Vemella Limited expressly reserves all its rights'. The Defendant reconfirmed how it viewed its rights in the domain name GHD.co.uk in an email 10 April 2006 16.13 and stated 'Landlord Mortgages Limited expressly reserves all its rights, whatever those rights are. Landlord Mortgages Limited does not define its rights because it does not know what rights it needs to define. Landlord Mortgages will enforce its rights whenever those rights are defined in law, until those rights are defined in law no action can be taken by Landlord Mortgages in respect to the rights which are undefined. I thought it would be polite to inform you that communications have been sent from myself to Nominet. Numerous replies have been received by Nominet, one of which may have helped you understand my 'rights' when you are trying to interpret the decision made by Nominet's experts. Currently I do not understand my rights'. The Opponent did not reply to the email.

**In reply to the Opponent's Statement of grounds for opposition based on section 3(6) :-**

The Opponent has gone to great lengths to link 'bad faith' to the defendant's Trade Mark Application. The Opponent unsuccessfully tried to revoke the defendant's unregistered right by filing a Complaint via Nominet's highly acclaimed Dispute Resolution Service. In the words of the Appeal Panel 'Thus far, the Panel can see nothing objectionable in what the Respondent has done. Were it otherwise, domain name dealers could be deprived of their stock in trade by later rights owners simply on the basis that the names in question were being offered for sale at a profit. Were domain name dealing inherently abusive, there might be force in the Complainant's line of argument, but it is not inherently abusive. Does the level of the price demanded affect the issue? No, once it is accepted that domain name trading

is not of itself objectionable, the Respondent is free to ask any price he likes and it is up to the Complainant to pay it or not. The Complainant is not compelled to purchase the Domain Name.'

The Opponent states 'Under the Nominet Dispute Resolution Procedure, there were certain arguments put forward by the Applicant with regard to his business and actions which were used to succeed in the Nominet Dispute'. The Opponent is mistaken, the Appeal Panel disregarded the proposed use as irrelevant and based its findings on one factor i.e. the date the Defendant gained a right to trade under the domain name ghd.co.uk. At the date the domain name registration took place the registrant gained a right to sell the domain name to any later rights holder for any amount it so wished. Therefore in the opinion of the highly regarded Appeal Panel the Defendant established a prior right and given the nature of a domain name there is no reason why such a right would be limited to selling, why would it be? Nominet asserts that when you register a domain name you gain an undefined right to derive the benefit of its use and as long as the registrant's motive at the date of registration was to use the name in business (not to sell at profit) then that right cannot be denied. What the Opponent tried to assert was that the defendant registered the domain name with the sole motive to sell at profit but the evidence clearly showed that it was the repeated third party offers to buy the name that gave the defendant motive to seek out a buyer for its rights i.e. a change of motive (The act of selling a Trade Mark is no different to the act of selling a domain name i.e. you are selling a legitimate right of use with a clearly defined registration date). The Defendant has only sold one domain name from its portfolio of over 5000 generic domain names and continues to buy a diverse range of domain names.

The Defendant is not a domain trader but a successful businessman who has established a domain name portfolio of over 5,000 generic domain names. The defendant is two years into a 10-year plan to link all the domain names via a web of websites thus powering search engine rankings and given an effective platform to cross sell. GHD.co.uk is of course only one of many websites but it is the Opponent's obsession with its own brand (overstretching its rights) and the observations made of the Nominet's Dispute Resolution Service that has prompted the defendant to take steps now to protect its own rights. In a perfect world the defendant would love to protect all its unregistered rights but under the current Patent Office structure it is not financially viable to do so. The defendant believes that the Patent Office's stance has created this unusual situation for both the defendant and opponent, thus both parties will have to compromise. It is this compromise and the advice that was sort via the Patent's Search and Advisory Service that led to the specific classes applied for under this Trade Mark Application. The defendant is not prepared to trade with an unregistered right where the Opponent is likely to sit and wait only to pounce at the first opportunity to grab something that doesn't rightfully belong to them. Without a Trade Mark even a website link directly or indirectly from ghd.co.uk to wallets.co.uk or

purses.co.uk or travelbags.co.uk (all unregistered rights of the defendant's that pre-date the opponents rights and more importantly pre-date this trade mark application) could persuade a so-called Nominet expert to rule in favour of the party with a registered trademark (evidence exists in the Nominet DRS archive).. It is a risk the defendant is not prepared to take given the £3000 Nominet DRS Appeal fee is non refundable even on an overturned decision.

The Opponent claims that the products defined in the classes applied for are highly unlikely to be an extension of the brand 'Getta Home Deal'. In particular, that the HOME brand clients (predominantly first time buyers) and Lettingagent.com clients (predominantly the young ie. tenants) would not benefit from a range of products found in and around the home. It is the threat posed by the Complainant's rights that has focused the Defendant's mind on the eventual aim of the GHD online mark. The Defendant can envisage the Getta Home Deal eventually being an online experience where its young clientele can get everything they want for in and around their new home. ASDA is a prime example of such cross selling with the launch of its Estate Agency. The defendant emphasizes once again that it is only the Opponent's prior actions under the Nominet DRS that has prompted the defendant to submit to the Patent Office for Registered Trade Mark Protection.

The Opponent states 'The Specifications of the Trade Mark application in respect of which this opposition is filed does not reflect the nature of the business which the applicant professed to be operating or which he was developing'. The Opponent in the Nominet GHD Complaint and subsequent Appeal did not object to the defendant using the mark in class 36, on that basis the Defendant protected those rights by displaying its current brands on ghd.co.uk shortly after the Appeal succeeded. The Opponent would not be able to submit a subsequent complaint under the Nominet's DRS without new evidence, therefore the defendant is comfortable\* in its rights in class 36. \*Comfortable that the defendant would not have to be pay a Nominet DRS non refundable appeal fee to protect its rights in using the mark in class 36 should the Opponent file a subsequent Nominet DRS Complaint for 'abuse' based on a class 36 infringement.

The Opponent claims that if the defendant was to succeed and register the mark in the classes specified that this would unfairly restrict the Opponent's ability to trade in those classes. Given the distinctive nature of the Opponent's graphical representation of its mark this is highly unlikely. However, if the Opponent decided to replicate its original Trade Mark Application i.e. applying using a text only mark then it is likely to fail based on the Defendant's prior unregistered right to trade in the text only mark (the registered right to derive the benefit of the domain name use).

The confusion that the Opponent cites is self-inflicted. Such confusion dates back to the day the Opponent decided to trade under the mark GHD. The



defendant would be more sympathetic to the Opponent's cause for concern if at the time the Opponent started trading the World Wide Web was in its infancy and the marketing potential was perceived to be insignificant, but back in 2002 this was not the case. In fact the Opponent accepted it could not trade online under the mark GHD and shortly after commencing trading (10 July 2002) decided to register an online trade mark GHDHair.com and derive the benefit of that mark's undefined use. Furthermore, the Opponent confirmed its commitment to that mark by registering GHDHair.co.uk (10 October 2004). The Opponent, on the balance of probability, would have knowingly accepted that it could not trade under the online mark GHD. The mark was registered by the Defendant on 3/7/1999. The confusion is historic and is likely to cause indefinite confusion whether or not the defendant develops the site ghd.co.uk into the classes applied for. However, such confusion cannot be deemed unfairly detrimental to the complainant's rights unless the Defendant acts in bad faith and tries to impersonate the Opponent with the website content. The fact GHD.co.uk will be driven by Getta Home Deal, a website with roots in the property and mortgage industry, the website is unlikely to create unfair confusion.

In hindsight, the Opponent may well regret that it did not approach the defendant's rights with respect and likewise the Defendant regrets that it did not take measurable steps to register its unregistered rights in the mark GHD prior to the opponents trade mark dated in 2002. But it is important to add it is highly unlikely that any business could have registered all its rights to 5000 domains name prior to 2002 nor would the trade mark system allow a registration for every domain name, for every good or service in every class despite website linking making such protection a requirement for trading online.

The defendant is surprised by the opponent's conduct. The system is fair to the degree that it does not favour the business with the biggest bank balance i.e. when you register a text only trade mark such as GHD you do not gain equivocal rights to trade under that mark, if that was the case that would be truly unfair. The Opponent should remember that the only thing that distinguishes the 18 year old entrepreneur who registers the domain name bingbong.co.uk in the hope his/her online game makes him/her a multi millionaire from the Opponent is a little luck and judgment. Before the opponent imported an invention called a hair iron he/she was no different to the bingbong.co.uk entrepreneur and as such does not have unequivocal rights to being 'lucky'. The Opponent needs to accept that sometimes in business you are 'unlucky'.

Bad faith:- The defendant asks the Hearing Officer not to take into account the opponents list of products when making a Preliminary Indication. Of particular interest is that the Defendant has noticed that a number of bag related products were 'bolted on' to the bottom of the list. The evidence round

may well highlight that it is the Opponent who has acted in 'bad faith' i.e. similar to the Opponent's lack of credibility in its Nominet's Dispute Resolution Complaint.

The Defendant disagrees with the Opponent's statement of use.

In Summary

'The System' has failed and the parties to this dispute will have to compromise. The defendant will continue to protect its websites (trade marks) as and when a potential threat arises or until the Patent Office takes measures to integrate online trading rights when assessing Trade Mark Applications.

**In reply to the Opponent's Statement of grounds for opposition based on section 5 (3) :-**

The Opponent's own evidence in this statement provides no doubts as to which trade has resulted in the Opponent's goodwill. The word hair has been repeated so many times that it is difficult to think of the Opponent being known for anything other than hair. Even in a poor attempt to bring in the word 'bags' into the statement the opponent could not deny that such products could only ever be associated with its hair irons (also see bad faith below). The text reads, 'Beach bags, leather bags for hair irons.' Thus the Opponent is not known as an empty bag retailer.

It is interesting to note that the Opponent's Director Of Style (James Brown) has specifically been referred to in the Opponent's statement of use. The defendant does not doubt that the highly acclaimed hairdresser will add substantial good will to the GHD brand but as highlighted recently (4/12/2006) in the Guardian:-

<http://www.guardian.co.uk/g2/story/0,,1963160,00.html>

to the public any brand association will only help to reaffirm GHD as a market leader in the hair industry. The article title reads 'James Brown, Hairdresser'. Additionally to note is the fact that the deceased singer James Brown is not James Brown the Hairdresser.

The Opponent states 'use of the mark in relation even to dissimilar goods and services would lead to there being taken unfair advantage of the 'ghd' mark'. That's like saying small business should not be able to trade by the mere existence of more well known names regardless of the class of trade. Such remark truly highlights the genuine concerns that the Defendant has in the Opponent overstretching its rights. If the Opponent is allowed to succeed in what is fundamentally a text only mark then through overlapping class rights the Opponent could end up with unequivocal rights to the mark. The Patent

Office Search and Advisory service has created a fair compromise i.e. advising the defendant that they will allow the Opponent's rights to stretch to overlapping classes but no further.

