

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No. 2148699  
BY TIMESHARE COUNCIL  
TO REGISTER A SERIES OF TWO TRADE MARKS  
IN CLASSES 16, 35, 36, 41 & 42**

**AND IN THE MATTER OF OPPOSITION THERETO  
UNDER No. 49971  
BY THE TIMESHARE COUNCIL SL**

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**DECISION**

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**Introduction and Background**

1. This is an application by The Timeshare Council SL, Malaga, Spain (“the opponent”) to admit further evidence on appeal. In order to determine the application it is necessary to know something of the background to the appeal.
2. The appeal is made by the opponent to an Appointed Person under section 76 of the Trade Marks Act 1994 (“TMA”) against a decision of Mr. George W. Salthouse acting on behalf of the Registrar dated 17 September 2001. In that decision, Mr. Salthouse rejected the opponent’s opposition to UK Trade Mark Application No. 2148699 in the name of Timeshare Council, London, England (“the applicant”).
3. UK Trade Mark Application No. 2148699 concerns a variety of goods and services in Classes 16, 35, 36, 41 and 42 generally relating to the timeshare industry. It has a filing date of 22 October 1997 and comprises the following series of two trade marks:





The applicant claims the colours blue and orange as an element of the second mark in the series.

Application for a series of two marks.

4. Mr. Frank Watson Chapman is a director of the applicant. In a declaration dated 17 April 2000 sworn in support of the application and filed in the opposition, Mr. Chapman describes the activities of the applicant thus:

“The Company was incorporated on 18 June 1990. It is the official trade body for the United Kingdom timeshare industry, and is now the UK chapter of the Organisation for Timeshare in Europe, the European trade body. One of its roles is to offer help and advice to persons who own or are considering purchasing timeshare whether in the United Kingdom or in another country.”
5. As to the marks in Application No. 2148699, Mr. Chapman explains that the applicant used to be called The Timeshare Council. From 1994 – 1996, the applicant (or its members) used in the UK in relation to its business a slightly different version of the marks applied for, consisting of an additional “T” in the upper right quadrant of the cross device and the words “THE TIMESHARE COUNCIL” instead of “TIMESHARE COUNCIL” alongside. Mr. Chapman exhibits to his declaration copies of an assignment of copyright in the original logo to the applicant, documentation relating to launch and circulation of the original logo to the applicant’s members in June 1994 and dated correspondence showing the original logo in use in 1994 and 1995.
6. The present marks evolved from a decision taken by the applicant in early 1996 as a result of marketing advice. The applicant decided to simplify its logo by omitting the second “T” from the cross device and the word “THE” from “THE TIMESHARE COUNCIL”. Again, Mr. Chapman exhibits to his declaration copies of an assignment of copyright in the amended logo, documentation relating to the introduction of the new logo in February 1996 and dated correspondence and publicity material including newspaper advertisements showing the new logo in use in the UK from 11 February 1996 until the date of the application on 22 October 1997.
7. The opposition filed on 8 July 1999 claimed extensive use by the opponent in the UK in relation to real estate services with regard to timeshare ownership of the mark “TC Timeshare Council” represented as follows:



