

O-060-15

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2564928
BY CONDOR CYCLES LIMITED
TO REGISTER THE TRADE MARK
SQUADRA
IN CLASS 12
AND**

**IN THE MATTER OF OPPOSITION
THERE TO UNDER No. 101398 BY
KEVIN DAKIN**


BACKGROUND

1) On 20 November 2010, Condor Cycles Ltd (hereinafter the applicant) applied to register the trade mark SQUADRA in respect of the following goods in Class 12: “Bicycles, tricycles, bicycle and tricycle frames and parts and fittings for the aforesaid goods; accessories specially adapted for bicycles, including grips for handlebars, covers for saddles, dress guards, splash guards, pumps, stands, panniers, holders and carriers for luggage, goods and bottles; transportation bags for containing bicycles; bicycle covers; carriers for bicycles on vehicles”.

2) The application was examined and accepted, and subsequently published for opposition purposes on 24 December 2010 in Trade Marks Journal No.6867.

3) On 10 January 2011 Kevin Dakin (hereinafter the opponent) filed a notice of opposition. The grounds of opposition are in summary:

a) The opponent is the proprietor of the following trade marks:

Mark	Number	Date of application / registration	Class	Specification
SQUADRA	CTM 9201211	24.06.10 04.05.13	12	Cycles and cycle frames; cycle components; support stands for bicycles; bags for cycles, bags for carrying or transporting cycles; panniers; baskets for cycles; covers for cycles; cycle accessories, parts and fittings for cycles and cycle frames.
	2296637	28.03.02 06.09.02	12	Bicycles; including parts and fittings for bicycles.

b) The opponent contends that the mark in suit is confusingly identical or similar to its registered trade marks. It states that the goods applied for in the mark in suit are similar or identical to those for which its marks are registered. As such there will be confusion in the marketplace if the mark in suit, is allowed to become registered and used. In respect of CTM 9201211 the mark in suit therefore offends against Section 5(1) & 5(2)(a) of the Act. In respect of UK 2296637 the mark in suit therefore offends against Section 5(2)(b) of the Act.

c) The opponent contends that it has used its marks above in respect of goods in class 12 to such an extent that it has a reputation in the UK which the applicant is seeking to take unfair advantage of by riding upon the opponent's coat-tails. It also

contends that detriment to its reputation will occur as it has no control over the quality of the products produced by the applicant and that use of the mark applied for will diminish the uniqueness of its marks. The mark in suit therefore offends against Section 5(3) of the Act.

d) The opponent states that it has used its mark SQUADRA since October 1992 in the UK in respect of goods in class 12 and has acquired significant goodwill and reputation. Use of the mark in suit will result in misrepresentation and damage to the opponent's business. As such the mark in suit offends against Section 5(4)(a) of the Act.

4) On 4 March 2011, the applicant filed a counterstatement denying all the grounds, other than admitting that the mark in suit was identical to CTM 9201211. The applicant put the opponent to proof of use of its mark.

5) Both sides filed evidence. Both parties seek an award of costs in their favour. The matter came to be heard on 26 January 2015 when the opponent represented himself. The applicant did not attend and was not represented however, written submissions were provided which I shall refer to as and when necessary in my decision.

OPPONENT'S EVIDENCE

6) The opponent himself, Mr Dakin, filed four witness statements, dated 11 July 2011, 3 January 2012, 16 January 2012 and 27 August 2013. Some of these statements have been adopted across from other actions between the parties and so contain various references to these actions. He states:

"1. I am a former amateur racing champion and since 1992, I have (on my own account and through corporate entities) produced and sold high quality bicycles, bicycle frames and bicycle kits under the Mark which is the subject of the action for Revocation [2296637]. The Mark has been used on (sic) the form in which it is registered on the frame of the bicycles, on the frame when sold as a separate item and on the frame when sold as part of a bicycle kit. It has also been used on invoices and as part of the general promotion of the Squadra business.

2. My bicycles are high quality, high performance machines which are fit for racing and currently range from between approximately £4,000 and £12,000 for a complete bicycle. During 2011 I expect to sell around 300 complete bicycles and a further 200 frames. At the half year point, from the level of sales I have achieved so far, I should exceed these targets.