The Opponent states 'The trade mark application filed by the applicant would inevitably gain an unfair advantage as a consequence of and be detrimental...to the mark'. That would certainly hold true if the defendant's Trade Mark Application contained a graphical representation of the mark, which was confusingly similar to that of Opponent but the defendant has a prior unregistered right in a text mark and it is that text mark that the defendant must protect. The defendant would be more sympathetic to the Opponent's cause for concern if at the time the Opponent started trading the World Wide Web was in its infancy and the marketing potential was perceived to be insignificant, but back in 2002 this was not the case. In fact the Opponent accepted it could not trade online under the mark GHD and shortly after commencing trading (10 July 2002) decided to register an online trade mark GHDHair.com and derive the benefit of that mark's undefined use. Furthermore, the Opponent confirmed its commitment to that mark by registering GHDHair.co.uk (10 October 2004). The Opponent, on the balance of probability, would have knowingly accepted that it could not trade under the online mark GHD. The mark was registered by the Defendant on 3/7/1999. If there is any deemed advantage, which the defendant doubts, it cannot be deemed unfairly detrimental to the complainant's rights unless the Defendant acts in bad faith and tries to impersonate the Opponent with the website content. The fact GHD.co.uk will be driven by Getta Home Deal, a website with roots in the property and mortgage industry, the website is unlikely to create an unfair advantage.

Bad faith:- The defendant asks the Hearing Officer not to take into account the opponents list of products when making a Preliminary Indication. Of particular interest is that the Defendant has noticed that a number of bag related products were 'bolted on' to the bottom of the list. The evidence round may well highlight that it is the Opponent who has acted in 'bad faith' i.e. similar to the Opponent's lack of credibility in it's Nominet's Dispute Resolution Complaint.

The Defendant disagrees with the Opponent's statement of use.

#### In Summary

'The System' has failed and the parties to this dispute will have to compromise. The defendant will continue to protect its websites (trade marks) as and when a potential threat arises or until the Patent Office takes measures to integrate online trading rights when assessing Trade Mark Applications.

**In reply to the Opponent's Statement of grounds for opposition based on section 5 (4) (a):-**

The Opponent's own evidence in this statement provides no doubts as to which trade has resulted in the Opponent's goodwill. The word hair has been repeated so many times that it is difficult to think of the Opponent being known for anything other than hair. Even in a poor attempt to bring in the word 'bags' into the statement the opponent could not deny that such products could only ever be associated with its hair irons (also see bad faith below). The text reads. 'Beach bags, leather bags for hair irons.' Thus the Opponent is not known as an empty bag retailer.

It is interesting to note that the Opponent's Director Of Style (James Brown) has specifically been referred to in the Opponent's statement of use. The defendant does not doubt that the highly acclaimed hairdresser will add substantial good will to the GHD brand but as highlighted recently (4/12/2006) in the Guardian:-

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The Opponent states 'The trade mark application filed by the applicant would inevitably gain an unfair advantage as a consequence of and be detrimental...to the mark'. That would certainly hold true if the defendant's Trade Mark Application contained a graphical representation of the mark, which was confusingly similar to that of Opponent but the defendant has a prior unregistered right in a text mark and it is that text mark that the defendant must protect. The defendant would be more sympathetic to the Opponent's cause for concern if at the time the Opponent started trading the World Wide Web was in its infancy and the marketing potential was perceived to be insignificant, but

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Bad faith:- The defendant asks the Hearing Officer not to take into account the opponents list of products when making a Preliminary Indication. Of particular interest is that the Defendant has noticed that a number of bag related products were 'bolted on' to the bottom of the list. The evidence round may well highlight that it is the Opponent who has acted in 'bad faith' i.e. similar to the Opponent's lack of credibility in it's Nominet's Dispute Resolution Complaint.

The Defendant disagrees with the Opponent's statement of use.

In Summary

'The System' has failed and the parties to this dispute will have to compromise. The defendant will continue to protect its websites (trade marks) as and when a potential threat arises or until the Patent Office takes measures to integrate online trading rights when assessing Trade Mark Applications."

10) On 18 July 2007 Gemella filed evidence in support of its case. On 18 July 2007 the Trade Marks Registry (TMR) wrote to LML. The letter confirmed the receipt of the evidence of Gemella and advise that if LML wished to file evidence in support of its application it should do so on or before 18 September 2007. On 18 September 2007 the TMR received evidence from LML. In a letter of 19 September 2007 the TMR advised LML that it was unable to accept the evidence. The letter advised that the evidence had to be in the form of a witness statement, statutory declaration or affidavit, which should be headed to refer to the Trade Marks Act 1994. The letter went on to explain how the exhibits should be headed and also advised where relevant guidance could be found. The evidence was returned in order that it could be put into proper evidential form. LML was advised that if it wished to correct its evidence and re-submit it, it would need to file a retrospective extension of time request, in order to enable the TMR to grant extra time in which the evidence could be put into proper order. The method of requesting an extension of time and re-filing the evidence was explained.

11) On 2 October 2007 a request for an extension of time of 30 days was filed. It was the preliminary view of the TMR that the extension should be granted until 18 October 2007; the view being preliminary as it could be challenged by Jemella.

12) On 17 October 2007 a letter was received from LML stating that the TMR's letter explaining how evidence should be submitted had been misplaced. The letter included a page from the website of the United Kingdom Intellectual Property Office and referred to the meaning of 'should'. On this basis LML stated that it believed that the evidence should be submitted as it was with the addition of a front sheet that referred to the Trade Marks Act 1994.

13) On 18 October 2007 the TMR wrote to LML stating that evidence in inter partes proceedings had to be submitted in accordance with rule 55 of the Trade Marks Rules 2000 (as amended). It was explained that evidence had to be in the form of a statutory declaration, affidavit or witness statement and as the evidence was not in any of these forms it had been deemed inadmissible. LML was again referred to guidance in the Law Section manual, accessible on the Internet, which gives guidance on how to submit evidence in the proper form. LML was given until 1 November 2007 to resubmit its evidence.

14) On 19 October 2007 the TMR received a letter from LML in which it was stated that the "request" for evidence in admissible form was "out of keeping". It was stated that whether the evidence was admissible on a technicality has little relevance. The letter went on to state:

"The Patent Office guidelines are misleading

The Opponent's evidence is inconclusive that is with or without counter evidence.

The DTI is fully aware of rights associated with a domain name registration; they have been observing Nominet for years.

It is highly unlikely that the Opponent will make moves to ignore the counter evidence.

Legal representation is not required when applying for a domain name or trademark.

Whether or not a Trade Mark is issued has little relevance. The Opponent is in receipt of the evidence and is aware of the important dates.

The evidence is merely submitted in the interest of justice.

I do not have the resource to submit the evidence and my company is currently dealing with a 'credit crunch'.

I will let the Opponent and the Patent Office decide how best to proceed."

15) In the correspondence LML is referring to a pdf document on the United Kingdom Intellectual Property Office's website that gives basic guidelines to opposition procedures. Such procedures are governed by the Act and the Trade Marks Rules 2000 (as amended) (the Rules). Prior to LML's letter of 19 October 2007, it had been referred to the relevant part of the Law Section work manual on two occasions, in the TMR's letter of 18 October 2007 it had also been referred to rule 55 of the Rules (which appears on the United Kingdom Intellectual Property Office's website). This rule reads:

***"Evidence in proceedings before the registrar; s.69***

**55.** - (1) Where under these Rules evidence may be admitted by the registrar in any proceedings before her, it shall be by the filing of a statutory declaration or affidavit.

(2) The registrar may in any particular case take oral evidence in lieu of or in addition to such evidence and shall, unless she otherwise directs, allow any witness to be cross-examined on his statutory declaration, affidavit or oral evidence.

(3) Where these Rules provide for the use of an affidavit or statutory declaration, a witness statement verified by a statement of truth may be used as an alternative; the Registrar may give a direction as she thinks fit in any particular case that evidence must be given by affidavit or statutory declaration instead of or in addition to a witness statement verified by a statement of truth.

(4) The practice and procedure of the High Court with regard to witness statements and statements of truth, their form and contents and the procedure governing their use are to apply as appropriate to all proceedings under these Rules.

(5) Where in proceedings before the registrar, a party adduces evidence of a statement made by a person otherwise than while giving oral evidence in the proceedings and does not call that person as a witness, the registrar may, if she thinks fit, permit any other party to the proceedings to call that person as a witness and cross-examine him on the statement as if he had been called by the first mentioned party and as if the statement were his evidence in chief."

I reproduce below the part of the Law Section manual referred to in the TMR's letters:

**"7 Evidence**

The relevant legislation:

Section 69 of the Trade Marks Act 1994

Rules 51, 55, 56 and 58 of the Trade Marks Rules 2000

## **7.1 Types of Evidence**

The Civil Procedure Rules (at Volume 1, Part 32, Practice Direction 1.2) state that “*Evidence at a hearing other than a trial should normally be given by witness statement. However a witness may give evidence by affidavit if he wishes to do so.*” Ferris J in *St Trudo* [1995] RPC 370 (at page 379, from line 19) indicated that the Rules of the Supreme Court, now the Civil Procedure Rules, have no part to play in proceedings before the Trade Marks Registry. Whilst the Civil Procedure Rules are not binding on the Registrar the Trade Mark Rules were amended to allow for these other forms of evidence where, traditionally, evidence before the Registrar was given in the form of a statutory declaration. It should be noted that the Civil Procedure Rules no longer refer to statutory declarations as a form of written evidence although they are still allowable in law.

The major difference between a witness statement, on the one hand, and affidavits and statutory declarations on the other, is that witness statements do not require a solicitor or notary public to act as a witness to the swearing of the evidence.

Whilst this form of unsworn evidence, witness statement, is acceptable under the Trade Mark Rules 2000 the Registrar may give a direction that evidence be submitted in a sworn form, affidavit or statutory declaration, instead of or in addition to a witness statement, this is explicitly stated in Rule 55(3).

### **7.1.1 Witness Statement**

In the Civil Procedure Rules Volume 1, Part 32, Rule 3.8 and Practice Directions 32PD.17 to 32PD.23 inclusive detail the form that a witness statement should take.

A witness statement is a written statement of facts signed by the witness and which must be verified by a statement of truth. There is no requirement for this form of evidence to be sworn before a solicitor or magisterial officer. It must be confined to such statements as the witness is able of his own knowledge to prove, but it may also contain statements of information and belief (i.e. hearsay) with the sources of that information or the grounds of that belief set out.

Each witness statement should be correctly headed for the proceedings for which it has been filed. Witness statements may relate to more than one set of proceedings if, for example, consolidation has been requested and agreed, in which case the evidence should be headed with all the proceedings to which it relates. Any defect may attract adverse comments from the Court or Appointed Person if used in a later appeal. The exact wording of the heading may differ from case to case but should include sufficient to identify the proceedings, e.g. :

- a heading, "Trade Marks Act 1994" should be inserted at the top of the witness statement.



- application or registration number of the marks involved
- the proceedings number e.g. OPP 34567
- the names of the parties involved

A common heading would look like:

**Trade Marks Act 1994**

In the matter of application  
 No. 1234123 in Class 29 in the  
 name of Smith Junk Foods Ltd  
 and opposition thereto under No. 65432  
 in the name of Dickinson Dairy Delights Inc.

Also, to assist in the identification of the evidence, at the top right hand corner of the first page should be the following information:

- the party on whose behalf the statement is made
- the initials and surname of the witness
- if the witness is making more than one statement, the number of the statement in relation to that witness
- the identifying initials and number of each exhibit referred to in the statement
- the date the statement was made

This could look like:

Smith Junk Foods Ltd  
 F J Brown  
 Statement Number 2  
 FJB4, FJB5, FJB6  
 01/01/2003

A witness statement must be made by a person or persons, it cannot be made in the name of a company but can be made by two or more people. In such a case the names of each person must be included, e.g. We, Joe Smith and Fred Brown..... If such a statement is made then clearly the witnesses must all be party to the same facts and knowledge of which the statement speaks.