8. In view of that claimed use by the opponent, the grounds of opposition were:
  - (a) UK Trade Mark Application No. 2148699 was made bad faith contrary to section 3(6) of the TMA.
  - (b) Under section 5(4)(a) of the TMA, use of the marks applied for in the UK was liable to be prevented by virtue of the law of passing off.
9. The evidence filed in support of the opposition consisted of a declaration by Mr. James Hutchinson, a non-executive director of the opponent, dated January 2000. Mr. Hutchinson states that the “TC Timeshare Council” logo was designed by him in August 1996, first used by the opponent worldwide for timeshare holidays from 30 January 1997 and used extensively in the UK by the opponent prior to 22 October 1997. Expanding on the latter, he says that the opponent sent “approximately 103,000 letters bearing our logo to our clients, and prospective clients, in the UK”. A sample of such a letter is exhibited to Mr. Hutchinson’s declaration but it is neither addressed nor dated.
10. The opposition came up for hearing by Mr. Salthouse on 24 August 2001. The opponent was not represented and did not appear at that hearing. Mr. Salthouse decided in summary:
  - (a) The applicant had provided clear evidence of the derivation and use of the series of marks applied for, going back to 1994. The case of bad faith in the application for section 3(6) had not been made out.
  - (b) The opponent had failed to establish goodwill in the UK under the mark “TC Timeshare Council” for the goods or services in question at the relevant date, 22 October 1997. The opposition under section 5(4)(a) therefore failed.
11. Since the opponent relies upon what was said by Mr. Salthouse in dismissing the opposition under section 5(4)(a) as “justification” for its application to introduce new evidence on appeal, it is appropriate to set out that finding in full. Paragraph 25 of Mr. Salthouse’s decision reads:

“The opponent claims to have used its mark “TC TIMESHARE COUNCIL” in the UK. However, it has failed to provide any corroborative evidence. The only evidence shows use on a single undated letter. Neither have they corroborated claims to have UK customers. I am not persuaded that at the relevant date, 22 October 1997, the opponent had acquired goodwill under the TC TIMESHARE

COUNCIL mark in relation to any goods or services in Classes 16, 35,36, 41 or 42. The opposition under Section 5(4)(a) therefore fails.”

12. But, as the hearing officer makes clear in the preceding paragraphs of his decision, establishing goodwill is in any event alone not determinative of an opposition under section 5(4)(a) of the TMA. The opponent must show that the mark applied for is liable to be prevented in use for the subject goods and services in the UK by the law of passing off at the relevant date.

### **The Opponent’s Application to Introduce Further Evidence**

13. The opponent’s notice of appeal to an Appointed Person was filed on 15 October 2001. The opponent stated at paragraph 3 of its grounds of appeal:

“The Appellant intends to challenge the dismissal of the opposition under Section 5(4) of the Act. The hearing officer considers the evidence filed by the opponent to be insufficient to support the claim under Section 5(4)(a). It will be argued that insufficient consideration and weight has been given to the evidence. The opponent has additional information which gives further weight to the case under section 5(4)(a) and will seek leave under Rule 13(11) for permission to submit this additional evidence.”

14. Despite that expression of intention, the opponent did not make its application to admit further evidence until 23 April 2002, and then seemingly only after prompting by the applicant’s representatives and the Treasury Solicitor. The application comprised a witness statement of Mr. James Hutchinson dated 19 April 2002 and four exhibits. JH1 contains three examples of a standard letter under the opponent’s logo sent to addressees in the UK inviting them to become members of the opponent’s organisation. The letters are dated May and July 1997 and are in the same format as the undated copy letter exhibited to Mr. Hutchinson’s declaration of January 2000. The membership application is completed on each of the letters although it is only possible to discern from one that this was done in June 1997. JH2 comprises a disk allegedly listing details of all UK recipients to whom the letter was sent in February 1997. The disk’s format defeated the technical efforts of the applicant’s representatives, the Treasury Solicitor and the Appointed Person. The opponent supplied a print out of the disk’s contents shortly before the hearing of the application but unsurprisingly the material bore only the print out date of August 2002. JH3 has copy correspondence between the opponent and its UK clients dated May to December 1997. JH4 contains copy certificates of the opponent’s Spanish incorporation, Spanish domain name registration and Irish and Spanish trade mark registrations. The domain name and Irish trade mark registrations are after the relevant date.
15. The reason given by the opponent for the late delivery of the evidence is that it changed representatives after the original hearing and its former trade mark attorneys:

“... advised the opponent not to submit potentially commercially sensitive information such as members’ names and addresses as evidence. As all of the correspondence bearing the opponent’s logo and a date included an element of commercially sensitive information it was not submitted. Consequently the only correspondence submitted with the original evidence showed the opponent’s logo but was undated. The opponents were also advised not to file evidence of their ownership of the company name, and trade mark and domain name registrations.”

