

O-309-03

TRADE MARKS ACT 1994

**IN THE MATTER OF INTERNATIONAL REGISTRATION NOS 711071, 723763
AND 724496
AND THE REQUEST BY DEUTSCHE TELEKOM AG
TO PROTECT THE TRADE MARKS:**

**Telecom One
Telecom 1**

AND

**THE CONSOLIDATED OPPOSITIONS THERETO
UNDER NOS 70365, 70600, 70643 BY TELECOM ONE LIMITED**

TRADE MARKS ACT 1994

In the matter of international registration nos 711071, 723763 and 724496

and the request by Deutsche Telekom AG

to protect the trade marks:

Telecom One

and

Telecom 1

and the consolidated oppositions thereto

under nos 70365, 70600 and 70643 by Telecom One Limited

1) This consolidated opposition concerns three requests by Deutsche Telekom AG, which I will refer to as DT, to protect the trade marks Telecom One and Telecom 1. All three international registrations were published for opposition purposes in the "Trade Marks Journal". Since the publication of international registration no 724496, its specification has been limited. Telecom One Limited, which I will refer to as TOL, filed oppositions against all three international registrations within the relevant three month periods.

2) The details of the international registrations are as follows:

- International registration no 711071 is for the trade mark **Telecom One** in respect of the following goods and services:

electrical and electronic apparatus and instruments, all for use with telecommunication apparatus and instruments, optical, measuring, signalling, controlling or teaching apparatus and instruments (included in this class); apparatus for recording, transmission, processing and reproduction of sound, images or data; machine run data carriers; automatic vending machines and mechanisms for coin-operated apparatus; data processing equipment and computers;

printed matter, especially stamped and/or printed cards of cardboard or plastic; instruction and teaching material (except apparatus); stationery (except furniture);

telecommunication services; operation and rental of equipment for telecommunication, especially for broadcasting and television; collection and provision of news and information.

The above goods and services are in classes 9, 16 and 38 respectively of the International Classification of Goods and Services.

The international registration is based on a registration in Germany. The registration has an international priority date of 8 September 1998.

- International registration no 723763 is for the trade mark **Telecom 1** in respect of the following goods and services:

electrical and electronic apparatus and instruments, all relating to or adapted for use with telecommunication apparatus and installations; optical, measuring, signalling, controlling or teaching apparatus and instruments (included in this class); apparatus for recording, transmission, processing and reproduction of sound, images or data; machine-run data carriers; automatic vending machines and mechanisms for coin operated apparatus; data processing equipment and computers;

printed matter, especially stamped and/or printed cards of cardboard or plastic; instruction and teaching material (except apparatus); stationery (except furniture);

collection and provision of data;

insurance; financial affairs; monetary affairs; real estate affairs;

telecommunication services; operation and rental of equipment for telecommunication, especially for broadcasting and television; collection and provision of news and information;

transport and storage of goods;

computer programming services; data base services, namely rental of access time to and operation of a data base; rental services relating to data processing equipment and computers; projecting and planning services relating to equipment for telecommunication.

The above goods and services are in classes 9, 16, 35, 36, 38, 39 and 42 respectively of the International Classification of Goods and Services.

The international registration is based on a registration in Germany. The registration has an international priority date of 19 April 1999.

- International registration no 724496 is for the trade mark **Telecom One** in respect of the following goods and services:

stationery (except furniture);

financing services; real estate services;

collection and provision of news and information;

transport and storage of goods.

The above goods and services are in classes 16, 36, 38 and 39 respectively of the

International Classification of Goods and Services.

The international registration is based on a registration in Germany. The registration has an international priority date of 7 May 1999.

3) The original grounds of opposition were amended. TOL claims that use of either of DT's trade marks in respect of all goods and services is liable to be prevented by the law of passing-off and so granting of protection to the international registrations would be contrary to section 5(4)(a) of the Trade Marks Act 1994 (the Act). TOL states that it has used the trade marks Telecom One and Telecom 1 in the United Kingdom in relation to telecommunication services. It states that it has been granted two licences for telecommunication services by the Department of Trade and Industry which predate the international priority dates. TOL states that it has interconnect agreements with British Telecom and other United Kingdom international operators which predate the international priority dates. TOL states that it provides a range of telecommunication services and has acquired a reputation in the United Kingdom in the narrow world of specialised telecommunication services. TOL states that operating licences are public information which is available from OFTEL, information which is included on OFTEL's website. TOL states that it is common practice for operators to keep an eye on their competitors and the licences that they have. TOL claims that as telecommunications is a heavily licensed area, with relatively few active companies, DT would have been aware of its interest in the trade mark Telecom One (and the version Telecom 1). TOL states that use by DT of the trade marks in relation to any of the goods and services would cause confusion and consequently damage its business.

4) TOL claims that DT is not the proprietor of the trade marks the subjects of the international registrations insofar as the United Kingdom is concerned and granting protection to them would be contrary to section 3(6) of the Act. TOL states that DT is the major German telecommunications company and would have been aware of the existence of TOL when the latter obtained its licences. TOL states that to file an application designating the United Kingdom with the specification of goods as broad as it was was an act of bad faith.

5) TOL claims that the making of the applications with such wide scopes is in itself an act of bad faith as DT has no bona fide intention to use the trade marks for all the goods and services of the registrations. On completion of the form for the international application DT declared that it would use the trade marks by it or with its consent in the United Kingdom in connection with all the goods and services identified. This is the Madrid Protocol requirement corresponding to section 32(3) of the Act. TOL states that DT is a telecommunications company. In relation to registration no 711071 TOL queries the following goods:

optical, measuring, signalling, controlling or teaching apparatus and instruments (included in this class); apparatus for recording, transmission, processing and reproduction of sound, images or data; machine run data carriers; automatic vending machines and mechanisms for coin-operated apparatus; data processing

equipment and computers; in so far as the apparatus is beyond that used in the telecommunications field.

and

printed matter, especially stamped and/or printed cards of cardboard or plastic; instruction and teaching material (except apparatus); stationery (except furniture).

In relation to registration no 724496 TOL queries the following goods and services: *stationery, financing services, real estate services, transport and storage of goods.* TOL had queried other parts of the specification which have since been removed. In relation to registration no 723763 TOL queries the following goods and services:

optical, measuring, signalling, controlling or teaching apparatus and instruments (included in this class); apparatus for recording, transmission, processing and reproduction of sound, images or data; machine run data carriers; automatic vending machines and mechanism for coin-operated apparatus; data processing equipment and computers; in so far as the apparatus is beyond that used in the telecommunications field.

printed matter, especially stamped and/or printed cards of cardboard or plastic; instruction and teaching material (except apparatus); stationery (except furniture);

collection and provision of data;

insurance; financial affairs; monetary affairs; real estate affairs;

transport and storage of goods;

computer programming services; data base services, namely rental of access time to and operation of a data base; rental services relating to data processing equipment and computers.

6) TOL states that granting protection to the trade marks would be contrary to sections 3(1)(b) and (c) of the Act. It claims that the trade marks are devoid of any distinctive character and may serve to designate the kind, quality or intended purpose of the goods and services for which protection is sought.

7) TOL refers to Community trade mark registration no 787630 of the trade mark:

01 TELECOMS

This trade mark has a filing date of 26 March 1998 and has an international priority date

of 3 November 1997. It is registered for the following goods and services:

audiovisual apparatus and instruments, any apparatus and instruments for storing, reading, recording, entering, printing, displaying or transmitting information; data carriers, whether or not recorded, in the form of disks, diskettes, magnetic tapes, cassettes or cartridges; data processing apparatus and instruments; computer software, courseware and computer programs on all magnetic, electronic or optical data carriers;

printed matter, newspapers and periodicals, magazines, books, catalogues and brochures; printed matter containing computer software and computer programs; paper, cardboard; printed matter; bookbinding material; photographs; stationery; adhesives for stationery purposes; typewriters and office requisites (except furniture); plastic materials for packaging (except those used for padding) namely bags of plastic; printers' type; printing blocks; instructional and teaching material (except apparatus);

education; providing of training; entertainment; shows; sporting and cultural activities; organisation of exhibitions, fairs, showrooms and all events for cultural or educational purposes, in particular organisation of such events with a view to their being held by third parties; arranging and conducting of colloquiums, conferences, congresses, seminars and symposiums; competitions relating to education and entertainment, prize giving, award of honours; publication of printed matter, newspapers, periodicals, books, catalogues, explanatory pamphlets on all media; publication of texts other than publicity texts; production of pictures, moving or animated; film production, short films; information on leisure activities.

The above goods and services are in classes 9, 16 and 41 of the International Classification of Goods and Services.

TOL claims that the above trade mark is similar to the trade marks of DT and that it encompasses identical or similar goods to those in classes 9 and 16 of the international registrations. TOL also claims that *rental services relating to data processing equipment and computers* of the international registrations are similar to *data processing apparatus and instruments; computer software, courseware and computer programs on all magnetic, electronic or optical data carriers* of the earlier registration. Consequently, granting protection to the international registrations in respect of the above goods and services would be contrary to section 5(2)(b) of the Act.

8) TOL, in relation to section 5(2)(b) of the Act, also relies upon United Kingdom registration no 1227043 of the trade mark:



This registration was filed on 25 September 1984 and is registered for the following goods:

telecommunications apparatus and instruments; telecommunications satellites; discs, wires and tapes, all for recording; magnetic data carriers, and electronic data processing apparatus and instruments, all for use with telecommunications installations, apparatus and instruments; television and audio visual transmission and receiving apparatus and instruments; monitors, antennas and projectors, all for use with the aforesaid television and audio visual transmission and receiving apparatus and instruments; parts and fittings included in Class 9 for all the aforesaid goods.