The witness statement should be in the intended witnesses own words, be expressed in the first person and commence with the following information

- the full name of the witness
- the witnesses place of residence, **or**, if making the statement in a professional, business or occupational capacity, the address at which the witness works, the position the witness holds and the name of their firm or employer
- the witnesses occupation, if not already stated, **or**, if the witness has no employment, their description
- if the witness is a party to the proceedings, or is the employee of a party to the proceedings this will need to be stated

Each paragraph in the statement must be numbered sequentially, it is usually convenient for a statement to follow the chronological sequence of events and each paragraph should be confined to a distinct part of the subject matter. It should be clearly indicated which elements of the statement are from the witnesses own knowledge and which are matters of information or belief, and the source of any such information or belief.

Exhibits introduced with the statement should be verified by the witness, clearly identified (normally with the witnesses initials and a unique number) and remain separate from the body of the statement. Where a witness makes more than one statement with accompanying exhibits these must be numbered sequentially throughout the statements and not start at number one for each statement. When referring to an exhibit within the body of a statement the following wording should be used – “I refer to the (description of the exhibit) marked “xxxn””.

The statement should be produced on good quality A4 sized paper with a 3.5 centimetre margin around the text, the text should be fully legible, normally typed, and on one side of the paper only. Besides each paragraph being numbered each page should be numbered also, and the pages should be securely bound in a manner which would not impede normal filing. All numbers, including dates, should be expressed in figures, not as words, and all references to documents and exhibits should be either in the margin or in bold text in the body of the statement.

A witness statement is the equivalent of the oral evidence that the witness would give in court and as such must include a statement by the witness that they believe the facts contained in the statement to be true. The evidence therefore is concluded with a statement of truth and the witnesses signature and the date that they signed the statement. The statement of truth is as follows:

“I believe that the facts stated in this witness statement are true.””

16) On 23 October 2007 the TMR wrote to LML. The letter advised that the documents that LML had submitted had been returned under cover of the official letter of 18 October 2007. The letter finished with the following paragraph:

“Should you not wish to amend them it is assumed they will be sent back to the registry as they are and the registry will decide how to proceed. Should you wish to put them in proper evidential format please return them as such on or before 1 November 2007.”

17) On 26 October 2007 the TMR received a further letter from LML. The letter made references to proceedings before Nominet. It stated, inter alia:

“We believe that the Trade Marks Act is currently insufficient to protect our Intellectual Property Rights but we do not have the financial resource to take the matter to the courts. This may well change in time but until that time we will rely solely on our resource.”

The letter went on to state:

“We recommend that the case move forward ‘as is’ and therefore rely solely on the Opponent’s evidence. If the decision goes in favour of the Opponent then we will follow that decision until such time the law decides a similar case.”

Consequent upon the receipt of the above letter, the TMR wrote, on 1 November 2007, to the parties advising what evidence had been admitted into the proceedings (this being evidence on behalf of Jemella) and that the case was ready for determination. The letter noted that LML’s evidence had been returned but that it had not been put into proper evidential format. The letter noted that LML had stated in its last letter that “the case move forward ‘as is’” and that LML would rely upon the evidence of Jemella. The parties were offered the opportunity to have the decision decided “from the papers” with written submissions, if desired, or have a hearing. The parties were advised that they had until 13 December 2007 to file written submissions, if a hearing was not required. They were advised that any request for a hearing should be made on or before 1 December 2007.

18) On 13 December 2007 written submissions were received from Jemella.

19) On 20 December 2007 a letter was received from LML. This was headed as being a notice of formal complaint. LML stated that it was wrong to “throw out” its evidence. LML claimed that the Patent Office had acted in bad faith. The letter stated:

“The Patent Office purports that legal representation is not required by either party in Opposition Proceedings. It is therefore presumed that a college student who registers a domain name can easily protect its right of use by applying and subsequently defending a trade mark.

In ‘The Letter’ the Defendant set out its position financially and clearly showed that it was legally naïve. A number of legal assertions were made by the Defendant and such assertions may well have been factually incorrect and/or misguided. However, the Defendant does not know whether its stance will be

detrimental to its cause BUT the Patent Office made no attempt to educate the Defendant as to the importance of filing evidence.”

LML went on to state that “it requires the right to cross-examine and submit its evidence”.

20) On 3 January 2008 the TMR wrote to LML seeking clarification of the final comments referred to above. LML was asked to confirm that it wished to cross-examine Mr Andrew Darren Pitter, the witness for Gemella, in respect of the evidence in support of the opposition. LML was advised that reasons for the request for cross-examination were needed and that a hearing would be necessary. LML was reminded that the official letters of 19 September 2007 and 18 October 2007 explained that evidence should be submitted in proper format in accordance with rule 55. The letter noted that the official letter of 1 November 2007 acknowledged that LML wished to move forward ‘as is’ and therefore rely solely upon the evidence of Gemella. The TMR asked LML to clarify if it wished to submit evidence in the proceedings.

21) On 4 January 2008 a letter was received from LML. LML stated, inter alia, that:

“It is important that an 18-year-old student can successfully protect his or her right to use a domain name by applying for a Trade Mark and subsequently defending any Opposition proceeding.”

The letter went on to state the rule 55 has little or no relevance as the proceedings are not court proceedings and because the Nominet chair of experts had thrown out the Trade Marks Act on a technicality. LML stated that its evidence was re-submitted within the given time scale.

22) On 8 January 2008 Gemella was asked to comment upon the above letter. A letter from Gemella was received on 16 January 2008. In this letter Gemella stated that LML had been given sufficient opportunity to submit evidence in a format that was deemed to be admissible and was given sufficient guidance and assistance to understand the format in which it was required. Gemella did not consider that LML should be granted leave to file evidence, it having been given ample opportunity from 18 June 2007 until 1 November 2007 to do so. Gemella objected to LML being given another opportunity to file its evidence. Gemella also objected to a hearing being granted, the date for such a request having passed.

23) The TMR wrote to LML on 17 January 2008. The letter stated that the registrar is bound by rule 55. It gave the preliminary view that the evidence that has been submitted will not be considered as it is not in proper evidential format. The TMR stated that under rule 54 LML was entitled to request a hearing. LML was advised that if Mr Pitter was cross-examined there could be a liability in costs. LML was given until 31 January to state if it wished to be heard and if it wished to cross-examine Mr Pitter. A copy of the letter was sent to Gemella. Both parties were advised that both parties could put in a full

written response to the letter on or before 31 January 2008 and to request a hearing under rule 54(1).

24) On 18 January 2008 a letter was received from LML. The response did not deal with the specific issues the subject of the TMR's letter of 17 January 2008. The final paragraph of the letter reads:

“The Opponent's sole witness, a practising solicitor that is bound by the law society, may well have an eye impairment. If the practising solicitor truly thinks black is pink or pink is black then so be it but the Defendant has a right to tell him so. Whilst the Defendant respects that any disability is truly unfortunate the Defendant does not run a charity and therefore does not agree to pay costs if it is found that the Pink bag wasn't related to the Black bag.”

The letter referred to the formal complaints procedure of the United Kingdom Intellectual Property Office. On 24 January 2008 the TMR wrote to LML asking it to identify the specific issues about which it was complaining.

25) On 31 January 2008 the TMR received a letter from Gemella. Gemella expressed concern that the paragraph in LML's letter, referred to in paragraph 24, indicated that LML had no intention of paying costs. Gemella considered that the case could be decided without a hearing. Gemella noted that in an earlier letter of LML it had referred to experiencing a credit crunch. Gemella submitted that if a hearing was granted it should be contingent upon an order for security of costs being made, this security being paid prior to the hearing. Gemella was concerned that cross-examination could be used to harass it and to put it to as much trouble as the proceedings allowed.

26) On 1 February 2008 a further letter re the “formal complaint” was received. The TMR replied on 7 February 2008. The TMR advised, inter alia, that in the proceedings the registrar was acting as a tribunal and must act impartially and without prejudice to any of the parties involved in a dispute. LML was advised that the registrar cannot advise a party how to prosecute its case. The TMR went on to note that LML had been advised on two occasions that evidence had to comply with rule 55. The TMR stated that LML had been asked to confirm it wished to request a hearing and that any such request should be made on or before 31 January 2008; as no such request had been the case had been remitted to a hearing officer and a decision would be issued in due course.

27) On 8 February 2008 a letter was received from LML. In that letter LML asked to restart the evidence round in order to get legal advice and to re-submit evidence. LML requested the suspension of the proceedings. Further complaints were made against the TMR.

28) The TMR issued a letter on 15 February 2008. The letter stated, inter alia:

“The preliminary view of 17 January 2008 asked you to confirm, by 31 January 2008, whether you wished a hearing to be appointed in respect of either of the two points referred to in the letter. That is, the refusal to allow the late admittance of

your evidence and, in respect of your indication that you might wish to cross examine Mr Darren Pitter. In the absence of any response to this letter, the case was remitted to the hearing officer for a final decision to be made. In view of your decision not to challenge the preliminary view and request an interlocutory hearing, the Registrar's Tribunal is not in a position to suspend the proceedings.

If once the hearing officer's decision is issued, you disagree with it on a point of law, then you can appeal the decision to an independent tribunal authority known as the Appointed Person, or to the High Court. Further information on how to appeal against a hearing officer decision is available from the UK-IPO web site at [www.ipo.gov.uk](http://www.ipo.gov.uk)."

29) LML has stated that the Rules do not apply to proceedings before the registrar, whilst submitting that they apply before the courts. The opposite is the case. The registrar in his proceedings is governed by the rules; whilst the courts are governed by the Civil Procedure Rules. In *Lowden Trade Mark* [2005] RPC 18 Patten J made it clear that the registrar cannot act outwith the rules:

"There is no procedure under the rules for the service of objections by way of letter, and although the registrar clearly has a wide discretion as to how to conduct any hearings in the Registry, that does not entitle him, in my judgment, to adopt procedures which are in direct contradiction to the express provisions of the TMR. That was recognised by Pumfrey J. in his decision in *Pharmedica GmbH's Trade Mark Application* [2000] R.P.C. 536, in which, at 541, the learned Judge says this:

"Notwithstanding the fact that the registrar is, like the county court, a tribunal which is established by statute, I have no doubt that the registrar has the power to regulate the procedure before her in such a way that she neither creates a substantive jurisdiction where none existed, nor exercises that power in a manner inconsistent with the express provisions conferring jurisdiction upon her."

The rules prescribe the form that evidence must take. LML was advised on the format of the evidence; it was advised where it could obtain information in order to put its evidence into an acceptable format. Putting evidence into the form a witness statement is not an onerous task; the use of witness statements allows parties not to be put to the cost of having statutory declarations and affidavits drawn up. It keeps costs down for parties in proceedings. Witness statements are still legal documents, requiring a statement of truth, upon which the witness can be cross-examined under oath. Proceedings before the registrar are primarily written, which makes written evidence in the correct format of prime importance. LML made the choice not to comply with the requirements of rule 55. It was given every opportunity to put the evidence into proper format. Jemella displayed a good deal of patience in relation to the correspondence between the TMR and LML about the proper format of the evidence; all of which correspondence it had to consider. It made no objections until its letter of 16 January 2008, after LML had decided to ask to admit evidence into the proceedings. If LML had been granted leave to file the evidence

there was no certainty that it would comply with the requirements of rule 55; especially as it had decided that the rules do not apply to proceedings before the registrar. LML was given the opportunity to request an interlocutory hearing to challenge the refusal to allow for time for the submission of evidence. It did not request a hearing and so that matter was no longer at issue.