3. Whilst this may not sound like a very substantial number, it is a very substantial proportion of the market for these types of bicycles and I consider that I really only have 7 or 8 competitors in terms of this quality of bicycle in the UK."

7) Mr Dakin states that he formed his own company in 1992 and bought some bicycle frames and parts from a company called Veltec in order to make his first Squadra bicycles. He states he used the mark 2296637 on the frame of the bicycles he sold. Mr Dakin states that in the first four months of trading he sold around 30-40 bicycles along with around the same number of bicycle frames, all bearing the mark [2296637]. He states he has expanded his range since that time and that by 1994 he was selling “bicycle kits which had a range of 18 frames and various accessories so that the bicycles could be more individual.” At exhibit KD2 he provides a spreadsheet which relates to sales of framesets, pedals and a relatively small number of drinks bottles. The figures are as follows:

YEAR	£
1992	36,520
1993	46,902
1994	68,917
1995	61,742
1996	72,267
1997	121,417
1998	79,107
1999	86,680
2000	83,741
2001	72,755
2002	48,552
2003	47,575
2004	26,566
2005	38,160
2006	103,235
2007	118,665
2008	97,791
2009	94,500
2010	332,551
2011	425,830

8) Mr Dakin states that the above figures were created from details provided by his accountant. He states that:

“not all the sales referred to were sold in the UK and some of which did not bear the Mark [2296637] but as a conservative estimate I would attribute at least half of the turnover every year to bicycles, kits and frames sold in the UK which bore the Mark on the bicycle frame of the (sic) and were sold in the UK.”

9) Mr Dakin agrees that the 50% figure above is an estimate, but that he is willing to be cross examined on the matter. He states that from 1992 to date he has:

“supported my use of the Mark [2296637] and the sale of my products through a variety of means including use by well known cyclists, sponsoring competitions,

reviews in cycling magazines, press coverage and sponsorships. For example, I have supplied cycles and frames to well known cyclists such as Sean Yates, Shane Sutton, David Rand and Rob Hurd. Each of these well known individuals promoted the Mark and the Squadra brand more generally by being seen using my bicycles. I have also had my bicycles reviewed in cycling magazines and have sponsored competitions and provided prizes for Cycling Weekly magazine. By way of example of my promotional activities I attended a cycle race in Rochester in Kent and arranged a display of Squadra bicycles to the public. The Mark was affixed to the frames of those bicycles and visible to people viewing and purchasing those bicycles. Also in 1997, I helped finance a bicycle racing team, managed by Shane Sutton. That team launched in 1998 as Squadra PDM Sports WCU and a number of team members used Squadra bicycles bearing the Mark.”

10) Mr Dakin states that his activities as an amateur racer helped sales as he had a number of contacts in the cycling world and many of his sales arise from word-of-mouth recommendations. He states that social media has also played a significant role in promoting his brand. Through his social media page he obtained photographs of customers bikes. He explains that he did not keep brochures etc from his early years in business and what records he did have were lost to him during an acrimonious divorce. Mr Dakin provides the following exhibits:

- KD-1: This consists of a single page from a computer entitled “Paint scheme design for 2007-2008”. Mr Dakin corrects this in a later statement saying that it should have been dated 2009, as this was when the eleven speed gearing became available. However, other than the reference to eleven speeds this was the paint scheme used from 2002-2008. The diagram shows the frame of a bicycle on which appear on the front forks the word “Dedacciai”; on the two frame parts leading from the handlebars to the pedals and from the pedals to the seat appear a rectangular shape divided into three equal bands somewhat akin to a flag alongside the word “Squadra”; on the part of the frame from the pedals to the back wheel appear the numeral and word “11-speed”. Trade mark 2296637 is shown in a circle next to the area just below the handlebars. Mr Dakin states that it is located on the head tube of the bike. Above the frame are the words “Professional” and “squadra.pro”.
- KD-3: this consists of a selection of 20 invoices, dated between 2002 and 2009. They purchaser’s details other than the town and postcode have been redacted. Each shows the sale of either a Squadra Road Frame or a Squadra Professional Road Frame with the price charged ranging from £699 to £3599. Trade mark 2296637 and Mr Dakin’s name and address details are shown on the top right hand side of each page. The list of retailers within the exhibit appears to be on the same headed paper. There are 24 retailers listed who are located in various towns and cities across the UK including such places in e.g. Essex, Humberside, Glamorgan, Leicestershire, Northern Ireland and Cornwall.