On 5 August 2002, shortly before the hearing of the application, the opponent filed a second witness statement of Mr. Hutchinson dated 2 August 2002 exhibiting its former attorneys’ letter of advice dated 19 January 2000.

16. The opponent’s application to admit further evidence on appeal was heard by me on 7 August 2002. Mr. Bruce Marsh, Wilson Gunn M’Caw represented the opponent. Ms Denise McFarland of Counsel, instructed by Fitzpatrick appeared on behalf of the applicant. The Registrar requested to make submissions and was represented by Mr. Mike Knight, Principal Hearing Officer.

#### **Application to Introduce Further Evidence – Applicable Principles**

17. It is clear that I do have the discretion to allow additional evidence to be admitted on appeal. The principles governing the exercise of such discretion by the court were considered by Lawrence Collins J. in *LABEL ROUGE* [2002] EWHC 190 (Ch), 18 February 2002 and applied by Mr. David Kitchen QC sitting as the Appointed Person in *CLIMATEMASTER*, SRIS O/215/02 and by myself sitting as the Appointed Person in *MIRAGAN/IMIGRAN*, SRIS O/293/02. The *Ladd v. Marshall* criteria ([1954] 1 WLR 1489 at 1491, per Denning L.J.) are central to the exercise of the discretion although as matters to be taken into account rather than as so-called rules. Other circumstances may be relevant including those listed by Laddie J. in *SWISS MISS* [1996] RPC 233. Ultimately the discretion must be exercised in accordance with the overriding objective to deal with cases justly (CPR 1.1, *Banks v. Cox*, 17 July 2000 (CA)). Ms McFarland additionally drew my attention to the observation of Laddie J. in *Dualit Ltd v. Rowlett Catering Appliances Ltd* [1999] FSR 865 at 870 that Registry proceedings are not a dry run to test out the evidence to see which parts can be criticised so that the evidence can then be perfected on appeal.
18. Mr. Knight submitted that a factor differentiating the exercise of the discretion by the Appointed Person on the one hand and the court on the other hand, is that by virtue of section 76(4) of the TMA decisions of the Appointed Person are final. By this he meant that if the new evidence were allowed, the case would be determined with that new evidence by the Appointed Person for the first time on (bar judicial review) a final appeal. However, Mr. Knight acknowledged the limits of his submission as obviously it could render the Appointed Person’s discretion an empty one. I have taken Mr. Knight’s submission on board. But it seems to me that the relevant interests in most cases are safeguarded by the exercise of the Appointed Person’s discretion in

accordance with the above principles. I am additionally mindful of the Appointed Person's power under section 76(3) of the TMA to refer an appeal to the court.