30) LML has written that the United Kingdom Intellectual Property Office has “made no attempt to educate the Defendant as to the importance of filing evidence”. It is not the job, in inter partes proceedings, for the TMR to educate the parties. In inter partes proceedings the TMR must maintain a strictly neutral position, the corollary of assisting one party is that one is acting against the interests of the other party. In this case, whilst maintaining a position of strict neutrality, the TMR made every effort to assist LML in the filing of its evidence. LML was advised of the relevant rule, it was advised where it could get assistance in drawing up a witness statement. LML decided not to make use of this assistance; it was its choice. The position of the registrar in inter partes proceedings was clearly stated in the decision of Mr Simon Thorley QC, sitting as the appointed person, in BL O/440/99<sup>i</sup>:

“10. Accordingly, in relation to opposition and revocation proceedings, the Registrar's officers cease to perform an administrative function and act solely in a judicial (or quasi judicial) capacity. The distinction is I believe an important one, particularly in the circumstances of the present case. When acting in an administrative capacity, the Registrar has to enter the debate with the applicant, has to reason with him and necessarily will engage in correspondence or in conversations with the applicant in order to seek to resolve any matters arising. If this can be done to the applicant's satisfaction, there is no need for a hearing.

11. Once the Registrar begins to perform his judicial function, the position is different. The Registrar or his officer is acting as a judge. The proceedings are adversarial, the issues are circumscribed by the pleadings and the parties are free to adduce the evidence and the arguments that they wish. It is the Registrar's duty to adjudicate upon the issues raised. It is not his duty and, indeed, it would be wrong for him, when exercising this function, to enter into a debate with either party as to the validity or otherwise of the contentions put forward on any of the issues raised in the proceedings. For reasons which I shall develop below I fear that, out of a natural and laudable desire on the part of the Registrar's officers to assist Mr. Gracey, a litigant in person, they may have lost sight of the judicial function the Act and rules requires them to perform in the present applications.”

As Mr Thorley stated, these proceedings are judicial or quasi judicial and they have to be conducted in this manner. In proceedings there is not, and cannot, be one set of rules for those with legal representatives and those without, litigants in person.

31) LML comments that the United Kingdom Intellectual Property Office website states that parties can represent themselves. This is a simple statement of fact, a party does not have to employ a legal representative. LML seems to have interpreted this simple statement of fact as meaning that a litigant in person will be able to be as effective in proceedings as a party with legal representation. It would be very surprising if a litigant in person could conduct proceedings with the same knowledge and ability as those with legal representatives; legal representatives are, after all, employed for their expertise. In this particular case expertise is required in relation to three parts of the Act, one of which parts encompasses the law of passing-off. I do not consider that it is reasonable to believe that a hypothetical eighteen year old will have the same depth of knowledge as trade mark attorneys, solicitors and/or members of the intellectual property bar.

32) I have reviewed all of the correspondence from LML and the responses of the TMR. In my view the TMR has bent over backwards in its dealings with LML, whilst still maintaining its neutrality. LML has chosen not to take advantage of the assistance that it has been given. Jemella has shown a good deal of patience in its behaviour; a patience that could not, however, endure LML's trying to effectively start everything over again at the end of 2007. I would also note that LML has clearly intimated that it will not pay the costs of these proceedings, if it loses. Jemella could well have sought security for costs after such an indication; however, it indicated that it would only so do if it was put to the additional expense and inconvenience of a hearing. Jemella has a right to an expeditious conclusion of proceedings, something that has been frustrated by the behaviour of LML. In relation to this it is helpful to bear in mind the comments of Jacob LJ in *Bongrain SA's Trade Mark Application* [2005] RPC 14 Jacob LJ:

“The Registry is entitled to be firmer with this sort of thing; it should have regard to the public interest in disposing of applications one way or another. One must never forget that a pending application for an intellectual property right hangs over the public at large. A pending application, even if ultimately refused, may act as a real commercial deterrent while it "pends". It is not fair on the public to allow the applicant to string things out.”

### **Evidence of Jemella**

33) This consists of a witness statement by Mr Andrew Darren Pitter. Mr Pitter is the company lawyer of Jemella. Parts of Mr Pitter's evidence can be characterised as submission, rather than evidence of fact, I will make no reference to that part of the evidence here, although I bear the comments in mind in reaching my decision.

34) Jemella began trading under the name ghd in 2001 and was one of the first companies to introduce ceramic hair styling technology into the United Kingdom. On 24 October 2005 Jemella filed a complaint with Nominet in respect of the domain name



www.ghd.co.uk, which is owned by LML. The complaint was made after LML had offered to sell the domain name to Jemella; during discussions the price was raised to £20,000. Mr Pitter states that this increase in the price was as the result of research undertaken by LML into the business of Jemella. A copy of the original complaint and supporting documentation are exhibited at ADP1. Exhibited at ADP2 is a copy of LML's response to the complaint by Jemella. The response from LML relates that the domain name was registered on 3 July 1999; it says that the plan was to run the website under the brand 'Getta Home Deal', which was to be developed to support LML's Home brand. LML says that owing to delays in creating the two brands Home and LettingAgent.com, it was not possible to initiate development of ghd.co.uk. LML was approached on several occasions by two individuals who wanted to buy the domain name. LML says that as it had plans for the domain name it did not want to sell it for "pocket money". A Chris Silverwood approached LML and offered £5,000. LML says that on reflection it considered that the domain name was worth more than this and, therefore, Jemella was asked if it wanted to buy it at a "more meaningful level". Jemella did not make any commitments and so LML decided to suggest some sums to it, sums that they were convinced would not be acceptable to Jemella. Various e-mails are included in LML's response. In an e-mail dated 28 October 2005 LML states:

"Hi, I refer to your interest in purchasing ghd.co.uk (as set out below). To save any confusion over this domain name it will not be sold but developed for my mortgage and lettings business."

A copy of a response by Jemella to Nominet is exhibited at ADP3. In the response Jemella says:

"As can be seen from Exhibit "ghd 9" provided with the Complainant's Complaint, the figures were offered as a direct result of the Complainant confirming that they would be interested in purchasing the Domain Name and were given to the Complainant within approximately one hour of the Complainant confirming that they would be interested in purchasing the Domain Name.. Furthermore, the increased figure of £20,000 was given within 2 days. These are not the indications that the Complainant was being "less committal".

Included in exhibit ADP4 is a copy of a letter from the solicitors for LML to Nominet, dated 21 December 2005. Included in the letter is the following:

"Landlord Mortgages Limited specialises in arranging mortgages in the buy-to-let market and the development of GHD.CO.UK was a natural extension of our client's business. GHD stands for Getta Home Deal was to specialise in residential mortgages for the first time buyer's market."

Included in exhibit ADP1 are details of trade mark applications/registrations throughout the world.

35) The domain name dispute was originally decided in the favour of Jemella but this decision was overturned on appeal. (Documentation in relation to this is exhibited at ADP6, ADP7, ADP8 and ADP9.) In the appeal decision the Nominet panel rejects the argument that there was an abusive registration, it states:

“For a domain name to constitute an Abusive Registration under the DRS Policy on the basis of the Respondent’s abusive intent at time of registration, the Respondent must at the very least have been aware at the time of the existence of the Complainant’s Rights. This is not the case.”

Further on in the decision the panel states:

“Accordingly, the position is that the Respondent registered the Domain Name ‘innocently’ in the sense that whether he registered it to use it himself or whether he registered it speculatively knowing that as a three letter domain name it would provide in time to have a high value to someone. He did not have and could not have had the Complainant and its Rights in mind. They did not exist. Now they do exist, the Respondent realises it and seeks to cash in on his good fortune or entrepreneurial skill, as the case may be.”

36) Jemella sells hair straighteners, hair styling irons, shampoos, conditioners and hair styling products under the trade mark ghd. A list of goods is exhibited at ADP10; there is no indication of how many of the goods were available at the date of the application for registration, 8 May 2006. As with the pleadings, some of the goods are identified purely by brand name and so it is not possible simply from the list to identify the nature of the goods; included in the list are such things as combs and travel dryers. It would appear that the all of the goods on the list relate to hair care in some shape or form.

37) Mr Pitter states that Jemella as part of its “product offering and other related incentives” has also offered, advertised, promoted and distributed other goods. He goes on to list these, examples of the products are exhibited as follows:

- ADP11 A metal ring binder which bears the letters ghd and the legend “a new religion for hair”. There is no indication when these were supplied.
- ADP12 An umbrella. The umbrella bears the design of a woman’s head. The following appears on the umbrella: “Exclusively designed by frostfrench for ghd”. Mr Pitter states that these goods were supplied in and around December 2004 and December 2005.
- ADP13 A hair cutting gown. This bears the letters ghd on the front and on an internal label. Mr Pitter states that these goods were supplied in and around 2002/2003.
- ADP14 A sarong. This bears the legend “JENNY PACKHAM FOR ghd”. Mr Pitter states that these goods were supplied in and around the summer of 2005.
- ADP15 A single use camera. This bears the letters ghd on the back and the front. Mr Pitter states that these goods were supplied in and around February 2007 (so after the date of application).

- ADP16 A towelling hair wrap. This has a label bearing the letters ghd. Mr Pitter states that these goods were supplied in and around February/March 2007 (so after the date of application).
- ADP17 A cocktail stirrer. This bears the letters ghd. Mr Pitter states that these goods were supplied in and around the summer of 2005.
- ADP18 Carrier bags. These bear the letters ghd. Four of the five bags bear the legend “a new religion for hair”. Mr Pitter states that these bags have been supplied from January 2003 to date.
- ADP19 A beach bag. The bag bears the letters ghd on the back and front and on an internal label. Mr Pitter states these goods were supplied in and around summer 2005.
- ADP20 A roll bag. This bears the letters ghd on the inside and out and the words “heat resistant”. Mr Pitter states that these goods have been supplied from December to date.
- ADP 21 Travel bags. Two examples are supplied. The bags are described as being heat resistant/proof. They bear the letters ghd outside. The black bag, on the inside, bears the labels “ghd hair beauty” and “ghd styling iron”. It bears the legend “Only for use with ghd styling irons”. The black bag also carries a swing tag which describes the product as a “ghd professional roll-bag”. The swing label also includes the following:

“The limited edition ghd professional roll-bag – the Christmas gift with style. Introducing the 2005 ghd Christmas gift: the unique ghd professional roll-bag. This beautiful gift will be adored by urban angels and stylists alike. It’s perfect for carrying your ghd styling iron with you wherever you want to go, at home or abroad –but looks just as good on your dressing table.”