- KD2-1: This consists of a page from Mr Dakin's Facebook page which shows use of trade mark 2296637 and also the word "Squadra". The entries are dated from December 2011.
- KD2-2: An exchange of emails with Guy Aldworth, a customer, who states that he "got my first Squadra in 2002". He also states that on the bike he purchased from Mr Dakin in 2002, trade mark 2296637 appeared on the head tube with the word "SQUADRA" appearing on the down tubes.
- KD3-1: A photograph of a bicycle sold in 1992/93 which shows trade mark 2296637 on the head tube. It is stated that this bicycle was repainted in 2004 by a Dutch painter who regularly painted bicycles for Mr Dakin. It would appear that the trade mark was added at this time.
- KD3-2: A photograph of a bicycle sold in 2010, which Mr Dakin says is representative of the bicycles he has been selling since 1992. It shows trade mark 2296637 on the head tube.

APPLICANT'S EVIDENCE

11) The applicant filed two witness statements, dated 3 April 2014 and 17 April 2014, by George Myrants, its Trade Mark Attorney. These include, as exhibits, witness statements provided in respect of other proceedings between the two parties and so contain various references to these actions. He provides a brief history of the applicant company which until 7 April 2005 was a family run partnership with various individuals from the Conway and Young families being partners at various times. Condor Cycles Ltd was incorporated on 3 February 2005 and Mr Myrants states that "the entire Condor Cycles business was transferred on 7 April 2005" to this new company. He does not mention the issue of goodwill nor does he provide any details regarding the ownership of the new company or a copy of the sale of the business. However, Mr Myrants does regard the applicant to be the successor in business of the family partnership.

12) He claims that the partnership first used the term "SQUADRA" upon one of its bicycles in 1994 (he previously stated it was 1996, but new evidence has apparently been found). He states that the term "SQUADRA" is the Italian word meaning "team" and so is apt for racing bicycles. At exhibit GM1 to OPP/2 he provides copies of pages from a catalogue dated 1996/97 for Condor Cycles which shows use of the term SQUADRA on a range of bikes. He also provides pages from catalogues dated between 2002 and 2009 which show use of the term SQUADRA on bicycles. He states that the catalogues were "sent out to customers in the UK and other countries" and that "in later years" they could be viewed on the internet. He states that the company exhibited at the annual Cycle show at Earls Court, and also ran a bike racing team. He states that due to flooding very few records are available. He provides, at exhibit GM2 to OPP/2, a selection of invoices, very few of which are legible. Of those that can be read there appears to be one Squadra bike sold in 2003, eleven in 2004, three in 2005, two in 2006, five in 2007, three in 2008, four in 2009, and two in 2010. He claims that the

opponent has “in the last five years”[2006-2011] exported their goods to a number of countries.

13) As part of exhibit GM3 to OPP/2 he provides pages from the website of Condor Cycles between 2004 and 2006 which shows bikes under the SQUADRA mark being offered for sale. Also included in this exhibit is a price list dated 2003 which shows use of the Squadra mark. Further there are pages which show sales of bikes under the mark SQUADRA as follows:

Year	2002	2003	2004	2005	2006
Bikes	63	n/a	109	149	181

14) He challenges a number of matters included within Mr Dakin’s witness statement both in terms of relevance and accuracy and claims, in effect, that it is not sufficient to prove use of the mark within the relevant periods. He questions whether witnesses were “led” in their evidence. Mr Myrants states:

“No confusion has arisen in the past 20 years of the Applicant’s use of the same mark in the course of trade and therefore it is realistic to conclude that no confusion will arise in future. It is significant that in this paragraph [2] the opponent admits that he sourced his bicycles branded Squadra from Italy and therefore the trade mark would at best belong to someone in Italy who has not applied for registration of the mark in the United Kingdom.”