The registration includes the following disclaimer:

“Registration of the Mark shall give no right to the exclusive use of the word and numeral "Telecom 1"”.

TOL claims that this trade mark is similar to the trade marks of DT. It states that there is a great deal of overlap between the class 9 and 38 goods and services of the international registrations and the goods of the earlier registration. TOL also states that there is a clash with *rental services relating to data processing equipment and computers* of international registration no 723763. Consequently, there is a likelihood of confusion and granting protection to the above goods and services would be contrary to section 5(2)(b) of the Act.

9) TOL asks for the granting of protection in the United Kingdom to all three registrations to be refused and seeks an award of costs.

10) DT filed counterstatements in which it denies the grounds of opposition. DT also seeks an award of costs in its favour.

11) Only TOL filed evidence. A hearing was held on 24 September 2003. TOL was represented by Mr Edenborough of counsel, instructed by Reddie & Grose, and DT was represented by Mr Stacey of Baron & Warren.

EVIDENCE OF TOL

Witness statement of Patrick Naughton.

12) Mr Naughton is the managing director of TOL.

13) Mr Naughton exhibits a page from the “Concise Oxford Dictionary” where the word telecoms (also telecomms) is defined as meaning telecommunications. He also exhibits two definitions of telecom from the web, which show the word meaning telecommunication, telecommunications and the telecommunications industry.

14) Mr Naughton gives a background to the telecommunications industry. He states that from the mid 1980s there have been measures emanating from the European Union aimed at transforming what was once a group of state owned national monopolies into a fully liberalised and competitive market. As a result of a European Union Directive there was full market liberalisation of the industry from 1 January 1998. The regulatory changes have been accompanied by advances in technology. Mr Naughton states that during the periods relevant to these oppositions the telecommunications field was a heavily regulated and licensed area with relatively few active companies. He states that between 1997 and 1999 there were a small group of former national state monopolies and a few new market entrants in the industry.

15) TOL was founded in June 1997 with a view to become a fully licensed United Kingdom telecommunications operator (it was actually incorporated as a company on 2 July 1997). Mr Naughton states that from the beginning TOL has used the trade marks Telecom One, Telecom 1, T1 and associated logo. Mr Naughton exhibits a letter from Virtual Internet, dated 30 July 1997, about the registering of the domain name telecom1.com. There is a letter dated 10 November 1997 which has TELECOM 1 upon the letter heading. The letter is about getting business cards and letterheads. It states that TOL has not yet set up a website. A further letter from 11 November 1997 has a stylised T1 on one side of the page and the words Telecom One on the other. An advertisement from “Voice International” of May 1998 is reproduced. “Voice International” describes itself as “the complete magazine for telecoms and telecom services”. (Mr Naughton was managing director of this magazine, see below.) The advertisement is for a group technical director. The advertisement uses the words Telecom One Limited and Telecom One. It also shows the stylised T1 (the logo). The advertisement states:

“Telecom One specialises in the provision of value-added network services such as freephone, personal numbering and premium rate as well as international telephony services on both a retail and wholesale basis.”

16) Mr Naughton states that the market for TOL’s services is quite focused and specialised. He states that TOL offers “least-cost” routing facilities to other established carriers of international telecommunications traffic, new emerging phone companies and value-added service providers. Mr Naughton states that the services include delivery of international telephone minutes to overseas destinations via major carriers.

17) Mr Naughton states that the main focus of TOL's business is the wholesale markets for the international resale of voice traffic, and for special and premium rate number services. Mr Naughton gives the figures for telephone numbers currently held by TOL. This does not assist me as to the position as of 8 September 1998, 19 April 1999 and 7 May 1999, the international priority dates, which are the dates that concern me. Mr Naughton states that TOL received its first allocation of telephone numbers from OFTEL on 9 April 1998. He exhibits copies of five applications for numbering allocation dated 16 February 1998. They all state that the services are planned to be operational in June 1998. (Other later applications are also exhibited.) The numbers requested are for the following services: "find me anywhere" services, freephone, local rate national rate, non-adult, adult services, access to Telecom One's network and geographic numbers (for inner and outer London).

18) Mr Naughton gives an example of TOL's business. A client may approach TOL with a proposal to run a competition in which individuals are invited to dial a special rate or premium rate number in order to participate. Special rate or premium rate numbers such as those managed by TOL usually incur call charges above charges associated with normal "geographic" telephone numbers. The revenue generated by these calls is shared between the different operators involved in the placement of the call. The end customer's own telephone company will collect payment from the customer for the call, retain a portion of this payment for its services and pass on the balance to TOL. TOL then retains a further portion for its services and passes on the remaining balance to the client. The process of handing over calls and passing revenues to each other in this way is possible because of a network of arrangements known as "interconnects", which operators arrange with each other. These arrangements provide for the physical connection between each operator's infrastructure and also make detailed provisions for the hand-over, transmission, switching of calls and the payment of revenues.

19) Mr Naughton states that the above is just one example of TOL's business and shows how the relationships with the other telecommunication companies in the chain are important. He states that from 1997 he has promoted TOL's name and trade marks in his dealings with other telecommunication companies.

20) Mr Naughton states that interconnection arrangements involve protracted discussions to resolve complex technical, regulatory and legal issues. TOL commenced negotiations with British Telecommunications plc (BT) in February 1998 in order to establish interconnection between the networks of BT and TOL. TOL signed an interconnection agreement with BT in May 1998 which became fully operational in October 1998. Mr Naughton was involved in regular discussions with other carries for new business and interconnection agreements, using the TOL trade mark and name, from June 1997. Exhibited at PN6 and PN7 is a large amount of documentation relating to these matters.

21) Mr Naughton states that Telecom One trade marks were being used several months before the establishment of TOL by an affiliated Hong Kong company called Telecom One Limited. The Hong Kong company has operated since May 1997 in the same market sector as TOL. Mr Naughton states that its business was focussed on the Far East but that

it conducted some trading activity in the United Kingdom. He exhibits documentation at PN10 in relation to this. There is a letter from Telecom One in Hong Kong dated 21 June 1997 which seems to be about telephone traffic from Hong Kong to the USA. There is one reference to the United Kingdom:

“TI traffic routed to and from Telehouse, London, UK and Hudson Street, New York, USA US\$0.04 per minute.”

The other document he refers to is a company profile dated November 1997. The document refers to the Hong Kong and United Kingdom businesses. There is nothing in it to suggest that Hong Kong was doing business in the United Kingdom prior to the establishment of TOL. The document states that TOL is a wholly owned subsidiary of the Hong Kong business. Part of the aims of TOL in the document is to install a switch in Telehouse.

22) Mr Naughton states that the domain name Telecom1.com was registered on 28 July 1997 and that TOL has had an Internet presence since then. I am not sure what Mr Naughton means by an “Internet presence” as the letter dated 10 November 1997 referred to above states that the website had not yet been set up.

23) Mr Naughton states that operators seeking to run telecommunication systems are required to obtain an operating licence under section 7 of the Telecommunications Act 1994 before commencing services. TOL applied for its first licence, an International Resale Licence (ISR), in November 1997 and this was granted on 23 December 1997. Mr Naughton states that TOL applied for an International Facilities Licence (IFL) at the beginning of 1998 and that this was granted on 5 August 1998 and came into force on 7 January 1999. Mr Naughton states that this IFL was subsequently reissued as a Public Telecommunications Operator Licence (PTO) in 2000.

24) A large amount of documentation is exhibited which relates to TOL’s activities and negotiations with others. Included in this is various material showing TOL’s relationship with Telesoft Design Limited, this deals with TOL’s intention to obtain a switch to allow it to make its own interconnection with other companies. There is documentation that spans most of 1998; including the first version of “Telecom One Okeford C7 Interconnect Switch Proposal” dated 3 March 1998. (The document refers to a meeting on 26 March 1998, however, a letter from Telesoft Design Limited dated 5 March 1998 refers to a meeting in the previous week. The date of the meeting should have been, it would appear 26 February 1998.) The document identifies the services of interest to TOL as:

premium rate call delivery;
0800 freephone services;
international simple resale;
call back services;
personal numbering.

25) There is documentation from a large number of undertakings, eg BT, Nokia and VISL, all emanating from before any of the relevant dates.

26) Mr Naughton states that to obtain an IFL applicants are expected to satisfy the Department of Trade and Industry (DTI) as to the integrity of their technical, organisational and commercial plans. The fees for obtaining such a licence are substantial. Applications for an IFL are also notified to relevant governmental security agencies. When the DTI proposes to issue an IFL it initiates a one month statutory consultation process by placing a notice on its website and by sending a formal notice to other licensed operators in the marketplace. Mr Naughton exhibits copies of notices that he had received. A notice is also placed in the "Financial Times" and "The Times". The statutory consultation process allows other operators and interested parties, such as trade and consumer groups, to lodge any comments or objections to the granting of the licence.

27) Details of all licences held by United Kingdom operators are held on the OFTEL website. Mr Naughton states that in his experience it is normal for telecommunications operators to monitor such developments.

28) Mr Naughton states that the publicly available OFTEL licensing information is a valuable resource and is used as a database for marketing purposes. He states that he and his colleagues received unsolicited contacts from various companies from mid 1998.

29) Mr Naughton states, in relation to interconnection arrangements, operators are only able to identify to whom to hand over calls if there is a clear way of identifying which numbers belong to which operators. The regulatory requirement of the numbering arrangements condition in operating licences requires each licensed operator to adopt a numbering plan which conforms with the numbering conventions. The numbering conventions require that each operator maintain an up-to-date list of all other licensees. Mr Naughton states that each operator that receives an allocation of numbers from OFTEL will rely upon the list to notify all other licensed network operators of any numbering changes, so that they can update their telecommunications routing and switching equipment as appropriate. When an operator receives an allocation of numbers from OFTEL, all other United Kingdom licensed network operators will be notified.