- ADP22 Leather bags. Two examples are supplied. They both have a leather tag attached to the zip which bears the letters ghd. The letters ghd appear as a repeated motif in the lining of the bags. Mr Pitter states that the bags have been supplied from December 2006 to date (so after the date of application).
- ADP23 Mr Pitter describes the product as a magazine. It bears neither an indication of a period, eg the month of issue, or a price. At the bottom of the front cover “ghd salon products and treatments – a new religion for hair” appears. There are various photographs and at the end 21 ghd products are shown; all of which are hair related products. Mr Pitter states that these goods have been supplied from 2004 to date.
- ADP24 *Icons* magazine. A copy of issue 7 is exhibited, which has a copyright date of 2006. The magazine bears a price for the United Kingdom, United States, Australia and New Zealand. Mr Pitter states that this magazine has been published from February 2004 to date.
- ADP25 *ghd Gospel* magazine. A copy of the magazine from July 2006 is exhibited (so after the date of application, however, it is issue 6 of the magazine). Mr Pitter states that this publication has been supplied since 2003/2004. The strap line “THE GOSPEL ACCORDING TO ghd” appears in the publication; it does not bear a price. The publication promotes ghd products. Featured in the

publication is one of the summer travel bag which has been exhibited at AD21. The feature states that the bag includes: ghd original ceramic styling iron, ghd paddle brush, a heat resistant mat, a heat resistant pouch, 6 travel sized ghd hair care products and 4 ghd sectioning clips.

- ADP26 *ghd Gold* magazine. Copies for October 2006 and February 2007 have been exhibited. The magazines have the legend “THE EXCLUSIVE MAGAZINE FOR ghd EXPERTS”. The October 2006 is issue no 1 and so the magazine emanates from after the material date.
- ADP27 Pads of writing paper. These pads bear the letter ghd and the legend “a new religion for hair”. Mr Pitter states that these pads have been supplied since 2000.

38) In 2005 Jemella created the ghd education programme which includes ghd regional academies with ghd educators and tours. In 2005 Jemella ran courses under this programme which were attended by over 3,000 stylists; Mr Pitter states that Jemella has in the region of 2,000 ‘experts’. A prospectus for the 2006 programme is exhibited at ADP28. The courses cover cutting and dressing, creating your own portfolio, catwalk and editorial, photographic workshop. Dates of some of the courses are given, three cutting and dressing workshops were planned for before the date of application. All of the courses last for one day.

39) Material is exhibited in relation to the ghd expert scheme and ghd educators. The ‘experts’ are staff, who have to be stylists, of a hair salon who receive training from Jemella and who are a liaison point between Jemella and the salon. The expert receives a certificate. Educators are trained by Jemella, the purpose of the educator programme can be ascertained from the following, from material exhibited at ADP31:

“The benefits of becoming a ghd Educator are immeasurable, ghd Education workshops offer stylists the chance to gain new skills, techniques and confidence. Not only will you learn these too, but also how to communicate them to others.

You’ll encounter a variety of responsibilities, demands and difficulties as a ghd Educator which will benefit your professional life. And the greatest thing you’ll learn about will be yourself.”

40) Jemella has sold in excess of 10,289,595 ghd branded products, excluding promotional and incentive products. No indication is given as to the breakdown of these figures in terms of specific goods eg how many of the products are hair straighteners and styling irons and how many are hair care consumables ie shampoos, conditioners and the like. There is no indication as to how many of these products have been sold in the European Union, as it was at the date of application (Romania and Bulgaria joined the Union after the date of application). A list of countries is given in which ghd products have been sold; many of them are non European Union, as of the date of application. Turnover figures are given, there is no indication as to how much of this turnover relates to the European Union and how much to other countries. The figures are as follows:

Year ending 31/12/2002	£10,800,000
Year ending 31/12/2003	£36,177,000
Year ending 31/12/2004	£38,939,000
Year ending 31/12/2005	£45,629,000
Year ending 31/12/2006	£61,225,000

(These sums represent invoice value of goods and services supplied, less returns, excluding value added tax.)

41) Copies of the accounts for the above years are exhibited at ADP33 – ADP37. From the copies of the accounts it can be gleaned that the turnover derives from the distribution of hair care products. From the accounts, the amount of turnover that relates to the United Kingdom and the amount that relates to overseas sales for the years 2003 onwards can be ascertained. In 2003 sales for the United Kingdom were £31,323,939 and overseas sales were £4,853,284. In 2004 sales for the United Kingdom were £35,354,238 and overseas sales were £3,584,406. In 2005 sales for the United Kingdom were £42,524,565 and overseas sales were £3,104,245. There is a discrepancy between the sales figures for 2006 given by Mr Pitter and those found in the unaudited accounts for the years. In the unaudited accounts sales for the United Kingdom were £61,292,000 and overseas were £7,695,000.

42) Mr Pitter states that ghd is now a household name and is, in the opinion of Jemella, the first name that is looked for by a customer considering purchasing hair styling irons, hair straighteners or related hair products. Exhibited at ADP38 are printouts from the Internet downloaded on 13 April 2007 (so after the date of application) where the hair straighteners of competitors are judged by comparison with those of Jemella.

43) Jemella has spent the following amounts on advertising and promotion:

2001	£6,594
2002	£300,000
2003	£3,168,000
2004	£6,040,000
2005	£12,593,000

44) Jemella has used a variety of media to advertise its products; including the Internet, by way of its own website (ghdhair.com) and other websites, newspapers, television and cinema. Exhibited at ADP39 is a disk containing some of the advertising of Jemella. Jemella has not supplied a schedule to indicate when, where and how many times the advertisements shown on ADP39 were used. Exhibited at ADP40 are examples of printed and point of sales advertising material.

45) In 2004 Jemella entered into a deal costing £1.3 million to sponsor the Channel 4 programme *The Salon*. Exhibited at ADP41 are examples of press coverage of ghd products, these tend to be in the form of advertorials. The examples come from *Grazia*, *The Guardian*, *Heat*, *InStyle*, *Marie Claire*, *Metro*, *Sunday Express Magazine*, *Saturday*

*Telegraph, Stella, Tatler, The Times, Vogue, Cosmopolitan, Elle, Glamour and GQ.* Many of the examples do not have an indication of date; however, dates can be seen for *Sunday Express* – 12 February 2006, *Sunday Express* – 14 May 2006, *The Guardian Weekend* – 9 September 2006, *Heat* – 11– 17 November 2006, *InStyle* – December 2005, *Cosmopolitan* – July 2006, *Cosmopolitan* – March 2006, *GQ Essentials* – Autumn/Winter 2006. (So where there is a date it is often after the date of application.)

46) Jemella has a number of celebrity customers. It has worked in charity campaigns with Breakthrough Breast Cancer in 2004, 2005 and 2006. In 2005 limited edition pink styling irons were sold during breast cancer awareness month and in excess of £382,000 was raised.

47) James Brown was ghd style director from May 2005 until December 2006. An article about Mr Brown from the *Saturday Telegraph* appears in exhibit ADP41. Mr Brown and the “ghd Directive” featured at the New York Fashion Week, ghd was chosen by three designers for their collections: Zac Posen, Alice Temperley and Willow. ghd styled the catwalk models for Marlie Skilling and Lover at the Mercedes Australian Fashion Week.

## **Decision**

### **The evidence and sections 5(3) and 5(4)(a) of the Act**

48) To succeed under section 5(3) of the Act, as it relies upon a Community Trade Mark, Jemella must first establish that it had a reputation in respect of the goods upon which it relies in the European Union at the date of the application for registration, 8 May 2006. The reputation must be such that the trade mark is known to “a significant part of the public concerned by the products or services covered<sup>ii</sup>”. Jemella has to show this reputation in the European Union, not just in the United Kingdom<sup>iii</sup>. From the accounts that have been exhibited, the turnover in the United Kingdom can be ascertained. There is nothing to indicate the extent of the turnover in the European Union, other than the United Kingdom. There is no evidence in relation to advertising or promotion in the European Union, other than the United Kingdom. **The evidence in no way establishes that as of 8 May 2006 the trade mark GHD enjoyed a reputation for the purposes of section 5(3) of the Act in the European Union; consequently, the grounds of opposition under section 5(3) of the Act must be dismissed.**

49) On the opposition form Jemella identifies the earlier sign that it relies upon, for the purposes of section 5(4)(a) of the Act as GHD. However, in the accompanying statement of grounds it makes clear and repeated reference to ghd. I consider that it would be captious, taking into account the statement of grounds, to decide that Jemella is not relying upon the sign ghd also and that it had not clearly identified this to LML in its statement of grounds.

50) In relation to section 5(4)(a) of the Act and the law of passing-off it is necessary to decide what the material date for this case is. All issues relating to passing-off must be considered in relation to this date. It is well established that the material date for passing-

off is the date of the behaviour complained of<sup>v</sup>. Section 5(4)(a) of the Act is derived from article 4(4)(b) of First Council Directive 89/104 of December 21, 1998 which states:

“rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark”.

Consequently, the material date cannot be after the date of application. LML owns the domain name ghd.co.uk. The domain name is not the same as the trade mark the subject of the application, there is no evidence that LML has used the sign GHD at all, there is no evidence that it has been used in relation to the goods the subject of the application. Consequently, the behaviour complained of is the filing of the application and so the material date is the date of application, 8 May 2006. The corollary of this finding is that LML does not have any goodwill concurrent to that of Jemella in relation to the use of the sign GHD.

51) Jemella has to establish that at the material date it had a business in relation to which the signs ghd or GHD were used. How goodwill is to be established has been dealt with in several judgments<sup>v</sup>. *Phones 4u Ltd v Phone4u.co.uk*. *Internet Ltd* establishes that one cannot just follow a formula or demand certain predetermined requirements to be met. It is a matter of what the evidence establishes or fails to establish. There is no doubt that at the material date Jemella had a well-established and successful business. ghd is the sign that Jemella normally uses in relation to its products and services rather than GHD. In its statement of grounds Jemella lists a variety of goods for which it claims that it has a goodwill/reputation. Some of these goods are not related to hair care products eg beach bags and sarongs. The accounts of Jemella state that the turnover relates to the distribution of hair care products. In his evidence Mr Pitter states that the figures of products sold excludes promotional and incentive products; it would seem that he distinguishes between the hair care related products and other goods. The issue of what was described as “t-shirt use” was dealt with by Pumfrey J in *Daimlerchrysler AG v Javid Alavi (T/A Merc)* [2001] RPC 42:

“20 The evidence of sales of clothing under the MERCEDES-BENZ mark suggests that the sales are small. Most of the use of the mark which these sales represent is what can be called “T-shirt use”, that is, use of the logo or mark as decorative embellishment of the clothing, or use of the clothing as a bill-board to advertise the mark. An early example is an advertisement placed in the magazine called “Motor Sport” in 1964 by Mercedes-Benz (G.B.) Limited (which is indistinguishable from DaimlerChrysler for this purpose) for:

"A bottle stopper, a key ring, an ashtray, a cigarette lighter, a scarf, a powder compact and many many more exciting gifts, in a price range that starts at 6d. and goes up to £5--and all with the world-famous Mercedes-Benz emblem. Wonderful presents for Mercedes owners and for all motorists."

This copy is placed beneath a heading "Mercedes Gifts for motoring enthusiasts". There are pictures of some of the gifts. They do indeed prominently bear the three-pointed star. This advertisement ran for some time. Mr Johnson, who devised it, gave evidence. He exhibits a statutory declaration in trade mark proceedings he was involved in in 1977, in which he emphasises that since he joined the company in 1962 he had constantly endeavoured to create the situation in which the Daimler-Benz Three-Pointed Star Trade Marks and the words "Three-pointed Star" by themselves symbolise Daimler-Benz products. His statutory declaration emphasises the significance of the three-pointed star. He describes what I call "T-shirt use" very well:

"Both my company and Daimler-Benz [AG], in common with most large companies continually seek new ways of promoting the products of Daimler-Benz. One form of advertising which has become very popular in the last few years is the use of T-shirts to publicise (usually) well known names. T-shirts have been astonishingly successful as an article of wear by both sexes and this phenomena apparently originated in the United States of America where students are prone to display the name of their College or University on their T-shirts. The advertising industry seized on this as an ideal vehicle for publicising this or that product or service. Daimler-Benz [AG] themselves market a range of T-shirts ... It can be seen that both of these bear the Three-Pointed Star in a ring. These are not sold by my company but directly by Daimler-Benz [AG] and I have been informed that some 22,000 of these T-shirts have been sold."