15) Referring to the sample invoices exhibited by Mr Dakin at KD-3, Mr Myrants claims that they “give rise to the suspicion that they were fabricated for the purpose of these proceedings. I raise this serious suspicion because all of the invoices are not the legally prescribed VAT invoices quoting the VAT registration No. and including the VAT charges”. He provides the following exhibits:

- GM/OPP/1: In his witness statement Mr Myrants describes this exhibit as a copy of his witness statement dated 5 October 2011. What Mr Myrants actually filed here was a copy of his witness statement dated 3 April 2014. He filed exhibits GM1 & 2 attached to this statement.
- GM1: A copy of a report from Cycling Weekly dated 30 May 2008 which states that Campagnolo were considering releasing an eleven speed groupset in 2009. This is in reference to the opponent’s exhibit KD1.
- GM2: A list of turnover thresholds requiring VAT registration for the years 1992 to 2010 published by the Institute for Fiscal Studies sourced from HM Revenue and Customs.
- GM/OPP/2: This consists of a copy of Mr Myrants’ witness statement dated 16 June 2011, I have incorporated its comments above as there is a considerable

degree of repetition in the various witness statements filed. Included are exhibits GM1-3 which I have described in the narrative above.

- GM/OPP/3: This consists of pages from a magazine “Cycling Weekly” which Mr Myrants claims the publishers informed him was published on either 9 or 16 May 2002 and included a test on a Condor Squadra bicycle. There is no visible date on the pages.
- 45GM/OPP/4: Copies of pages from the Velospace website which Mr Myrants states is a marketing organisation. The pages feature a Condor Squadra bicycle dated 1994.
- GM/OPP/5: Pages from a cycling forum where a contributor refers to ownership of a 1995 Condor 653 Squadra.
- GM/OPP/6: These are pages discovered in archives which relate to sales in the years 2004-2006. These have already been provided at paragraph 13 above.
- GM/OPP/7: Pages of test reports of Condor Squadra bikes from November 2004 and May 2009 from Road Cycling UK. Also include are pages from the 2006 brochure which shows use of Condor Squadra.
- GM/OPP/8: This consists of copies of correspondence between the two parties over a number of years. It does not assist my decision.

OPPONENT’S EVIDENCE IN REPLY

16) The opponent filed another two witness statements, dated 13 August 2014 and 18 July 2014. He repeats his contention that he has used the mark SQUADRA since 1992 on a range of cycling goods such as bicycles, frames, wheels etc. He states that the market for high cost bicycles, ranging between approximately £2000 and £5,500 for the frameset, is relatively small given that to complete the bicycle will cost another £2,000 to £7,000. Mr Dakin contrasts this with the applicant who he states charges between £350 and £700 for a frame set. He states that the Condor racing team have never used Squadra bicycles only Condor bicycles. Regarding the allegation that the invoices were fabricated Mr Dakin repeats his denial, and states that he has always worked within the law and his accountant ensured that the paperwork was correctly completed. He points out that the applicant’s own invoices are deficient in that a number do not have one or more of the following upon them: company name, business address, company number VAT number or VAT calculation. He includes the following exhibits:

- 02/14: A photograph of a bike said to be from 1992 with the word “SQUADRA” clearly shown on two of the bars of the bike frame.
- 03 & 04/14: Photograph of bikes said to be from 2010 with the word “SQUADRA” clearly shown on one of the bars of the bike frame.

- 05/14: Two photographs of the same bike which show the marl 2296637 clearly used upon the head tube. The photos are undated.
- 06/14: A page from the SQUADRA website which states “Squadra started as a bicycle brand in 1992”.
- 09/14: A page from the SQUADRA YouTube account which includes an entry relating to 1992.

17) That concludes my summary of the evidence filed, insofar as I consider it necessary.