30) Mr Naughton states the Joseph Miranda, director of carrier relations at DT, wrote to him, in his capacity as managing director of TOL, with a view to selling international carrier capacity between Germany and North America on 12 December 1998. Mr Miranda was based in the United States. Mr Naughton exhibits various unsolicited letters to TOL:

Date sent	Writer
9 October 1998	Laser Focus World
16 January 1999	Columbus Telecommunications
26 January 1999	Columbus Telecommunications
12 February 1999	Carlton

24 March 1999	Blackburn and Darwen Borough Council
1999 (no specific date)	Demon Internet
8 April 1999	International Telecom Plc
26 April 1999	John Sharkey & Co

31) Mr Naughton states that TOL is a wholly owned subsidiary of Premier Telcom Limited which commenced trading in 1997 as a reseller of telecommunications services. Mr Naughton gives various figures for the turn over of Premier Telcom Limited. I do not consider that this assists me. He also gives turnover figures for TOL from after the relevant date and for 1999. I cannot tell how much of the 1999 figure occurred before the relevant date; nor can I tell how much of the 1998 figure occurred before 8 September 1998, the relevant date for 711071. Mr Naughton states that the revenue for TOL was £7,700 for 1998 and £3.997 million for 1999. He exhibits at PN20 TOL's directors' reports and accounts for the years endings 31 December 1998 and 1999. The accounts for 1998 include details for 1997. The accounts state that the principal activity of the company is that of a network provider specialising in value added services. In 1997 TOL had no turnover and spent £39,269 on administrative expenses. In 1998 it had a turnover of £7,700 and administrative expenses of £164,401. The administrative expenses cover such things as wages, advertising, consultancy fees and legal and professional fees. Effectively all the expenses necessary for the day to day running of an undertaking. In both years TOL employed four members of staff; one in administration, two in management and one for technical purposes. The accounts for 1998 stated that until 20 November 1998 Telecom One Limited (HK) was the ultimate holding company, from 29 November 1998 Premier Telcom Limited was the ultimate holding company. The accounts show £631 and £6,214 spent on advertising in 1997 and 1998 respectively.

32) The 1999 accounts show a turnover of £3,996,512. Fifteen staff are shown; six in administration, four in management and five in technical capacities. The amount spent on advertising in 1999 was £45,722.

Witness statement of Daniel Preiskel

33) Mr Preiskel is an independent legal consultant and was formerly a solicitor and partner of the law firm Rakisons. Mr Preiskel states that his principal legal expertise is in commercial and regulatory work in the United Kingdom and European telecommunications sector. He states that Mr Naughton had been the managing director of "Voice International", a leading industry magazine in the mid 1990s. Mr Preiskel states that Mr Naughton's position with "Voice International" gave him a high profile within the industry. Mr Preiskel states that his first contact with Mr Naughton as managing director of TOL was in August 1997, from this time his communications with Mr Naughton related to the establishing of TOL as a United Kingdom operator. Mr Preiskel exhibits letters from 9 April 1998, 3 September 1997 and 29 August 1997 relating to TOL's business. The letter from September deals with what is needed to make applications for international facilities licences and international simple resale licences.

34) Mr Preiskel states that TOL markets its services as wholesaler to other telecoms

operators. He states that it is his belief that other licensed United Kingdom network operators would have learned about TOL by August 1998 by which time TOL had obtained its IFL. He states that in May 1998 TOL had signed an interconnection agreement with BT. A lot of the other evidence that Mr Preiskel gives repeats what has been said by Mr Naughton. Mr Preiskel exhibits at DP4 the register of licence applications and licences issued by OFTEL for 27 February 1998 and 22 May 1998. TOL appears in both as an applicant for a licence. Mr Preiskel states that hard copies of the register were issued to United Kingdom licensees each month. These details would be on the OFTEL website and Mr Preiskel states that before deciding to interconnect with another operator, other operators would check the OFTEL website to see if that other party was listed as an international simple voice resale class licence holder. He states that it was very significant for operators who had received their licences to have them officially posted on the OFTEL website. This posting would bring attention from potential business contacts in the industry, from suppliers as well as buyers, from recruiting companies and even law firms.

35) Mr Preiskel is of the view that owing to the nature of the industry, and the regulated environment, a trading reputation can be developed extremely rapidly. He considers that this is the case for TOL in the United Kingdom in 1997, 1998 and beyond. Mr Preiskel states that most operators are selling the same commodity, the conveyance of electromagnetic signals via the medium of telecommunications infrastructure. The infrastructure consists of circuits and switching equipment which must conform to various technical standards which are negotiated on an intergovernmental basis under the auspices of the ITU. Mr Preiskel states that the infrastructure is invariably manufactured, installed and maintained by specialist companies such as the likes of Nokia, Ericsson and Marconi. Mr Preiskel states that the circumstances of the industry mean that there is no inertia preventing operators from switching all their call traffic to a relatively new operator.

36) Mr Preiskel states that owing to the applications for licences and the efforts of Mr Naughton to promote TOL's activities, TOL very quickly established a reputation and goodwill in the United Kingdom.

Witness statement of Brian Powell

37) Mr Powell is an independent telecommunications consultant. Mr Powell worked for BT for twenty-six years and has for the last eleven years worked as an independent consultant. During his time with BT he worked as network marketing specialist, head of private services and major customer networks manager. Since becoming a consultant he has focused on assisting emerging operators such as start-up resellers and value-added service providers. However, he has also worked for undertakings such as AT&T, Viatel, o.tel.o and BT. Mr Powell exhibits a list of companies he has worked for as a consultant.

38) Mr Powell states that his first contact with TOL was in November 1997 when he had an exploratory meeting with Mr Naughton. Mr Powell was engaged by TOL in February 1998 to support the company with its proposed interconnection negotiations with BT.

Mr Powell states that he recalls that in 1998 Mr Naughton was seeking commercial contacts, doing so by reference to the company name and the trade mark TELECOM ONE. Mr Powell states that the telecoms industry is very small and that news of Mr Naughton's venture was spreading very quickly within the industry. He recalls speaking to Mr Naughton between February and mid 1998 when the latter expressed some frustration at the length of time it took to achieve interconnection with BT as he was receiving a stream of enquires about TOL's services. Mr Powell states that he remembers TOL being brought up in conversations with other delegates at various industry events during the time he was negotiating with BT on TOL's behalf.

39) Mr Powell recalls that from the very beginning Mr Naughton was using the TOL name and logo for all his marketing activities. Mr Powell deals with the issue of licences and OFTEL's web site. All these matters have already been covered by Messrs Naughton and Preiskel. Mr Powell makes various comments about why he thinks DT should have heard of TOL. This is unsubstantiated and is clearly in the realm of speculation and conjecture and so I do not see that it assists me in my deliberations.

40) Mr Powell refers to BT's carrier price list, all those who are interconnected with BT are automatically placed upon the list. This list is important as it allows an operator to know how much it will be charged by BT for "handing over" a call to a number. Operators do not need to use BT as an intermediary. However, many operators prefer to use BT as a "hub" form which can instantly reach all other interconnected operators. Mr Powell exhibits a hard copy of the list for 1 April 1997 to 31 March 1998. TOL does not appear upon the list. He refers to a BT website address. If he wished to include the information in the proceedings he should have made a hard copy of the relevant information.

41) Mr Powell comments on the reputation of TOL as of 16 March 2002. I cannot see that this assists me in relation to these proceedings, where the relevant dates are considerably earlier.

DECISION

Distinctiveness

42) TOL claims that granting protection to DT's trade marks would be contrary to sections 3(1)(b) and (c) of the Act. The relevant parts of the Act state:

"3.-(1) The following shall not be registered -

- (b) trade marks which are devoid of any distinctive character,
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other

characteristics of goods or services,”

There has been no indication of use of the trade marks of DT in the United Kingdom and so the proviso does not come into play.

43) The trade marks of DT are Telecom One and Telecom 1. For the purposes of sections 3(1)(b) and (c) of the Act I do not consider that the numeral one being in word or numeric form makes any difference.

44) The attack under 3(1)(b) and (c) is against all the goods and services of the international registrations. I cannot see how that the two trade marks for non-telecommunication goods and services could be seen as describing a characteristic of such goods and services. The ground of opposition is clearly focused on specific goods and services. It represents the blunderbuss approach. This approach was dealt with by the Court of First Instance in *Daimler Chrysler AG v OHIM (TELE AID)* Case T-355/00:

“However, contrary to what the Office argues, the Court finds that the descriptiveness of a word sign must be assessed individually by reference to each of the categories of goods and/or services listed in the application for registration.”

45) The issue under section 3(1)(c) is within the clearest parameters. Do the trade marks indicate some characteristic(s) of the goods and services? Mr Stacey referred to lexical invention in the trade marks as per *Proctor & Gamble v OHIM* [2002] RPC 17. I would not categorise the trade marks as showing lexical invention. However, I do not consider this against DT. The basis of the lexical invention is, in my view, that the words have a clear allusion to the goods and services. In these cases telecom on its own clearly alludes to telecommunication goods and services but I have to consider the trade marks in their entirety. What characteristic am I being told about by Telecom 1 or Telecom One? I certainly cannot think of one, in relation to any of the goods or services. Yes, the word Telecom is descriptive but how is Telecom 1 and Telecom One? I consider that the difference between Telecom One and Telecom 1 and terms which may serve in trade to designate the characteristic of any of the goods or services more than minimal (see the opinion of Advocate General Jacobs in *OHIM v Wm Wrigley Jr Company* C-191/01 P). **I dismiss the grounds of opposition under section 3(1)(c).**

46) That the trade marks may not be objectionable under section 3(1)(c) if the Act does not mean, of course, that they are acceptable under section 3(1)(b) of the Act. Mr Edenborough referred to the comments of Mr Hobbs QC, sitting as the appointed person, in *Cycling Is...TM* [2002] RPC 729 where he describes trade marks as being origin neutral and origin specific. In *Rewe Zentral* the Court of First Instance put the issue of distinctiveness in a nutshell:

“The signs referred to in Article 7(1)(b) of Regulation No 40/94 are signs which are regarded as incapable of performing the essential function of a trade mark, namely that of identifying the origin of the goods or services, thus enabling the consumer who acquired them to repeat the experience, if it proves to be positive,

or to avoid it, if it proves to be negative, on the occasion of a subsequent acquisition.”