Of course, the goodwill accruing in respect of T-shirt use is always a matter of fact. There is no rule that T-shirt use of a mark primarily used in relation to some other kind of goods altogether, say computers, does not confer on the user a goodwill in relation to T-shirts. It is a question of fact in every case, but one should not blindly accept that this kind of advertising use necessarily gives rise to a protectable goodwill in respect of the substrate which carries the advertisement.

21 In relation to clothing, there is one principal distinction which can normally be drawn. Much clothing carries a clear indication of its trade origin in internal labels commonly on the neck-band or inside the breast and on swing tickets which hang from the sleeve or hem. With trousers and skirts the label is commonly on the waistband and/or the hip pockets. Such MERCEDES or MERCEDES-BENZ clothing as I have been shown can be described as follows. There are two blue anoraks which, apart from the three-pointed star device on the breast and the words MERCEDES-BENZ on the upper arm, contain no other labels. There is a grey anorak with contains a neck label "Designed exclusively for Mercedes Benz" and some T-shirts. The neck labels of the latter either carry the words "Sportswear designed by IS" and below that a picture of a motor car and the word "Mercedes" or, in one white T-shirt, the words "the Mercedes-Benz collection" (with a three-pointed star over the breast). All these articles were sold in Mercedes car showrooms and were ordered through the Mercedes-Benz accessories list. The association of the goods with car showrooms tends, in my judgment, to reinforce



the suggestion that what I have called T-shirt use is in this case use which indicates trade origin, at least when the sale is in what can be called a Mercedes-Benz context.

22 An interesting example of a use which cannot found a reputation in respect of clothing is given by Mr Cartmell in his evidence. He is the Warranty Technical Manager at DaimlerChrysler U.K. Limited. When he joined the company:

"In order to carry out my duties in this department it was necessary to wear overalls and, upon joining the company, I recall that I was given two packets of blue and white cloth badges to be sewn onto my overalls. These badges were embroidered with the distinctive Mercedes-Benz three-pointed star encircled by the words 'Mercedes Benz'."

23 The various gift items, like the clothing, were and are sold only in Mercedes-Benz showrooms. They were all associated with the three-pointed star. I have been shown no example of any garment in which use was made of the words Mercedes or Mercedes-Benz without the three-pointed star. The advertisements in "Motor Sport" apart, the earliest examples of any use on clothing which I have been shown date from 1978. I am not satisfied that there was any use sufficient of its own to found a reputation in the words MERCEDES or MERCEDES-BENZ in respect of clothing by 1967, or by the early 1970s. By 1980, there was some relevant use on clothing and probably other gifts, but the extent to which these products were before the public as a whole is uncertain. By the early 1990s it is quite plain that use on clothing was on the increase, and by 1997, annual turnover in respect of all gift-type accessories, including clothing, was £1.2 million. Unfortunately, I am not told how much of this was represented by clothing. However, I was shown material which suggests that refinements in marketing techniques had led to some of the products at least being deliberately associated with particular cars in the range: thus there is an S-Class clothing and gift collection and a C-class clothing and gift collection. The close association which now seems to exist between the clothing and the cars, taken with the sales from Mercedes showrooms points to the conclusion that what is really to be considered here is not any goodwill generated in respect of clothing distinct from vehicles, which I do not regard as substantial on its own, but the very strong reputation attached to the marks generally."

52) There is no indication that such things as beach bags and sarongs were sold. Taking into account the nature of Jemella's business and the evidence of Mr Pitter the non hair care related products appear to be promotional. The purpose of promotional goods is to promote, if a company uses balloons to promote its goods it is not establishing a goodwill, necessarily, in balloons; just as the packaging of goods does not establishing a goodwill in packaging. Goods can, however, both act as a tool of promotion and build up a goodwill in the goods themselves. This is a question of fact and evidence. One indication of whether the goods are more than just promotional is if they have been sold. The *Icons* magazine bears a price but this is not necessarily an indicator that the magazine

is sold. I have seen magazines which bear a price but which are always given away. There is no indication as to how and to whom the magazine is distributed, if any income is actually derived from it. It could be that the magazine would just be seen as a promotional tool of Jemella. It is for Jemella to establish the extent of its goodwill. It has not given any indication as to the sales turnover of any of the goods which might be considered to be for promotional purposes or how they were distributed. As I have noted in the summary of the evidence, the labels appearing on bags and the sarong show the trade mark ghd, there is no other indicator of origin. However, without other evidence I cannot see that this in itself establishes a goodwill in relation to such goods. On the basis of the evidence before I do not consider that Jemella has established a goodwill in relation to the substrate of goods that are for promotional and incentive use. It is also common for goods to be sold in a bag or container, eg razors, I do not consider that such sales give rise to an automatic protectable goodwill in relation to the receptacle in which the primary goods are sold. Similarly, in the absence of evidence to establish the fact, I do not consider that because some of Jemella's goods are sold in bags that this gives rise to a goodwill in bags. If I am wrong in this finding, I consider that it is clear that all of the goods upon which Jemella relies are firmly rooted in its business of supplying hair care products. There is no indication that the goods are sold outside of the hair care market.

53) I find that the goodwill of Jemella relates to hair straightening irons, hair curling irons, hair dryers, combs, brushes and hair care products. It is a goodwill firmly and strongly related to the hair care market.

### **The domain name of LML**

54) Parts of the material emanating from the domain name dispute are pertinent to the case before me. However, it appears from the counterstatement of LML that it has a misapprehension in relation to the rights that accrue from the ownership of a domain name. The ownership of a domain name does not engender any rights outside the simple fact of ownership. Such ownership does not even mean that the proprietor can have an active website using the domain name, as an active website could be subject to actions in relation to trade mark infringement and/or passing-off, depending on the contents of the website and the behaviour of the owner. The proceedings before Nominet simply established that the registration of the domain name by LML had not been, and could not have been, abusive, as Jemella was not even incorporated at the time of the registration. The ownership of the domain name is certainly not a defence against any of the grounds of opposition. Intellectual property rights do not, with a few exceptions, engender a right to use; they are fundamentally negative rights which can be used to stop others doing something<sup>vi</sup>.

### **Bad faith - section 3(6) of the Act**

55) Section 3(6) of the Act states:

“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

Jemella in its grounds of opposition refers to the business of LML and the statements made in relation to that business by LML in the Nominet proceedings. Fundamentally the claim of Jemella is that LML, at the date of application, was neither using nor had an intention to use the trade mark for the goods encompassed in the specification; the application had been made to block any further trade mark applications/registrations made by Jemella. The requirement to use or intend to use emanates from Section 32(3) of the Act, which states:

“The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a bona fide intention that it should be so used.”

In making its application LML made an undertaking that the trade mark was being used by it, or with its consent, in relation to the goods identified in the application, or that it had a bona fide intention to use it in respect of the goods identified.

56) Bad faith has to be considered at the time of the making of the application. Acts afterwards cannot change the fact that an application was made in bad faith; although they may indicate if an application was or was not made in bad faith (see the extract from *Ferrero SpA's Trade Marks* [2004] RPC 29 below). Lindsay J in *Gromax Plasticulture Limited v. Don and Low Nonwovens Ltd* [1999] RPC 167 stated :

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes some dealings which fall short of the standard of acceptable commercial behaviour observed by reasonable and experienced men in the particular field being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

Each case must be considered upon its individual merits and upon the basis of the facts of the case. Sir William Aldous held in *Harrison v Teton Valley Trading Co Ltd* [2005] FSR 10:

“33. The judge applied the statement of Lindsay J in *Gromax* which is cited above paragraph 18. He was right to do so. The words "bad faith" are not apt for definition. They have to be applied to the relevant facts of each case. The test is

the combined test and the standard must be that of acceptable commercial behaviour observed by reasonable and experienced persons in the particular commercial area being examined. I stress "acceptable commercial behaviour" to exclude behaviour that may have become prevalent, but which would not upon examination be deemed to be acceptable."

This quotation brings me on to the next matter that has to be settled; on what basis are the actions of an applicant to be judged. Sir William Aldous stated in *Harrison*:

"20 Mr Silverleaf Q.C., who appeared for the applicant, submitted that the words "made in bad faith" required that the application should be made "dishonestly". I reject that submission. If dishonesty was the test then that word would have been used in the 1994 Act and in the Directive. No doubt an application made dishonestly will be made in bad faith, but it does not follow that if dishonesty is not established, bad faith cannot have existed....."

25 Lord Hutton went on to conclude that the true test for dishonesty was the combined test. He said:

"36. ... Therefore I consider ... that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he sets his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct."

26 For my part, I would accept the reasoning of Lord Hutton as applying to considerations of bad faith. The words "bad faith" suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. However the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.

27 I believe that Mr Silverleaf did, during argument, accept that to be the right test. He accepted that despite his client's belief as to what he had been told by Mr Rymer, the applications would have been made in bad faith if the circumstances were such that an honest person would not have applied for registration without further enquiries. Mr Vanhegan also modified his basic submission during argument. He accepted that an application would be made in bad faith if the applicant knew or ought to have known that somebody else had a better claim. If when he said "ought to have known" he had in mind that the standard was that of persons adopting proper standards, then there may be little of importance between that and the combined test that I have set out above."

There has been some debate as to what is described as the “combined test” was the correct interpretation of the judgment of the House of Lords in *Twinsectra Ltd v Yardley and Others* [2002] UKHL 12. This has now been put to bed by the finding of the Privy Council in (1) *Barlow Clowes International Ltd. (in liquidation)* (2) *Nigel James Hamilton and (3) Michael Anthony Jordon v (1) Eurotrust International Limited (2) Peter Stephen William Henwood and (3) Andrew George Sebastian* Privy Council Appeal No 38 of 2004. In this judgment Lord Hoffman stated:

“10. The judge stated the law in terms largely derived from the advice of the Board given by Lord Nicholls of Birkenhead in *Royal Brunei Airlines Sdn. Bhd. v Tan* [1995] 2 AC 378. In summary, she said that liability for dishonest assistance requires a dishonest state of mind on the part of the person who assists in a breach of trust. Such a state of mind may consist in knowledge that the transaction is one in which he cannot honestly participate (for example, a misappropriation of other people's money), or it may consist in suspicion combined with a conscious decision not to make inquiries which might result in knowledge: see *Manifest Shipping Co Ltd v Uni-Polaris Insurance Co Ltd* [2003] 1 AC 469. Although a dishonest state of mind is a subjective mental state, the standard by which the law determines whether it is dishonest is objective. If by ordinary standards a defendant's mental state would be characterised as dishonest, it is irrelevant that the defendant judges by different standards. The Court of Appeal held this to be a correct state of the law and their Lordships agree.....

15. Their Lordships accept that there is an element of ambiguity in these remarks which may have encouraged a belief, expressed in some academic writing, that *Twinsectra* had departed from the law as previously understood and invited inquiry not merely into the defendant's mental state about the nature of the transaction in which he was participating but also into his views about generally acceptable standards of honesty. But they do not consider that this is what Lord Hutton meant. The reference to "what he knows would offend normally accepted standards of honest conduct" meant only that his knowledge of the transaction had to be such as to render his participation contrary to normally acceptable standards of honest conduct. It did not require that he should have had reflections about what those normally acceptable standards were.