DECISION

18) I shall deal first with the ground of opposition which is based on section 5(2)(b) which reads:

5.-(2) A trade mark shall not be registered if because -

- (a)
- (b) 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.”

19) An “earlier trade mark” is defined in section 6, the relevant part of which states:

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

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

20) The opponent is relying upon its trade marks listed in paragraph 3 above which are both earlier trade marks. The applicant requested that the opponent provide proof of use. Given the interplay between the dates that the opponent’s marks were registered and the date that the applicant’s mark was published, it is entitled to request such proof in respect of mark UK 2296637 but not CTM 9201211 as per Section 6A of the Act which states:

“Raising of relative grounds in opposition proceedings in case of non-use

6A. - (1) This section applies where -

(a) an application for registration of a trade mark has been published,

(b) there is an earlier trade mark of a kind falling within section 6(1)(a), (b) or (ba) in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if -

(a) within the period of five years ending with the date of publication of the application the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) the earlier trade mark has not been so used, but there are proper reasons for non- use.

(4) For these purposes -

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(5) In relation to a Community trade mark or international trade mark (EC), any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.”

21) I must first consider whether the opponent has fulfilled the requirement to show that genuine use of its mark has been made. In the instant case the publication date of the application was 24 December 2010, therefore the relevant period for the proof of use is 25 December 2005 – 24 December 2010. I take into account the comments of Arnold J. in *Stichting BDO v BDO Unibank, Inc.*, [2013] F.S.R. 35 (HC), where he stated as follows:

“51. Genuine use. In *Pasticceria e Confetteria Sant Ambroeo Srl v G & D Restaurant Associates Ltd* (SANT AMBROEUS Trade Mark) [2010] R.P.C. 28 at [42] Anna Carboni sitting as the Appointed Person set out the following helpful summary of the jurisprudence of the CJEU in *Ansul BV v Ajax Brandbeveiliging BV* (C-40/01) [2003] E.C.R. I-2439; [2003] R.P.C. 40 ; *La Mer Technology Inc v Laboratoires Goemar SA* (C-259/02) [2004] E.C.R. I-1159; [2004] F.S.R. 38 and *Silberquelle GmbH v Maselli-Strickmode GmbH* (C-495/07) [2009] E.C.R. I-2759; [2009] E.T.M.R. 28 (to which I have added references to *Sunrider v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (OHIM) (C-416/04 P) [2006] E.C.R. I-4237):

(1) Genuine use means actual use of the mark by the proprietor or third party with authority to use the mark: *Ansul*, [35] and [37].

(2) The use must be more than merely token, which means in this context that it must not serve solely to preserve the rights conferred by the registration: *Ansul*, [36].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin: *Ansul*, [36]; *Sunrider* [70]; *Silberquelle*, [17].

(4) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, i.e. exploitation that is aimed at maintaining or creating an outlet for the goods or services or a share in that market: *Ansul*, [37]-[38]; *Silberquelle*, [18].

(a) Example that meets this criterion: preparations to put goods or services on the market, such as advertising campaigns: *Ansul*, [37].

(b) Examples that do not meet this criterion: (i) internal use by the proprietor: *Ansul*, [37]; (ii) the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle*, [20]-[21].

5) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including in particular, the nature of the goods or services at issue, the characteristics of the

market concerned, the scale and frequency of use of the mark, whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them, and the evidence that the proprietor is able to provide: *Ansul*, [38] and [39]; *La Mer*, [22] -[23]; *Sunrider*, [70]–[71].

(6) Use of the mark need not always be quantitatively significant for it to be deemed genuine. There is no de minimis rule. Even minimal use may qualify as genuine use if it is the sort of use that is appropriate in the economic sector concerned for preserving or creating market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor: *Ansul*, [39]; *La Mer*, [21], [24] and [25]; *Sunrider*, [72]”.