So for telecommunication goods and services can the DT trade marks do their jobs as acting as indicators of origin? The worst case for DT would be, in my view, for telephones. If I saw a telephone with Telecom One or Telecom 1 upon it would I see this as an indicator of origin? I found the problem with this case is that I need to make a very subjective decision. I have considered the issue carefully and repeatedly. Clearly the trade marks are not very inventive, but there is no requirement for inventiveness. When I first considered the trade marks I thought that they were “alright”, that they could do their job. Further consideration has not altered my view, despite the arguments of Mr Edenborough. I do not consider that the trade marks are devoid of any distinctive character. I can imagine them working quite adequately for goods and services relating to telecommunications. **The grounds of objection under section 3(1)(b) of the Act are dismissed.**

Bad faith

47) The relevant parts of the Act in relation to TOL’s claims to bad faith are sections 3(6) and 32(3) of the Act:

3(6) “A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

and

32(3) “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.”

48) There is a general claim to bad faith based on the allegation that DT knew of TOL’s business and a claim based on the breadth of the specifications of the international registration.

49) Mr Edenborough argued that DT could not rely upon a simple denial of the allegations. DT has put in no evidence. He sought support from the decision of Mr Reynolds in relation to several actions between Ferrero SPA and Soldan Holding & Bonbonspezialitäten GmbH, recently upheld on appeal by Mr Kitchen QC, sitting as the appointed person, in decision BL 0/279/03. I do not consider that those cases are on a par with the current ones. In those cases the applicant for invalidity had put forward prima facie evidence to show a pattern of behaviour by the registered proprietor. Consequent upon this evidence the registered proprietor needed to put in evidence to counter the claim. In these cases TOL has put in no evidence that establishes a prima facie case. All that has been put forward is, in my view, allegation, speculation and conjecture. In the absence of establishing a prima facie case I do not see that there is any onus upon DT to put in evidence to counter the allegations. A simple denial is enough.

50) TOL have put no evidence forward to show that DT knew of TOL's existence at the relevant dates. It speculates that DT ought to have known. It considers that the letter from Mr Miranda, director of carrier relations at DT, to TOL shows knowledge. However, this letter was written several months after the relevant date of the first international registration. Mr Miranda is in the United States of America, there is nothing to suggest that he would have known of DT's intellectual property strategies emanating from Germany, or that he would have known of DT's trade mark portfolio at all. TOL needs to show, to even get off the ground, that those behind the decision to make the international applications would have known of its business. TOL has put in no evidence that before the relevant date that DT received any information from OFTEL or from those who had been allocated telephone numbers. It does not state that it wrote to DT to advise it of the telephone numbers that it had been allocated. As there is no such evidence I assume that it does not exist. So if TOL had not written to DT it can be inferred that at the relevant date DT was not involved in the United Kingdom telephone market. TOL's claim is based on oughts, shoulds and must-haves. I do not see why DT or its lawyers in Germany at the dates of the requests for extension of protection should have been consulting the OFTEL website. It had German registrations and made the decision that it wished to extend them to various countries, in the case of 711071 fifty-eight countries.

51) In the absence of any evidence I dismiss the claim that the applications for protection in the United Kingdom were made with a knowledge of TOL's business and consequently made in bad faith.

52) The issue of bad faith arising from the breadth of a specification has been specifically dealt with by Neuberger J in *Knoll AG's Trade Mark* [2003] RPC 10. TOL's case is that DT is well-known as a telecommunications company and, therefore, can have no intention to use its trade marks on goods and services not directly linked to telecommunications. Again there is no evidence to support the allegation. It is mere assertion. The passing of time has dealt with part of the issues anyway owing to the restriction of the specification of 724496. The specifications do not strike me as being covetous or in anyway excessive.

53) Neuberger J works on the basis of the definition of bad faith of Lindsay J in *Gromax Plasticulture Limited v. Don and Low Nonwovens Ltd* [1999] RPC 167 :

“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.”

I consider it appropriate to quote from the judgment of Neuberger J at some length, as I think the judgment does dispose of the case of TOL:

“21 I start by taking the words of s.3(6) of the 1994 Act, the terms of the application and grant of the mark in issue so far as it relates to Class 5, and the nature of the defendant's intention with regard to the use of the mark, and ignoring authority. On that basis, I have considerable difficulty in accepting that the defendant could be said to have been guilty of bad faith in expressing an intention to use the mark in issue for "pharmaceutical preparations and substances" and "dietetic substances adapted for medical use". After all, the defendant had a firm and developed intention to use the mark for pharmaceutical preparations and substances for the treatment of obesity, and contemplated that it might use it in connection with other pharmaceutical products.

22 Although the role of the Classes in Sch.3 to the Trade Mark Rules 2000 ("the Order") can be overstated, it is nonetheless not without significance that the defendant made its application by repeating the first part of Class 5 of that Schedule, the remainder being "plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides." The defendant made its application by reference to the terms set out in a Class identified in the Order, and, presumably consciously, only applied for registration in respect of some of the goods in that Class. That is scarcely redolent of greed, let alone bad faith.

26 In this case, the defendant had a firm intention to use the mark in issue in connection with one type of pharmaceutical product, coupled with a contemplated possibility of using it in connection with other types of pharmaceutical product. On that basis, it would, in my view, as a matter of ordinary English, be impossible realistically to argue that it would be inaccurate, let alone bad faith, for it to have stated that it intended to use the mark for "pharmaceutical preparations and substances", or, equally, for "dietetic substances adapted for medical use".

27 Over and above this, it is important to bear in mind that s.3(6) of the 1994 Act, upon which the claimant's case hinges, involves alleging not merely that the applicant has framed its claim too widely, but that it was guilty of bad faith. The precise meaning of "bad faith" may vary depending on its linguistic context and purpose, but it must, I think, always involve a degree of dishonesty, or at least something approaching dishonesty. To say that one intends to use a mark in connection with "pharmaceutical substances", when one intends to use the mark in connection with a specific category of pharmaceutical substances, does not appear to me, as a matter of ordinary language or concept, to amount to want of good faith. Of course, it might well be different if it was clear from the document in which the statement is made, or from information supplied to the person making the statement, or from well established principles of law, that the intention concerned has to apply across the whole range of goods and services concerned. There is nothing to support such a contention in the words of the 1994 Act or the Order.

31 Secondly, it is germane to mention that it appears common practice for drug companies to register marks, which have been developed as logos for a specific

range of pharmaceutical products, in relation to such products without limitation. Indeed, the defendant has put in evidence to show that that is precisely what the claimant has done in relation to two marks for which it has obtained registration. Of course, the fact that a certain type of conduct is common practice in a particular commercial field cannot of itself validate that conduct, even to the extent of rendering it good faith: two, or a greater number, of wrongs cannot make a right. However, given one should have regard to "the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined", it seems to me that this evidence reinforces the defendant's case.

35 As Mr Campbell points out, it is not as if the 1994 Act or the Directive contain no provision so far as unduly wide specifications are concerned. Section 46 of the 1994 Act and Article 10 of the Directive provide for revocation of a registration to the extent that there has been a lack of genuine use of the mark for the specified uses for a period of five years. In addition, s.46 of the 1994 Act can be invoked to effect a partial revocation: see *DaimlerChrysler AG v Alavi (t/a Merc)* [2001] R.P.C. 42. Thus, it would seem that, if the mark in issue was used only for obesity products by the defendant for the five years following registration, it could be revoked save in relation to obesity products. There is thus a powerful argument, at any rate on the face of it, for the view that, by merely failing to identify its specification sufficiently precisely, or by framing its specification too widely, an applicant for registration cannot be guilty of bad faith."

54) All of the goods in class 9 of the specification could readily be linked or related to telecommunications apparatus and services, especially with the advent of blue tooth technology. I can see nothing outrageous or odd in the goods that are covered in the class 16 specification. There is no earthly reason why the trade marks could not be applied to them as indicators of origin. As for the various services there is no reason, that I can see, that DT might not, whether directly or through licensing, supply them. With the advent of third generation technology it is quite feasible that, for instance, DT would supply interactive services using its trade mark.

55) Part of the argument of TOL seems to be that DT is guilty of bad faith owing to failing to identify the goods and services of interest to it sufficiently precisely, so the specification is too wide. Not an approach for which Neuberger J has a lot of sympathy. In this case as I have indicated I see nothing odd or excessive about the specifications. TOL has put in no evidence to support its claim. Its claim is merely speculative.

56) I dismiss the objections under section 3(6) of the Act made on the basis that DT has no bona fide intention to use, by itself or with its consent, the trade marks in relation to all the goods and services of the international registrations.

Likelihood of confusion

57) According to section 5(2)(b) of the Act a trade mark shall not be registered if because:

“it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

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

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

59) In determining the question under section 5(2), I take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* [2000] FSR 77.