16. Similarly in the speech of Lord Hoffmann, the statement (in para 20) that a dishonest state of mind meant "consciousness that one is transgressing ordinary standards of honest behaviour" was in their Lordships' view intended to require consciousness of those elements of the transaction which make participation transgress ordinary standards of honest behaviour. It did not also to require him to have thought about what those standards were.....”

In *Ajit Weekly Trade Mark* [2006] RPC 25 Professor Ruth Annand, sitting as the appointed person, stated:

“41. I believe the parties are agreed that the upshot of the Privy Council decision in *Barlow Clowes* is: (a) to confirm the House of Lords’ test for dishonesty applied in *Twinsectra*, i.e. the combined test; and (b) to resolve any ambiguity in the majority of their Lordships’ statement of that test by making it clear that an enquiry into a defendant’s views as regards normal standards of honesty is not part of the test. The subjective element of the test means that the tribunal must ascertain what the defendant knew about the transaction or other matters in question. It must then be decided whether in the light of that knowledge, the defendant’s conduct is dishonest judged by ordinary standards of honest people, the defendant’s own standards of honesty being irrelevant to the determination of the objective element. I also bear in mind the observations of Lawrence Collins J. in *Daraydan Holdings Ltd v. Solland International Ltd* [2005] 4 All ER 73 at 93 concerning the affirmation of recent decisions of the Privy Council made by serving Law Lords after full argument.”

So the test that is to be applied is that stated, and quoted above, by Sir William Aldous. It is important to note that Sir William Aldous specifically distinguished between behaviour that might be prevalent and behaviour that is acceptable.

57) There has been some debate as to whether section 32(3) is outwith the Directive. Neuberger J certainly had his doubts in *Knoll AG's Trade Mark* [2003] RPC 10:

“33 Fourthly, there is force in Mr Campbell's submission that one must be a little careful about founding a conclusion of bad faith, for the purposes of s.3(6), on the basis of a statement made as a result of the requirements of s.32(3), of the 1994 Act. As I have mentioned, as a matter of basic EC law, the UK is bound to give effect to the Directive. While, as I have also mentioned, s.3(6) of the 1994 Act derives from, and is consistent with, Art.3(2)(d) of the Directive, there is no equivalent to s.32(3) of the 1994 Act in the Directive, as Jacob J. pointed out in *La Mer Technology Inc. v Laboratories Goemar* [2001] All E.R. 296 at para.19(e). Accordingly, as Jacob J. went on to explain, OHIM "are quite content to permit ... very wide specifications.”

The legality of section 32(3) of the Act is not something that can be considered in opposition proceedings. It is a matter for other fora. I can only deal with the law as it is and section 32(3) forms part of that law.

58) The consideration of section 32(3) of the Act and its effect in relation to section 3(6) of the Act was dealt with in great detail by Mr David Kitchin QC, sitting as the appointed person, in *Ferrero SpA's Trade Marks* [2004] RPC 29:

“12 Section 3(6) of the Act states that:

"A trade mark shall not be registered if or to the extent that the application is made in bad faith."

Bad faith must therefore be established as at the date of the application. Nevertheless I do not believe this excludes from consideration matters which have occurred after the date of the application. They may well assist in determining the state of mind of the applicant at the date of the application. In the present case the hearing officer certainly did take into consideration matters which fell after the relevant filing dates. In particular he took into account the extent to which the registered proprietors had filed applications for trade marks comprising the word KINDER, the period of time over which the applications had been filed and the extent to which they had been put into actual use. I believe those were all relevant matters to consider in assessing the state of mind of the registered proprietors at the dates of the applications in issue. It is also true that the hearing officer did not consider each of the applications separately. Nevertheless I think it is clear that he did consider the state of mind of the registered proprietors over the whole period (1990 to 1994) that the applications were made. Accordingly I do not accept that the hearing officer fell into error in the manner suggested.....

20 In *DEMON ALE Trade Mark* [2000] R.P.C. 345 Mr Hobbs Q.C., sitting as the Appointed Person, considered s.3(6) in the context of a lack of a bona fide intention to use a mark. He cited the passage from the judgment of Lindsay J. and continued (at p.356):

"These observations recognise that the expression 'bad faith' has moral overtones which appear to make it possible for an application for registration to be rendered invalid under section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant. Quite how far the concept of 'bad faith' can or should be taken consistently with its Community origins in Article 3(2)(d) of the Directive is a matter upon which the guidance of the European Court of Justice seems likely to be required: *Roadtech Computer Systems Ltd v Unison Software (UK) Ltd* [1996] F.S.R. 805 at pages 817, 818 *per* Robert Walker J. In the present case the objection under section 3(6) related to the applicant's breach of a statutory requirement. Section 32(3) of the Act required him to be a person who could truthfully claim to have a bona fide intention that *DEMON ALE* should be used (by him or with his consent) as a trade mark for beer. His application for registration included a claim to that effect. However he had no such intention and could not truthfully claim that he did. That was enough, in my view, to justify rejection of his application under section 3(6). I see no reason to doubt that section 32(3) is compatible with Community law. The 8th recital to the Directive specifically confirms that 'in order to reduce the total number of trade marks registered and protected in the Community ... it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation'. I am satisfied that this is not a case which tests the limits of section 3(6) of the Act (Article 3(2)(d) of the Directive) from the point of view of Community law."

21 More recently, in *LABORATOIRE DE LA MER Trade Marks* [2002] F.S.R. 51, Jacob J. said, at para.[19], in considering the meaning of "genuine use":

"The wider the specifications of goods or services permitted by the registration authorities, the greater the extent of the problem of unused marks. In practice there is likely to be a greater problem caused by wide specifications in the case of Community marks than in the case of, at least, UK marks. For UK registrations, the application form (TM3) requires the applicant or his agent to say:

'The trade mark is being used by the applicant or with his or her consent, in relation to the goods or services stated, or there is a bona fide intention that it will be so used.'

If that statement is untrue then it seems fairly plain that the registration is vulnerable to an attack as one made in bad faith (section 3(6) of the UK Act implementing Article 3(2)(d) of the Directive). There is no such requirement in the case of Community Trade Mark applications (see the requirements for the content of the application in rule 1 of the Implementing Regulation 2868/95). An applicant for a CTM does not expressly have to say he uses or intends to use the mark applied for. So, unless the mere making of an application is taken as an implicit statement of intention to use, then a bad faith attack based on any lack of intention to use (under Article 51(1)(b) of Regulation 40/94) may fail. The First Cancellation Division of OHIM so held in *Trillium Trade Mark* (Case C000053447/1, March 28, 2000). The decision is not particularly satisfactory (see the criticisms in *Kerly's Law of Trade Marks and Trade Names* (13th ed.) at para.7-230). If it is right, however, there is simply no deterrent to applicants seeking very wide specifications of goods or services for CTMs--with all the greater potential for conflict that may give rise to. I understand that in practice OHIM are quite content to admit such very wide specifications--indeed often all the goods or services within a class are asked for and granted. The *Trillium* point will undoubtedly come up again--for it seems bizarre to allow a man to register a mark when he has no intention whatever of using it. Why should one have to wait until five years from the date of registration before anything can be done? Whatever the width of the 'umbra' of the specification, it should also be remembered that the holder's rights to stop infringement or prevent registration of a later similar mark extend to the 'penumbra' of 'similar goods' (section 10(2) of the UK Act, Article 5(1)(b) of the Directive and Article 9(1)(b) of the Regulation). A wide umbra means there is an even wider penumbra. Other traders with a similar mark may not go into either the umbra or the penumbra, whether by use or registration."

22 It was submitted on behalf of the registered proprietors that it is a nonsense to differentiate between the Directive and the Regulation, because they are both part of a scheme to harmonise trade mark law throughout the Community and that what applies under the Regulation ought to apply equally under the Act. I was



therefore invited to follow TRILLIUM and to conclude that bad faith requires actual dishonesty.

23 I am unable to accept these submissions. Gromax makes it clear that bad faith is not limited to cases involving actual dishonesty and includes some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the area being examined. Section 32(3) of the Act requires an applicant for registration to state that the trade mark in issue is being used by the applicant with his consent in relation to the goods or services in relation to which it is sought to be registered, or that the applicant has a bona fide intention that it should be so used. In so far as the applicant makes a materially false statement in this regard then I believe that the application is made in bad faith. This was clearly the view of Jacob J. in DE LA MER, and he evidently had well in mind the difference in approach of OHIM as revealed by TRILLIUM.

24 It is convenient at this point to deal with the further submission made by the registered proprietors that s.32(3) of the Act is *ultra vires* in that it seeks to impose an improper restriction on the term "bad faith" as it is used in s.3(6) of the Act. I do not accept this submission. It is indeed true that there is no equivalent of s.32(3) of the 1994 Act in the Directive but nevertheless, like Mr Hobbs Q.C. in DEMON ALE, I see no reason to doubt that s.32(3) is compatible with Community law. On the contrary, the Eighth Recital of the Directive expressly recognises the public interest in requiring that registered trade marks must actually be used. The same public interest was recognised by Jacob J. in clear terms in DE LA MER."

I will conform to the position adopted by Mr Kitchin. So an application made contrary to section 32(3) of the Act is to be treated as being made in bad faith and so contrary to section 3(6) of the Act.

59) In its counterstatement LML makes the following statements:

"The defendant filed the Trade Mark Application because of the perceived threat to its intellectual property rights. Such a perceived threat originates from the defendant's perceived mentality of the Opponent."

"The defendant is two years into a 10-year plan to link all the domain names via a web of websites thus powering search engine rankings and given an effective platform to cross sell. GHD.co.uk is of course only one of many websites but it is the Opponent's obsession with its own brand (overstretching its rights) and the observations made of the Nominet's Dispute Resolution Service that has prompted the defendant to take steps now to protect its own rights. In a perfect world the defendant would love to protect all its unregistered rights but under the current Patent Office structure it is not financially viable to do so. The defendant believes that the Patent Office's stance has created this unusual situation for both the defendant and opponent,

thus both parties will have to compromise. It is this compromise and the advice that was sort via the Patent's Search and Advisory Service that led to the specific classes applied for under this Trade Mark Application.”

“It is the threat posed by the Complainant's rights that has focused the Defendant's mind on the eventual aim of the GHD online mark. The Defendant can envisage the Getta Home Deal eventually being an online experience where its young clientele can get everything they want for in and around their new home. ASDA is a prime example of such cross selling with the launch of its Estate Agency. The defendant emphasizes once again that it is only the Opponent's prior actions under the Nominet DRS that has prompted the defendant to submit to the Patent Office for Registered Trade Mark Protection.”

“In hindsight, the Opponent may well regret that it did not approach the defendant's rights with respect and likewise the Defendant regrets that it did not take measurable steps to register its unregistered rights in the mark GHD prior to the opponents trade mark dated in 2002. But it is important to add it is highly unlikely that any business could have registered all its rights to 5000 domains name prior to 2002 nor would the trade mark system allow a registration for every domain name, for every good or service in every class despite website linking making such protection a requirement for trading online.”

“The Patent Office Search and Advisory service has created a fair compromise i.e. advising the defendant that they will allow the Opponent's rights to stretch to overlapping classes but no further.”