22) I also take note of the comments of Mr Daniel Alexander Q.C sitting as the Appointed Person in *Awareness Limited v Plymouth City Council*, Case BL O/230/13 where he commented:

“22. The burden lies on the registered proprietor to prove use..... However, it is not strictly necessary to exhibit any particular kind of documentation, but if it is likely that such material would exist and little or none is provided, a tribunal will be justified in rejecting the evidence as insufficiently solid. That is all the more so since the nature and extent of use is likely to be particularly well known to the proprietor itself. A tribunal is entitled to be sceptical of a case of use if, notwithstanding the ease with which it could have been convincingly demonstrated, the material actually provided is inconclusive. By the time the tribunal (which in many cases will be the Hearing Officer in the first instance) comes to take its final decision, the evidence must be sufficiently solid and specific to enable the evaluation of the scope of protection to which the proprietor is legitimately entitled to be properly and fairly undertaken, having regard to the interests of the proprietor, the opponent and, it should be said, the public.”

and further at paragraph 28:

“28. I can understand the rationale for the evidence being as it was but suggest that, for the future, if a broad class, such as “tuition services”, is sought to be defended on the basis of narrow use within the category (such as for classes of a particular kind) the evidence should not state that the mark has been used in relation to “tuition services” even by compendious reference to the trade mark specification. The evidence should make it clear, with precision, what specific use there has been and explain why, if the use has only been narrow, why a broader category is nonetheless appropriate for the specification. Broad statements purporting to verify use over a wide range by reference to the wording of a trade mark specification when supportable only in respect of a much narrower range should be critically considered in any draft evidence proposed to be submitted.”

23) Whilst in *Dosenbach-Ochsner Ag Schuhe Und Sport v Continental Shelf 128 Ltd*, Case BL 0/404/13, Mr Geoffrey Hobbs Q.C. as the Appointed Person stated that:

“21. The assessment of a witness statement for probative value necessarily focuses upon its sufficiency for the purpose of satisfying the decision taker with regard to whatever it is that falls to be determined, on the balance of probabilities, in the particular context of the case at hand. As Mann J. observed in *Matsushita Electric Industrial Co. v. Comptroller- General of Patents* [2008] EWHC 2071 (Pat); [2008] R.P.C. 35:

“[24] As I have said, the act of being satisfied is a matter of judgment. Forming a judgment requires the weighing of evidence and other factors. The evidence required in any particular case where satisfaction is required depends on the nature of the inquiry and the nature and purpose of the decision which is to be made. For example, where a tribunal has to be satisfied as to the age of a person, it may sometimes be sufficient for that person to assert in a form or otherwise what his or her age is, or what their date of birth is; in others, more formal proof in the form of, for example, a birth certificate will be required. It all depends who is asking the question, why they are asking the question, and what is going to be done with the answer when it is given. There can be no universal rule as to what level of evidence has to be provided in order to satisfy a decision-making body about that of which that body has to be satisfied.”

22. When it comes to proof of use for the purpose of determining the extent (if any) to which the protection conferred by registration of a trade mark can legitimately be maintained, the decision taker must form a view as to what the evidence does and just as importantly what it does not ‘show’ (per Section 100 of the Act) with regard to the actuality of use in relation to goods or services covered by the registration. The evidence in question can properly be assessed for sufficiency (or the lack of it) by reference to the specificity (or lack of it) with which it addresses the actuality of use.”

24) Lastly I note that in *Reber Holding GmbH & Co. KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (OHIM), Case T-355/09, the General Court found that the sale of 40-60Kg per annum of specialist chocolate under a mark was insufficient to constitute genuine use of the national trade mark, which was registered in Germany. On further appeal in Case C-141/13 P, the CJEU stated, at paragraph 32 of its judgment, that “*not every proven commercial use may automatically be deemed to constitute genuine use of the trade mark in question*”. The CJEU found that “*the General Court conducted an overall assessment of that trade mark, taking into account the volume of sales of the goods protected by the trade mark, the nature and characteristics of those goods, the geographical coverage of the use of the trade mark, the advertising on the website of Paul Reber GmbH & Co. KG and the continuity of the trade mark’s use. It thus established a certain degree of interdependence between the factors capable of proving genuine use. The General Court therefore correctly applied*

the concept of 'genuine use' and did not err in law in its assessment of that use"
(paragraphs 33 and 34 of the judgment of the CJEU).