60) TOL relies upon two trade marks. It does not own these trade marks but there is no requirement for an opponent to own the trade marks upon which it relies, under the Act any person can oppose. Both trade marks are earlier trade marks within the definition of section 6 of the Act. In terms of its specification the most damning trade mark for DT would be 1227043. However, the element which clashes with the DT trade marks is disclaimed. The issue of disclaimers is dealt with by Mr James in *Paco/Paco Life in Colour Trade Marks* [2000] RPC 451. He stated:

“If that is right, it follows that the exclusive right disclaimed under section 13 of the Act extends to the use by another party *as a trade mark* of that which has been disclaimed. If the only point of similarity with the registered mark is the disclaimed element, use of the later mark would not infringe.

51. If I am right so far, it is difficult to understand how Parliament could have intended a disclaimer to be taken into account for infringement purposes but not when it comes to an application to register that which could lawfully be used as a trade mark.”

Mr James does not consider that a disclaimed element can be taken into account for the purposes of section 5(2) of the Act. Mr Edenborough advanced no argument in contradiction to the position of Mr James, although reserving his position for any possible appeal. Like Mr James I cannot see how disclaimers can have a different effect under sections 5(2) and 10(2). (If a proprietor considers that a disclaimer is no longer appropriate he can apply to have it removed. So proprietors have the possibility of removing disclaimers from applications registered under the 1938 Act.) **Consequently, I**

do not consider that registration no 1227043 can assist TOL.

Comparison of trade marks

61) This leaves Community trade mark registration no 787630. The trade marks to be compared are:

Earlier registration:

International registrations:

Telecom One
Telecom 1

01 TELECOMS

The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details (*Sabel BV v Puma AG* page 224). The visual, aural and conceptual similarities of the marks must, therefore, be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components (*Sabel BV v Puma AG* page 224). I take into account the matter must be judged through the eyes of the average consumer of the goods/services in question (*Sabel BV v Puma AG* page 224) who is deemed to be reasonably well informed and reasonably circumspect and observant (*Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* page 84, paragraph 27).

62) Mr Stacey advanced the proposition that the earlier registration would be seen as representing some form of alpha numeric telephone number, as per 800 flowers. I am aware of 0800 numbers, 0500 numbers and the like. However, I only recall 01 as being a previous dialling code for London. There is no evidence to substantiate Mr Stacey's claim and it is certainly not something that springs readily to my mind. I cannot see why the average consumer for the goods and services in the United Kingdom would see the trade mark in the way that Mr Stacey puts forward.

63) The telecom element of the respective trade marks is virtually identical. All three trade marks included the number one in numerical or word form. In the earlier registration the number is prefaced by a zero. Other than the order of the elements of the trade marks, the presence of the zero is the only "real" difference between the trade marks. Visually they contain virtually the same elements. Phonetically they are virtually identical. Conceptually they all relate to telecommunications and the number one. Consumers rarely have a chance to compare trade marks directly. They rely upon imperfect recollection. I consider that there is a high degree of similarity between the respective trade marks. Indeed as I have been writing this decision I have incorrectly used details from a printout for 787630 when I was intending to refer to one of DT's trade marks. This is clearly not proof of similarity but it is certainly indicative of it.

Comparison of goods

64) The earlier trade mark is registered for the following goods and services:

audiovisual apparatus and instruments, any apparatus and instruments for storing, reading, recording, entering, printing, displaying or transmitting information; data carriers, whether or not recorded, in the form of disks, diskettes, magnetic tapes, cassettes or cartridges; data processing apparatus and instruments; computer software, courseware and computer programs on all magnetic, electronic or optical data carriers;

printed matter, newspapers and periodicals, magazines, books, catalogues and brochures; printed matter containing computer software and computer programs; paper, cardboard; printed matter; bookbinding material; photographs; stationery; adhesives for stationery purposes; typewriters and office requisites (except furniture); plastic materials for packaging (except those used for padding) namely bags of plastic; printers' type; printing blocks; instructional and teaching material (except apparatus);

education; providing of training; entertainment; shows; sporting and cultural activities; organisation of exhibitions, fairs, showrooms and all events for cultural or educational purposes, in particular organisation of such events with a view to their being held by third parties; arranging and conducting of colloquiums, conferences, congresses, seminars and symposiums; competitions relating to education and entertainment, prize giving, award of honours; publication of printed matter, newspapers, periodicals, books, catalogues, explanatory pamphlets on all media; publication of texts other than publicity texts; production of pictures, moving or animated; film production, short films; information on leisure activities.

TOL claims that the international registrations of DT encompass identical or similar goods to the goods of class 9 and 16 in the above registration. TOL also claims that *rental services relating to data processing equipment and computers* of the international registrations are similar to *data processing apparatus and instruments; computer software, courseware and computer programs on all magnetic, electronic or optical data carriers* of the earlier registration.

65) The class 16 specifications of international registration nos 711071 and 723763 are identical:

printed matter, especially stamped and/or printed cards of cardboard or plastic; instruction and teaching material (except apparatus); stationery (except furniture);

The class 16 specification for international registration no 724496 is for *stationery (except furniture)*.

The class 9 specifications only differ in that in one international registration (711071) the qualification of the first goods is *all for use with telecommunication apparatus and instruments* and in the other (723763) it is *all relating to or adapted for use with telecommunication apparatus and installations*. I do not consider that this makes any practical difference to the consideration of the similarity of the goods. Consequently, I will restrict myself to the consideration of the latter specification:

electrical and electronic apparatus and instruments, all relating to or adapted for use with telecommunication apparatus and installations; optical, measuring, signalling, controlling or teaching apparatus and instruments (included in this class); apparatus for recording, transmission, processing and reproduction of sound, images or data; machine-run data carriers; automatic vending machines and mechanisms for coin operated apparatus; data processing equipment and computers.

Only 723763 includes class 42 services.

66) All the class 16 goods of the international registrations are encompassed by the class 16 specification of the earlier registration. Consequently, the respective goods are identical.

67) The European Court of Justice held in *Canon* that in relation to the assessment of the similarity of goods and/or services, that the following factors, inter alia, should be taken into account: their nature, their end users and their method of use and whether they are in competition with each other or are complementary. Neuberger J in *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another* [2000] FSR 267 stated:

“I should add that I see no reason to give the word "cosmetics" and "toilet preparations" or any other word found in Schedule 4 to the Trade Mark Regulations 1994 anything other than their natural meaning, subject, of course, to the normal and necessary principle that the words must be construed by reference to their context. In particular, I see no reason to give the words an unnaturally narrow meaning simply because registration under the 1994 Act bestows a monopoly on the proprietor.”

Jacob J in *British Sugar Plc v James Robertson & Sons Ltd* stated:

“When it comes to construing a word used in a trade mark specification, one is concerned with how the product is, as a practical matter, regarded for the purposes of trade. After all a trade mark specification is concerned with use in trade.”

So I need to give the terms in the specifications their natural meanings within the context of the trade. I take on board the class in which the goods or services are placed is

relevant in determining the nature of the goods or services (see *Altecnic Ltd's Trade Mark Application* [2002] RPC 34). As far as the services of the application go, I am mindful of the comments of Jacob J in *Avnet Incorporated v Isoact Ltd* [1998] FSR 16:

“In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase.”

68) I consider that it is clear that:

apparatus for recording, transmission, processing and reproduction of sound, images or data; machine-run data carriers; data processing equipment and computers

must be effectively covered by the specification of the earlier registration in class 9. I consider that the above goods are identical to the goods of the earlier registration.

69) TOL claims that *automatic vending machines and mechanisms for coin operated apparatus* is apparatus that is capable of storing and displaying information and so covered by the goods of the earlier registration. A vending machine or a mechanism for coin operation might store certain information but that does not put it on a par with the goods of the earlier registration. My car stores various information, I do not consider that it is on a par with the goods of the earlier registration. I can see no area where the respective goods coincide in any realistic sense in the terms of the *Canon* tests. TOL's case is not based on giving the words their natural meaning or considering the goods in the context of trade. **I do not consider that *automatic vending machines and mechanisms for coin operated apparatus* are either similar or identical to the goods of the earlier registration.**

70) *Electrical and electronic apparatus and instruments, all relating to or adapted for use with telecommunication apparatus and installations* is very general. It covers all and every type of electrical and electronic apparatus and instruments with the sole proviso that there is a link to telecommunications. There is nothing that restricts the goods in the earlier registration from also having this connection. That specification also includes all manner of goods for transmitting information, which is likely to be by means of telecommunications. The earlier specification also encompasses computers which are nowadays linked to telecommunication systems for such things as Internet traffic and sending facsimile transmissions. **Taking into account the general nature of the goods under consideration in this paragraph I consider that it must include goods that are identical or highly similar to those of the earlier registration.**

71) *Teaching apparatus and instruments* is one of those terms that regularly appears in specifications owing to its presence in the International Classification of Goods and Services but which, however, is ill defined and vague. Some indication of the variety of goods that the term encompasses is given by the Registry's classification data base:

Anatomical models for teaching purposes
 Audio cassettes for language teaching
 Child's educational construction kits for use in teaching
 Counting apparatus for teaching arithmetic to children
 Educational materials in the form of computer programmes for teaching
 Educational materials in the form of pre-recorded audio tapes for teaching
 Educational materials in the form of pre-recorded video tapes for teaching
 Electronic teaching devices
 Modular circuit boards for use in teaching electronic concepts
 Modular circuit boards for use in teaching mechanical concepts
 Modular circuit boards for use in teaching pneumatic concepts
 Molecule models being teaching apparatus
 Photographic slides [transparencies] for use in industrial teaching
 Pre-recorded video tapes for teaching purposes
 Science sets for children being teaching apparatus
 Teaching apparatus for training in autorelaxation techniques
 Teaching apparatus for use as study aids
 Teaching apparatus relating to medical matters
 Teaching apparatus relating to optical matters
 Teaching instruments
 Teaching machines
 Teaching programmes recorded on data carriers
 Audiovisual teaching apparatus
 Mannequins (Resuscitation-)[teaching apparatus]
 Resuscitation mannequins [teaching apparatus]
 Teaching apparatus.