LML's counterstatement supports the case of Jemella to a large extent. It has based its application on a Search and Advisory Service report, so that it has crafted its specifications to avoid a clash with the goods of Jemella's trade mark registration. This in itself is not damning; this could be, if there was an intention to use, simple commercial prudence. LML has made its application because of “a perceived threat to its intellectual property rights”; that is not the same as an intention to use. LML talks about protecting its unregistered rights in 5,000 domain names. It is difficult to envisage many undertakings which either trade or intend to trade under 5,000 different names. LML says it can envisage an on-line experience where “its young clientele can get everything they want for in and around their new home”. Envisaging it is not the same as an intention, an intention is more than what might be considered a daydream, a flight of fancy or a vague hope. What is being “envisaged” appears to be a link between websites, this is not a trade in the goods of the application but a service being provided on the Internet. As Jemella has noted in its written submissions it is difficult to see how this vision would encompass jewellery, office requisites and saddlery. (One could, of course, add other goods to this, eg printers' type, printers' blocks, precious stone and whips.) As the evidence shows LML is a mortgage broker. There is nothing to suggest that it has been involved in

anything else. There is certainly nothing to suggest that it has ever had anything to do with any of the goods of its applications. There is no evidence that LML has ever used the letters GHD at all; other than in registering as a domain name, along with 4,999 other domain names. In my view Gemella has established a prima facie case that LML, at the date of application, had no intention to use the trade mark GHD on the goods the subject of the application. Once this had been established the onus fell upon LML to show that at the date of application it did have such an intention. It has failed so to do. By making its statement of use/intention of use, when it did not have an intention to use LML was acting in a manner that fell short of the standard of acceptable commercial behaviour observed by reasonable and experienced men.

**60) Consequently, the application was made in bad faith and is to be refused in its entirety.**

#### **Passing-off – section 5(4)(a) of the Act**

61) Section 5(4)(a) of the Act states:

“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,”

The principles of the law of passing-off were summarised by Lord Oliver in *Reckitt & Colman Products Ltd v. Borden Inc* [1990] RPC 341 at page 406:

“The law of passing off can be summarised in one short general proposition--no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ... Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

62) I have found above that Jemella enjoys a goodwill in a business by reference to the sign ghd; that goodwill rests firmly with hair care and hair care related products, that is the market in which it is contained. Even if one took into account the non hair care goods, one would still be left with goods which are sold within the hair care market. There can be little doubt that the sign ghd or GHD or ghd in the stylised dot form is either identical or highly similar to the trade mark GHD. However, this does not mean that Jemella could succeed in a passing-off action, the nature of the respective goods and their respective markets have to be considered. In *Harrods v Harrodian School* [1996] RPC 697 Millett LJ stated:

“It is this fundamental principle of the law of passing off which leads me to reject the main way in which the plaintiffs have put their case before us. "Harrodian", they submit, is synonymous with "Harrods"; the name "Harrods" is universally recognised as denoting the plaintiffs' business - it has, as counsel put it (borrowing and adapting an expression used by Falconer J. in *Lego System A/S v. Lego M. Lemelstrich Ltd.* ("the *Lego* case") [1983] F.S.R. 155 at page 187) an unlimited "field of recognition"; the defendants were, therefore, unarguably guilty of misrepresenting their business as that of the plaintiffs; given the huge number of persons who are customers or potential customers of the plaintiffs it is a simple matter to infer that an appreciable number of them will be deceived into thinking that "The Harrodian School" is owned by or otherwise connected in some way with Harrods; and damage may likewise easily be inferred. But in referring to the possibility of a plaintiff having only "a limited field of recognition", Falconer J. was referring to the limited field of commercial activity with which the plaintiff's reputation was associated by the public; he was not referring to the extent to which the plaintiff's reputation in that limited field was familiar to the public. The name "Harrods" may be universally recognised, but the business with which it is associated in the minds of the public is not all embracing. To be known to everyone is not to be known for everything.

*The relevant connection*

In its classic form the misrepresentation which gave rise to an action for passing off was an implied representation by the defendant that his goods were the goods of the plaintiff, but by the beginning of the present century the tort had been extended beyond this. As Lord Diplock explained in the *Advocaat* case [1979] A.C. 731 at pages 741-2, it came to include the case

"where although the plaintiff and the defendant were not competing traders in the same line of business, a false suggestion by the defendant that their businesses were connected with one another would damage the reputation and thus the goodwill of the plaintiff's business."

In a written summary of the plaintiffs' points in reply which was prepared by their junior counsel and presented to us at the conclusion of the argument, and to the excellence of which I would like to pay tribute, it was submitted

"In this case the belief engendered [in the minds of the public] is probably that Harrods sponsor or back the school. Obviously not every connection will found an action for passing off...but where the representation is to the effect that the plaintiff is *behind* the defendant in some way, that is a classic case."

This is too widely stated. In my judgment the relevant connection must be one by which the plaintiffs would be taken by the public to have made themselves responsible for the quality of the defendant's goods or services. In *British Legion v. British Legion Club (Street) Ltd.* (1931) 48 R.P.C. 555 Farwell J. considered that the public would take the defendant club to be "connected in some way" with the plaintiff. But he explained this by saying that some persons would think that it was "either a branch of the plaintiff or a club in some way amalgamated with or under the supervision of the plaintiff *and for which the plaintiff had in some way made itself responsible*" (my emphasis).....

"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 R.P.C. 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 R.P.C. 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

"...whether there is any kind of association, or could be in the minds of the public any kind of association, between the field of activities of the plaintiff and the field of activities of the defendant":

*Annabel's (Berkeley Square) Ltd. v. G. Schock (trading as Annabel's Escort Agency)* [1972] R.P.C. 838 at page 844 per Russell L.J."

In the *Lego* case Falconer J. likewise held that the proximity of the defendant's field of activity to that of the plaintiff was a factor to be taken into account when deciding whether the defendant's conduct would cause the necessary confusion.

Where the plaintiff's business name is a household name the degree of overlap between the fields of activity of the parties' respective businesses may often be a less important consideration in assessing whether there is likely to be confusion, but in my opinion it is always a relevant factor to be taken into account.

Where there is no or only a tenuous degree of overlap between the parties' respective fields of activity the burden of proving the likelihood of confusion and resulting damage is a heavy one. In *Stringfellow v. McCain Foods (G.B.) Ltd.* [1984] R.P.C. 501 Slade L.J. said (at page 535) that the further removed from one another the respective fields of activities, the less likely was it that any member of the public could reasonably be confused into thinking that the one business was connected with the other; and he added (at page 545) that

"even if it considers that there is a limited risk of confusion of this nature, the court should not, in my opinion, readily infer the likelihood of resulting damage to the plaintiffs as against an innocent defendant in a completely different line of business. In such a case the onus falling on plaintiffs to show that damage to their business reputation is in truth likely to ensue and to cause them more than minimal loss is in my opinion a heavy one."

In the same case Stephenson L.J. said at page 547:

"...in a case such as the present the burden of satisfying Lord Diplock's requirements in the *Advocaat* case, in particular the fourth and fifth requirements, is a heavy burden; how heavy I am not sure the judge fully appreciated. If he had, he might not have granted the respondents relief. When the alleged "passer off" seeks and gets no benefit from using another trader's name and trades in a field far removed from competing with him, there must, in my judgment, be clear and cogent proof of actual or possible confusion or connection, and of actual damage or real likelihood of damage to the respondents' property in their goodwill, which must, as Lord Fraser said in the *Advocaat* case, be substantial."

63) In this case I cannot see a common field of activity between the business of Jemella and the goods which are the subject of the application. There is nothing to suggest that Jemella have moved out of their market. In considering whether there would be deception/misrepresentation I also take into account the nature of the signs in question. Three letter trade marks are capable of distinguishing, however, the use of three letter and two letter trade marks is common and, in my view, they do not enjoy the greatest degree of distinctiveness. In the *Lego* case there was evidence that the gulf between the fields of activity had been bridged, this is not the case here. Taking into account the absence of a common field of activity, I do not consider that there will be deception/misrepresentation. The nature of the trade marks fortifies me in this view, although it is by no means

determinative. In coming to this conclusion, I bear in mind that in relation to hair straighteners and similar goods *Jemella* enjoys a substantial reputation.

64) In *Harrods v Harrodian School* Millett LJ referred to *Stringfellow v McCain Foods (GB) Ltd*, where Slade LJ commented on the difficulty of establishing damage where the parties were in different lines of business. In *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1980] RPC 31 Lord Fraser commented upon what the plaintiff must establish in relation to damage:

“That he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached.”

Taking into account the divergence in the lines of business I do not consider that *Jemella* has established that damage would be likely to occur.

**65) The grounds of opposition under section 5(4)(a) of the Act are dismissed.**

#### **Costs**

66) *Jemella Limited* has been successful and is entitled to a contribution towards its costs. I award *Landlord Mortgages Limited* costs on the following basis:

Opposition fee	£200
Notice of opposition	£300
Considering the counterstatement	£200
Evidence	£1,000
Written submissions	£100
<b>TOTAL</b>	<b>£1,800</b>

67) I order *Landlord Mortgages Limited* to pay *Jemella Limited* the sum of £1,800. 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    day of March 2008**

**David Landau  
For the Registrar  
the Comptroller-General**

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<sup>i</sup> The decision can be found at url: <http://www.ipo.gov.uk/tm/t-decisionmaking/t-challenge/t-challenge-decision-results/o44099.pdf>.

<sup>ii</sup> *General Motors Corporation v Yplon SA* Case C-375/97 [2000] RPC 572.

<sup>iii</sup> See the decision of Richard Arnold QC, sitting as the appointed person, in *Mobis Trade Mark* BL O/020/07:

“30. The opponent contends that, where an opponent relies upon a Community trade mark, it is sufficient for the purposes of section 5(3) to show that it has a reputation in the United Kingdom and that the hearing officer was wrong in law to hold that it was required to show a reputation in the Community.

31. I am unable to accept this argument. Section 5(3) on its face expressly distinguishes between what is required in the case of an earlier national mark, namely “a reputation in the United Kingdom”, and what is required in the case an earlier Community trade mark, namely “a reputation ... in the European Community”. This distinction reflects the difference between Article 4(4)(a) of the Directive, which requires that “the earlier [national] trade mark has a reputation in the Member State concerned”, and Article 4(3), which requires that “the earlier Community trade mark has a reputation in the Community”. The same distinction is also to be found in Article 5(5) of Council Regulation 30/94 of 20 December 1993 on the Community trade mark. I cannot see any basis on which the Act, the Directive and the Regulation can be interpreted as merely requiring that the Community trade mark relied upon should have a reputation in the Member State in question. Nor did the opponent’s attorney cite any authority or commentary to support such an interpretation. Furthermore, as the applicant’s attorney pointed out, the judgment of the ECJ in Case C-375/97 *General Motors Corp v Yplon SA* [1999] ECR I-5421 at [25]-[29], while not directly on point, tends to support the opposite interpretation.

32. It follows that the hearing officer did not make the error of law alleged.”

<sup>iv</sup> *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC 429 and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2004] RPC 8 and 9.

<sup>v</sup> *South Cone Inc v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19, *Loaded* BL O/191/02 and *Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* [2007] RPC 5.

<sup>vi</sup> As Mr Peter Prescott QC, sitting as a deputy judge of the High Court, said in *Griggs Group Ltd v Evans* [2004] FSR 31:

“28 Put another way, neither copyright nor a trade mark right are a right to *do* anything. They are a right to stop other people from doing something. The rights are purely negative.”