### **Application to Introduce Further Evidence – The Merits**

19. After careful consideration of the papers and after hearing the arguments of the parties and the submissions of the Registrar, I refused the opponent's application to introduce further evidence on appeal for reasons that I would detail in my written decision. Those reasons are set out below.
20. First, it is clear that the evidence sought to be adduced not only could have been obtained with reasonable diligence but also was readily available for presentation to the hearing officer. This was confirmed by the opponent in its skeleton argument and by Mr. Marsh at the hearing of the application. Furthermore, the letter from the opponent's former advisers, Potts, Kerr & Co., dated 19 January 2000 and exhibited to Mr. Hutchinson's witness statement of 2 August 2002 indicates that at least letters inviting membership to the opponent's organisation (now at JH1 of Mr. Hutchinson's witness statement of 19 April 2002) were intended to be included in the original evidence filed in support of the opposition but were subsequently removed.
21. Second, the explanation given by the opponent for the delay is that Potts, Kerr & Co. advised against filing the further evidence since it contained commercially sensitive information. Assuming the truth of that explanation, the decision as to what evidence to submit in support of an opposition is a matter between the opponent and its advisers. Section 67 of the TMA and rule 51 of the Trade Marks Rules 2000 (formerly rule 45 of the Trade Marks Rules 1994, as amended) provide mechanisms for treating as confidential material supplied in Registry proceedings. The explanation seems to bear little relevance to the company incorporation, domain name and trade mark registration certificates. Moreover, it is by no means evident from Potts, Kerr & Co.'s letter of 19 January 2000 that they did advise the opponent as claimed. The letter is equally capable of an interpretation that the idea to withhold the further evidence came from Mr. Hutchinson.
22. Third, I remain unconvinced that the evidence, if given, would probably have an important influence on the result of the case. The applicant's evidence contains examples of the same letters and correspondence that the opponent now seeks to adduce as further evidence (Exhibit TC6 to the declaration of Mr. Chapman dated 17 April 2000). Mr. Chapman explains that these examples were obtained by the applicant following complaints received by the applicant from timeshare owners and other members of the public on or after May 1997. It was therefore always clear that the opponent had engaged in activity under its logo in the UK from May 1997. Without wishing to anticipate the substantive appeal, the relevant question for section 5(4)(a) of the TMA is whether use of the applicant's marks in the UK is liable to be prevented by the law of passing off. Although the date for asking that question is the date of application for registration, where the applicant's mark is already in use, the question needs to be answered by reference also to an

earlier date (*Cadbury Schweppes Pty Ltd v. Pub Squash Co Pty Ltd* [1981] 1 All ER 213 (PC)). Mr. Marsh made a bare suggestion at the hearing of the application that the further evidence could have an influence on the hearing officer's decision under section 3(6) of the TMA. First, I fail to see how. Second, the opponent does not state in its grounds of appeal that it wishes to challenge the hearing officer's decision under section 3(6). In short under this head, I am left with the distinct impression that the purpose of the additional evidence is to meet the criticisms of Mr. Salthouse but would in fact achieve little more (see similar observations by Laddie J in *Dualit*, supra.).

23. Fourth, I am concerned at inconsistencies in the evidence sought to be adduced. Ms McFarland challenged the veracity of the explanation given for the delay in filing. As I have already indicated, Potts, Kerr & Co.'s letter to Mr. Hutchinson of 19 January 2000 is certainly open to alternative interpretations. In his declaration of January 2000 and his witness statement of 2 August 2002, Mr. Hutchinson states that 103,000 letters inviting membership were sent to prospective clients in the UK (Potts, Kerr & Co.'s letter also gives that number). In his witness statement dated 19 April 2002, Mr. Hutchinson states that 50,000 letters inviting membership were sent to UK addressees in February 1997. There is no evidence of any such letter dated earlier than May 1997 and no explanation given for mention of the different figures.
24. Fifth, I have noted the opponent's apparent delays in making the application and assisting the applicant to access the evidence at exhibit JH2 to Mr. Hutchinson's witness statement of 19 April 2002. I have also taken note of the applicant's submission that it has suffered prejudice through having its application for registration outstanding for nearly five years.

### **Conclusion and Postscript**

25. Taking all these factors into account and, in particular, the fact that the opponent has failed to satisfy me on at least two out of the three *Ladd v. Marshall* criteria, the opponent's application to introduce additional evidence on appeal is denied. Following the hearing of the application, the opponent notified its intention to withdraw the appeal. The applicant is, of course, entitled to the sum of £2,500 ordered by Mr. Salthouse to be paid by the opponent towards the applicant's costs of the opposition. The applicant is additionally entitled to a contribution towards its costs incurred in this application. No case has been made to me for departing from the normal scale. I therefore order the opponent to pay the applicant a further sum of £950 to be paid on the same basis as indicated by Mr. Salthouse.

Professor Ruth Annand, 23 August 2002

Mr. Bruce Marsh of Wilson Gunn M'Caw appeared on behalf of the opponent.

Ms. Denise McFarland of Counsel instructed by Fitzpatrick's appeared on behalf of the applicant.

Mr. Mike Knight, Principal Hearing Officer attended on behalf of the registrar.