Taking into account the broad nature of the term it must catch various of the goods of the earlier registration and so be identical with them. It is, of course, the case that the term will also include goods that might not be identical or even similar. However, I cannot decide which goods are of interest to DT and which goods are not. I can only decide on the basis of the specification before me. Consequently, DT has to stand or fall on the basis of the specification it relies upon. ***Teaching apparatus and instruments must be held to be identical to the goods of the earlier registration.***

72) This leaves *optical, measuring, signalling, controlling apparatus and instruments*. Giving these terms their normal meaning they would cover such goods as spectacles, rulers, railway signals and apparatus for controlling industrial processes. Of course, the terms cover other goods but I consider that this gives an essence of their natures. I cannot see how on any normal and fair reading of these goods that they can be considered to coincide in any meaningful sense with the goods of the earlier registration. If one twisted and tortured the words, placed them on a semantic rack, perhaps one could find areas where the respective goods coincide. However, showing the terms the instruments of torture would be to ignore the comments of Jacob J and Neuberger J. **I, therefore, do not consider that *optical, measuring, signalling, controlling apparatus and***

instruments are either identical or similar to the goods of the earlier registration.

73) TOL claims that *rental services relating to data processing equipment and computers* of 723763 are similar to *data processing apparatus and instruments; computer software, courseware and computer programs on all magnetic, electronic or optical data carriers* of the earlier registration. The rental service would use the goods of the earlier registration. There is a complementary relationship, if a one way one. The services of 723763 require the goods of the earlier registration, although the goods do not require the services of the later registration. Consequently, there is no mutual dependence or symbiotic relationship as there is with computer hardware and operating software; where neither can serve a function without the other. The end customer for the respective goods and services would be the same, someone who wants a computer. The use of the service and the goods will be the same. There is a potential for competition. One could buy the goods of one or use the rental service of the other. **Taking all these factors into account I find that *rental services relating to data processing equipment and computers* are highly similar to the goods of the earlier registration.**

Conclusion on likelihood of confusion

74) Mr Stacey submitted that the earlier registration had limited inherent distinctiveness. The distinctiveness or otherwise of the earlier trade marks is of importance as there is a greater likelihood of confusion where the earlier trade mark has a particularly distinctive character, either per se or because of the use that has been made of it (*Sabel BV v Puma AG*). The corollary of this is that there is a lesser likelihood of confusion where the earlier trade mark has limited distinctiveness (see the comments of Millet in *The European Ltd v The Economist Newspaper Ltd* [1998] ETMR 307). The distinctive character of a trade mark can be appraised only, first, by reference to the goods or services in respect of which registration is sought and, secondly, by reference to the way it is perceived by the relevant public (European Court of First Instance Case T-79/00 *Rewe Zentral v OHIM (LITE)*). In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see *Windsurfing Chiemsee Produktions-und Vertriebs GmbH v. Boots- und Segelzubehör Walter Huber and Franz Attenberger* (Joined Cases C-108/97 and C-109/97) [1999] ETMR 585). For goods that are directly related to telecommunications the earlier registration will have a limited amount of distinctiveness. However, the goods of the earlier registration are not particularly related to telecommunications. Consequently, I do not consider that the earlier registration is particularly weak. Whatever the case I do not consider that this assists DT. Where a trade mark is of limited distinctiveness the public will use small elements to distinguish it from other trade marks; small distinctive elements will take on much greater significance. However, in this case the respective trade marks are so similar that there is virtually no difference for the consumer to latch onto and identify. In these circumstances I do not consider that the distinctiveness of the earlier trade mark will have an effect upon the outcome. The trade marks are just too

close.

75) It is also necessary to take into account that various of the goods are either identical or highly similar; giving less leeway to even the most discerning consumer (see *Canon* re the interdependency principle). The nature of the purchasing decision for the goods varies. Someone buying a computer will make a much more careful and educated purchasing decision than the buyer of a pencil or an eraser. However, owing to the proximity of the goods and the trade marks, I cannot see that even the most careful purchasing decision is going to militate against the likelihood of confusion. Something that is even more likely when taking into account imperfect recollection.

76) Of course likelihood of confusion can only exist for identical or similar goods. Taking all factors into account I find that there is a likelihood of confusion for the following goods and services of the international registration:

electrical and electronic apparatus and instruments, all for use with telecommunication apparatus and instruments, teaching apparatus and instruments (included in this class); apparatus for recording, transmission, processing and reproduction of sound, images or data; machine run data carriers; data processing equipment and computers – 711071;

electrical and electronic apparatus and instruments, all relating to or adapted for use with telecommunication apparatus and installations; teaching apparatus and instruments (included in this class); apparatus for recording, transmission, processing and reproduction of sound, images or data; machine-run data carriers; data processing equipment and computers – 723763;

all goods in class 16 in all three registrations;

rental services relating to data processing equipment and computers in 723763.

Passing-off

77) Section 5(4)(a) of the Act states that a trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented 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. In this case the rule of law relied upon by TOL is the law of passing-off.

78) I intend to adopt the guidance given by Mr Geoffrey Hobbs QC, sitting as the appointed person, in the *Wild Child case* [1998] 14 RPC 455. In that decision Mr Hobbs stated that:

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

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

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

..... Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that; "To establish a likelihood of deception or confusion in an action for passing-off where there has been no direct misrepresentation generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
- (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be

completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact. In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;
- (d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

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

79) Section 35 of the Act deals with international priority claims. This part of the Act must be read in association with article 8 of the Trade Marks (International Registration) Order 1996 – however nothing turns upon this. The relevance of section 35, in this case, arises from the effects of section 6(1)(a) of the Act which states that an earlier trade mark means:

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

To decide what is an earlier trade mark it is necessary to take into account the priority claimed. The corollary of this that if an international registration is under opposition it is necessary to use the date of the international priority claim rather than the date on which the United Kingdom was designated by the holder of the international registration.

80) It is well established that the relevant date for passing-off is the date of the behaviour complained of (see *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2003] EWCA Civ 1132). In this case there has been no evidence of use by DT of its trade marks. Consequently, the behaviour complained of must be the international priority dates of the international registrations. It cannot be any later than these dates as section 5(4)(a) 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, or the date of the priority claimed for the application for

registration of the subsequent trade mark”.

81) The three international registrations have three different priority dates: 8 September 1998, 19 April 1999, 7 May 1999 and so three different relevant dates for the purposes of section 5(4)(a) of the Act.

82) The first thing that TOL has to establish is that it had goodwill at the relevant dates. Pumfrey J in *South Cone Inc. v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 stated:

"There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s 11 of the 1938 Act (see *Smith Hayden (OVAX)* (1946) 63 RPC 97 As qualified by *BALI* [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date."

83) In this case I consider that it is necessary to go back to first principles and look at the definition of goodwill made by Lord Macnaghten in *IRC v Muller & Co's Margarine Ltd* [1901] AC 217:

"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates. **Goodwill is composed of a variety of elements. It differs in its composition in different trades and in different businesses in the same trade. One element may preponderate here and another element there. To analyse goodwill and split it up into its component parts, to pare it down as the Commissioners desire to do until nothing is left but a dry residuum ingrained in the actual place where the business is carried on while everything else is in the air, seem to me to be as useful for practical purposes as it would be to resolve the human body into the various substances of which it is said to be composed.** The goodwill of a business is one whole, and in a case like this it must be dealt with as such. For my part, I think that if there is one attribute common to all cases of goodwill it is the attribute of locality. For goodwill has no independent existence. It cannot subsist by itself. It must be

attached to a business. Destroy the business, and the goodwill perishes with it, though elements remain which may perhaps be gathered up and be revived again."

84) The evidence for TOL shows that as of the latter two relevant dates it was trading as a telecommunications company. It had clients and it had income. There is no doubt that it had a protectable goodwill in its business as of 19 April 1999 and 7 May 1999. However, the establishing of a goodwill in respect of the latter two dates would represent very much a pyrrhic victory if it cannot establish a goodwill in respect of the earlier date. As of 8 September 1998 there is no indication that TOL had received any revenue or had sold any of its services. Indeed the evidence suggests that no services had been supplied at this date. Its connection with BT did not go live until October 1998. The revenue figure for 1997 was only £7,700. There is nothing to indicate that any of this revenue was generated prior to 8 September 1998. When in 1997 the advertising expenditure of £631 was made is not identified. It is, anyway, a very small sum. There is no clear indication as to how the money was spent. It could have been spent on advertising for staff rather than on advertising the business.

85) I have highlighted a section of the words of Lord Macnaghten in the above passage. I have done so as they indicate that it is not possible to be prescriptive in relation to goodwill. Consideration of whether it exists must be made in relation to the relevant trade and the circumstances of the business. I need to consider if TOL has established that it had a protectable goodwill by 8 September 1998 despite not having established that it had supplied any services by that date. There are various matters to be taken into consideration. There is the issue of whether the preparations for trading can establish or help to establish goodwill. In "The Law of Passing-Off" by Christopher Wadlow he is fairly dismissive of the idea that "mere" preparations for trading can create goodwill. The fact that the word mere is used in the heading is fairly indicative of the attitude to the issue. Reference is made to *Lawson v Bank of London* [1856] 139 ER 1296, *Amway v Eurway* [1974] RPC 82 and *Athlete's Foot v Cobra Sports* [1980] RPC 343 in support of his position. I have not been able to get hold of a copy of the first case. However, I have considered the other two and certainly do not consider them on a par with the current case. Both very much turn upon the foreign location of the plaintiff and there is none of the extensive activity that TOL has undertaken. In the case of *Amway v Eurway* the plaintiff arranged interviews for prospective senior personnel and acquired a warehouse. However, there were no actual staff. In the case of *Athlete's Foot v Cobra Sports* all there was was a possible franchisee in the United Kingdom. *Fletcher Challenge v Fletcher Challenge* [1982] FSR 1 is effectively dismissed by Wadlow. However, despite that the case is an Australian one and was for interlocutory relief, I consider that the comments of Powell J in relation to the goodwill are worth noting:

"The first question thus is, has the plaintiff, at this interlocutory stage, established a sufficient *prima facie* case of a reputation in this State? The defendants would deny that it has, either at all, or at either of what are submitted to be the relevant dates--the date of reservation of name, or the date of incorporation. This, so the defendants submit, flows from the facts, first that, at the date of reservation of name, the plaintiff did not exist, and, secondly, that not only did the plaintiff not carry on business here at either relevant date but it still does not carry on business

here. So far as the first of these "facts" is concerned, it seems to me that even if-- which, since this is a *quia timet* proceeding, I do not necessarily accept-- the relevant date is the date of reservation of name, where, as here, the plaintiff has, as it were, risen Phoenix-like from the amalgamation of the three holding companies, it is not illegitimate for it to be treated as entitled to the combined goodwill of all three; but, if something more directly related to the plaintiff's corporate name must be shown it is, I think, not illegitimate to hold, at least at this stage of the proceedings, that the announcement of the proposed amalgamation and of the proposed new corporate name created a new reputation, which reputation preceded, albeit, perhaps, by only a few hours, the lodgment of the Application of Reservation of Company Name (see, for example, *Turner v. General Motors (Australia) Pty. Limited* (1929) 42 C.L.R. 352)."

So for Powell J the goodwill of the plaintiff was not dependant on Phoenix like creation.

86) In relation to *Allen (WH) & Co v Brown Watson Ltd* [1965] RPC 191 and *The British Broadcasting Corporation v Talbot Motor Company Ltd* [1981] FSR 228 Wadlow comments:

"In reality, neither *Allen v. Brown Watson* nor *B.B.C. v. Talbot* actually turned on the existence of goodwill. It is irrelevant to ask whether either advertising or actual use generated goodwill in the title or name itself, because the right protected by passing-off is not a right of property in a particular name or mark, but the goodwill in the plaintiffs' business as a whole. W.H. Allen was a long established business with ample goodwill. So was the B.B.C."

There is no doubt that the plaintiffs in these two cases did have goodwill in their businesses. However, it is perhaps instructive to quote from part of *BBC v Talbot*:

"I begin with the goodwill claimed by the BBC to have been built up in CARFAX as applied to their scheme. Although that scheme has not yet been launched, that does not prevent the BBC from having built up goodwill in it which is entitled to protection: see *W.H. Allen & Co. v. Brown Watson Ltd.* [1965] R.P.C. 191, where the title of an unpublished book was held to have become distinctive of that book, so that it could be protected against publication of a rival book under the same name. Here, there is ample evidence that a significant part of the public knew about the name CARFAX as distinctive of the BBC's system."

Megarry VC refers quite clearly to the goodwill built up in the word CARFAX. The nexus between goodwill and the sign associated with it are often inextricably linked. The advantage that the BBC has over TOL is that they already had a business trading, it was just using a new sign for a new product. Wadlow must, of course, be correct in that the question at issue is the goodwill in the business and the deception that might arise if a sign similar to that used in relation to the business is used by another.

87) I have also considered whether a protectable goodwill could be established through a relationship with suppliers. This has been dealt with by Mr Reynolds in proceedings before the registrar on two occasions (BL 0/103/02 and BL 0/306/99). I quote from the latter case:

“The third element of the opponents’ case is that they have goodwill amongst manufacturers of lingerie in the UK particularly those companies which supply them with goods. A plaintiff or opponent in a passing-off action will normally base his case on sales of his own goods or services to demonstrate that goodwill has been acquired as a result of sales of, or trade in, his goods or services under a distinguishing sign. The proposition that a party can have goodwill arising from activity as a purchaser of goods or services seems to me to raise difficult issues which are either untested or have not been fully tested in the English Courts. It might perhaps be said that a trader who purchases goods from others may have a reputation (good or bad) with those suppliers for, say, speed of payment, regularity of orders etc. To that extent the purchaser may have acquired a ‘good name’ as it were. Whether it goes beyond this and can be said to create a protectable goodwill in the sense that that term is used in passing-off actions is not clear to me. At the hearing I was not referred to any authorities for or against the proposition. I note, however, that there is some support for it in the following brief passage in *The Law of Passing-Off* (referred to above).

“2.40 The action for passing-off is also capable of protecting the goodwill the plaintiff has vis-à-vis his suppliers in his capacity as purchaser. In the present context this means that a foreign business may have goodwill in the jurisdiction although the only business it transacts consists of purchasing goods or services, or it may strengthen a case based on the existence of customers in the normal sense by relying also on the business it conducts with its suppliers. The two Hong Kong cases of *Penney v. Penney*¹ and *Penney v. Punjabi Nick* were both decided in the plaintiffs’ favour solely on the basis of purchasing activities in Hong Kong . In England, purchasing was important in the corresponding English *Penney*’s case and in *Home Box Office v Channel 5 Home Box Office*. However, the existence of goodwill is not sufficient in the abstract. If there is to be liability for passing-off on this basis then there must be a misrepresentation by the defendant which is damaging to the plaintiff’s goodwill as a purchaser, and this is inevitably harder to make out than when one is dealing with misrepresentations made to customers or the public at large.”

Both the Hong Kong cases referred to involved the American JC Penney stores group which had a locally based subsidiary and made substantial purchases there for sale elsewhere but had no retail business of its own in the former Colony. Both cases involved interlocutory injunctions. In the relatively short decision reported in 1979 FSR 26 Leonard J says

“The business which [the plaintiff] does carry on through its subsidiary must necessarily enjoy a local reputation which the plaintiff is entitled to protect. The use by the defendant of its name is likely to damage that reputation by causing confusion in the minds of the public as to whether the parent company has commenced retail business here. Counsel for the

plaintiff does not rely before me on the confusion that must arise in the minds of American visitors to the Hong Kong Hyatt Hotel and I think he is right in the present state of the law's development. The confusion caused in their minds is damage to the goodwill which the plaintiff has built up in the U.S. rather than here. However, in these days of expanding travel and tourism I would anticipate a development of the law of passing off whereby the onus of reputation and goodwill acquired abroad may be granted protection for that reputation and goodwill here even though they do not carry on business here and even though its goods themselves have earned no reputation here. No decision on this point is essential to this case. I therefore arrive at none. Clearly the plaintiff through its subsidiary does carry on business here and is entitled to protection against the use of its name by the defendant in a manner which I can only condemn as dishonest."

In the second case reported at page 29 of the same FSR it appears that Huggins J had some reservations about this approach. The head notes record that

"Held, granting interlocutory relief: (1) In the light of the judgment of Leonard J. in *J.C. Penney Co. v Punjabi Nick* [1979] F.S.R. 26, it could not be said that there was no serious question to be tried in the present action whatever doubt existed as to the propriety of such an extension to the tort of passing-off."

The Wadlow extract referred to above also draws on two cases in the English Courts – the first also involving Penneys and the second *Home Box Office v Channel 5 Home Box Office*. What is clear from these cases is that the plaintiffs had a customer base and sales in this country. Whatever supporting activity they were able to point to in terms of purchasing was not, therefore, critical to the outcome of the cases. Peter Gibson J does, however, say in the *Home Box Office* case

"In the present case on the facts before me I am not prepared to say that the plaintiff has no properly arguable case on goodwill. If evidence of the plaintiff having customers in this country is alone relevant, then the plaintiff has established that it has such customers in the form of the companies to which it has sold its programmes. I do not think it right to treat those sales as *de minimis*. The purchase price for four of the eight programmes sold was in excess of 150,000 dollars. For my part, I think it unduly restrictive to limit goodwill in every case to that which brings in custom for the plaintiff's products or services. Lord Macnaghten himself in the *Muller* case (at p.223) also used wider language in relation to goodwill. He said. "It is the benefit and advantage of the good name, reputation, and connection of business", and that broader formulation would cover, for example, the trader who has a good reputation with his suppliers or bankers which is of vital importance to him in his business."

In the circumstances of the case it seems to me that it would be wrong to ascribe too much weight to the above remarks. Rather they seem to me to be a personal reflection on where the boundaries of passing-off may be set rather than a fully reasoned case for extending or varying established principles.

In the absence of other more conclusive authorities on the subject and on the basis of the above brief consideration of the cases referred to in the Wadlow text I am not prepared to say that there is a sufficient basis for deciding that the requisite goodwill for an action under Section 5(4)(a) (passing-off) can be founded on trade with suppliers alone.”

88) In this case the issues of suppliers and supplied is not so clear cut as the very nature of the business means that TOL can both supply a service and be supplied with a service by the same company. This would appear to be the case with Redstone Telecom. There is also the interrelationship which is shown in the way that revenue is distributed between several undertakings for their several parts in the same service (see paragraph 18 above).

89) In this case TOL was set up in June 1997. It then set about establishing contacts with service providers and the regulatory authorities. Owing to the nature of the business there was a long lead in time as TOL needed to obtain licences from OFTEL. A matter that was clearly complicated owing to the employment of specialist lawyers for this purpose. In November 1997 TOL applied for its ISR which was eventually granted in December 1997. It applied for an IFL at the beginning of 1998 and this was eventually granted on 5 August 1998 and came into force on 7 January 1999. TOL received its first allocation of telephone numbers from OFTEL on 9 April 1998. According to the evidence when an operator receives an allocation of numbers from OFTEL all other United Kingdom licensed network operators will be notified. Well before 8 September 1998 TOL is receiving notification from others in the industry of telephone numbers that have been allocated to them (see for instance page 30 of PN5). TOL began negotiations with BT for interconnects in February 1998, again owing to the complexity of the negotiations it employed a specialist consultant, Mr Powell. Negotiations between TOL and Telesoft Design for an Okeford switch began in February 1998. Part of the process for the granting of an IFL included a notice being placed in the “Financial Times” and “The Times”. I have no doubt from the evidence before me that as of 8 September 1998 other undertakings supplying telecommunication services in the United Kingdom would have been aware of TOL. They would have to have been aware of it owing to the telephone number allocation system. TOL’s licence applications were also on the OFTEL register for 27 February 1998 and 22 May 1998. The biggest player in telecommunications in the United Kingdom, BT, had to be aware of TOL owing to the interconnect negotiations.

90) So TOL was known amongst others in the trade at the earliest relevant date but was there a business as of 8 September 1998? There were employees, four of them. Money was being expended on administrative costs; £32,269 in 1997 and £164,401 in 1998. It is also not to be ignored that Mr Naughton was known in the industry. So his reputation was brought into the company. Mr Stacey submitted that I should ignore the statements

of Messrs Powell and Preiskel as they had worked for TOL. If Mr Stacey considered what they were saying was unsound and should be discounted he could have called them for cross-examination upon their evidence. He did not. Parts of the statements of Powell and Preiskel represent speculation and conjecture and I take no account of those parts. I also accept that owing to their relationship with TOL that their perspective might be different from experts who had not worked for TOL. However, there is nothing to suggest that their view of Mr Naughton and TOL was incorrect. DT itself could have put in expert evidence to counter that of TOL, it elected not to. I treat the evidence of Powell and Preiskel with a little circumspection, owing to their proximity to TOL, but I see no reason that I should not accept that it was made in good faith and accorded to their honestly held views of both TOL and the industry as a whole.

91) There will be businesses which owing to their nature have a long lead-in time before they can start actually trading. In the case of TOL this was because of such things as the complexity of the licensing and interconnect requirements. It is easy to envisage a company set up to develop some product of new or high technology having an even longer lead-in time. Lord Macnaghten was not prescriptive in his attitude to what constituted goodwill and I do not see that I should be. In the case of TOL there was knowledge of it in the industry. Owing to the nature of its business this is where the knowledge of it is likely to reside. It is not the sort of business which is necessarily likely to be known by the public at large, even if they are using one of its services. Its name was on the various registers of OFTEL, both physical and on-line. It had established links with various other service providers. Taking into account the nature of the business and the manner in which it is conducted I consider that it would be a legal fiction to state that as of 8 September 1998 TOL did not have a business with a protectable goodwill for telecommunication services. To come at the issue from another angle, if DT had used its trade mark Telecom One for a telecommunication service in the United Kingdom, the other players in the industry would be bound to connect it to TOL. **I find that as of 8 September 1998 TOL had a goodwill in relation to telecommunication services and that goodwill was associated with the signs Telecom One and Telecom 1.**

92) In reaching this conclusion I have borne in mind the comments of Jacob J in *Hart v Relentless Records Ltd* [2003] FSR 36 about goodwill of a trivial extent:

“In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see *per* Upjohn L.J. in *BALI Trade Mark* [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used "but had not acquired any significant reputation" (the trial judge's finding). Again that shows one is looking

for more than a minimal reputation. Turning back to the present case, the minimal nature of the alleged goodwill reflects itself in a different way too - there is simply no damage. A few DJs thought the claimant company had put out the defendant's records. When they inquired they were disabused. Nothing more happened. There was a claim of financial loss in the pre-action correspondence and in Mr Hart's witness statement. That came completely to bits on cross-examination. Mr Fernando does not seek to rely upon it or indeed on any actual damage."

In this case the nature of the business of TOL means that the goodwill is certainly not of a trivial extent and could certainly give rise to damage.

93) The signs used by TOL are identical to those of DT. It could be argued that in relation to telecommunication services Telecom One and Telecom 1 have a limited amount of distinctiveness. There is a body of case law in relation to signs with limited, if any distinctiveness. In *Office Cleaning Services -v- Westminster Window and General Cleaners* [1946] 63 RPC 39. Lord Simonds stated:

"... in the case of trade names the Courts will not readily assume that the use by a trader as part of his trade name of descriptive words already used by another trader as part of his trade name is likely to cause confusion and will easily accept small differences as adequate to avoid it."

In this case the signs are not completely descriptive and neither is there any small difference between the signs that TOL uses and the DT trade marks. Deception is inevitable. It is necessary for me to decide just how far that deception will go.

94) TOL has a reputation in respect of the industry for supplying various telecommunication services, there is no evidence that the public at large will know of it; or at least not at the relevant dates. Mr Preiskel states that TOL markets its services as wholesaler to other telecoms operators. I bear in mind, in relation to those involved in the trade, the comments of Bankes LJ in *Ewing v Buttercup Margarine Co Ltd* [1917] 34 RPC 232:

"What does this matter if they intend to pass their goods on to the market as being of their manufacture with the intention that they shall retain their identity until they reach the retail purchasers? Or what does it matter that the business of the plaintiff at the present time is mainly confined to Scotland and parts of the North of England? All that seems to me to be perfectly immaterial."

A reputation in wholesale does not preclude effective rights in relation to retail.

95) At the same time TOL does not have carte blanche in relation to all goods and services. In *Harrods v Harrodian School* [1996] RPC 697 Millett LJ states:

“It is not in my opinion sufficient to demonstrate that there must be a connection of some kind between the defendant and the plaintiff, if it is not a connection which would lead the public to suppose that the plaintiff has made himself responsible for the quality of the defendant’s goods or services”

In the same case he goes on to state:

“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.”

and

“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.”

In *Stringfellow v McCain Foods (G.B.) Ltd.* [1984] RPC 501 Slade L.J. said:

“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.”

Clearly TOL is not Harrods. I consider that there must be deception in relation to goods and services clearly related to telecommunications but I do not believe that the deception can go any further than that. Consequently, I do not consider that any of the goods and services of international registration no 724496 are affected. In relation to registration no 711071 *electrical and electronic apparatus and instruments, all for use with telecommunication apparatus and instruments* is caught. In relation to registration no 723763 *electrical and electronic apparatus and instruments, all relating to or adapted for use with telecommunication apparatus and instruments* is caught. The class 38 services of 711071 and 723763 are all caught. The *collection and provision of news and information* is within class 38 and must be a service within the parameters of that class, as per *Altecnic*. The general services of collection and provision of news are appropriate to class 41. Class 38 contains services which allow the broadcasting of the service not the actual service unless the service is specifically related to telecommunications. Consequently, the DT service in class 38 must be a telecommunications service. In the class 42 specification of 723763 *projecting and planning services relating to equipment for telecommunication* is caught.

96) Owing to the identity of the signs and the relationship of the goods referred to in paragraph 92 I have no doubt that certain of the classic causes of damage would occur:

- Diverting trade from TOL to DT.
- Potentially injuring the trade reputation of TOL if there were any failings in the goods and/or services of DT.
- By the injury which is inherently likely to be suffered by any business when on frequent occasions it is confused by customers or potential customers with a business owned by another proprietor or is wrongly regarded as being connected with that business.

(See *Habib Bank Limited v Habib Bank AG Zurich* [1982] RPC 1)

97) When considering the issue of passing-off I have kept in mind these words of “Halsbury” :

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

I have no doubt that as of 8 September 1988 there would have been deception and damage if DT had used its trade marks for telecommunication goods and services amongst the public concerned; in this case the public concerned is other telecommunication undertakings. Passing-off is not just about the public at large, it is about deception amongst a public concerned which as in the case of *Ewing* can be others in the trade.

OVERALL CONCLUSION

98) Taking into account my findings in relation to sections 5(2)(b) and 5(4)(a) the requests for protection are to be refused as follows:

- International registration no 711071 to be refused for all goods in class 16; to be refused for all goods in class 9 with the exception of *optical, measuring, signalling and controlling apparatus and instruments; automatic vending machines and mechanisms for coin-operated apparatus*; to be refused for all services in class 38.
- International registration no 723763 to be refused for all goods in class 16; to be refused for all goods in class 9 with the exception of *optical, measuring, signalling and controlling apparatus and instruments; automatic vending machines and mechanisms for coin-operated apparatus*; to be refused for all services in class 38; to be refused for all services in class 42 with the exception of *computer programming services; data base services, namely rental of access time to and operation of a data base*.
- International registration no 724496 to be refused in respect of all goods in class 16.

The remaining goods and services of the international registrations are acceptable.

99) DT should file, within one month of the expiry of the appeal period from this decision, forms TM21 to amend the specifications of its registrations to take into account my findings in paragraph 97. If no forms TM21 are filed within the period set the requests for protection in the United Kingdom will be refused in their entirety. (If an appeal is filed the period for filing the forms TM21 will be one month from the final determination of the case, if the appeal is unsuccessful.)

100) Telecom One Limited having been largely successful in this case it is entitled to a contribution towards its costs. I order Deutsche Telekom AG to pay Telecom One Limited the sum of £3,300. 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 16th day of October 2003

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