25) Thus, proven use of a mark which fails to establish that "the commercial exploitation of the mark is real" because the use would not be "viewed as warranted in the economic sector concerned to maintain or create a share in the [European Union] market for the goods or services protected by the mark" is therefore not genuine use.

26) The opponent has stated throughout the case that he has used the mark upon the goods in question since 1992. He has filed a number of documents to support his case whilst explaining that a number of documents which he would have looked to file were unavailable to him following an acrimonious divorce. He has provided sales figures from 1992 – 2011 inclusive. Whilst these figures include years before as well as some after the relevant period it merely adds to the compelling narrative put forward by the opponent by showing continuity of use. The applicant has criticised many of these documents and has alleged that some of them might have been fabricated. However, no evidence to back up this wild accusation has been filed. I note that these allegations have been specifically denied and Mr Dakin has indicated his willingness to be cross examined on the matter. The applicant has chosen not to request cross examination and indeed has decided not to attend the hearing or even be represented at it.

27) Whilst the sales figures relate to his business as a whole it is stated that "at least half" relate to sales made in the UK under the mark in suit and that the sales were either made by the opponent personally or by his companies under licence from him. The opponent claims that his bicycles are specialist ones with a limited market and the invoices he has provided show what appear to be relatively high prices which would lend support to this claim. Those invoices cover sales over a number of years including throughout the relevant period. Each shows the mark in suit and each makes reference to the sale of either a Squadra Road Frame or a Squadra Professional Road Frame. The opponent provided a document showing the paint scheme he used on his bicycles. Accepting that the document is mislabelled to show 2007-2008 rather than 2009, he confirms that the scheme was principally the same in those earlier years (and indeed at all times before then) but was later updated to reflect the (then) latest 11 speed technology. He has contacted a number of customers and has provided photographs of the bikes he sold, some of which show the mark.

28) When considering such issues I look to the comments of Mr Richard Arnold QC sitting as the Appointed Person in *Extreme* BL O/161/07 where he said:

"31. Basing himself upon the first three sentences of the passage I have quoted from *MOO JUICE*, counsel for the applicant submitted (1) that a mere assertion of use of a trade mark by a witness did not constitute evidence of use sufficient to defeat an application for non-use, and (2) it followed that mere testimony from a representative of the proprietor was not enough and such testimony had to be supported either by documentary records or corroborated by an external witness. I accept submission (1) but not submission (2). Kitchin J's statement that "bare

assertion” would not suffice must be read in its context, which was that it had been submitted to him that it was sufficient for the proprietor to give evidence stating “I have made genuine use of the trade mark”. A statement by a witness with knowledge of the facts setting out in narrative form when, where, in what manner and in relation to what goods or services the trade mark has been used would not in my view constitute bare assertion. As counsel for the applicant accepted, it might not be possible for a trade mark proprietor to produce documentary evidence: for example all the records might have been destroyed in a fire. In such circumstances I do not see anything in either the Directive, the 1994 Act or the 2000 Rules which would require the proprietor to adduce evidence from an external witness (which is not to say that it might not be advisable for the proprietor to do so).”

And:

"36. Where, however, evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced evidence to contradict the witness's evidence despite having had the opportunity to do so, then I consider that the rule in *Brown v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness's evidence.

37. Despite this, it is not an uncommon experience to find parties in registry hearings making submissions about such unchallenged evidence which amount to cross-examination of the witness in his absence and an invitation to the hearing officer to disbelieve or discount his evidence. There have been a number of cases in which appeals have been allowed against the decisions of hearing officers who have accepted such submissions. Two recent examples where this appears to have happened which were cited by counsel for the proprietor are *Score Draw Ltd v Finch* [2007] EWHC 462 (Ch), [2007] BusLR 864 and *EINSTEIN Trade Mark* (O/068/07). Another recent example is *Scholl Ltd's Application* (O/199/06). I consider that hearing officers should guard themselves against being beguiled by such submissions (which is not, of course, to say that they should assess evidence uncritically)."

29) That the opponent's evidence is not as complete or comprehensive as it might have been in an ideal world is clear and acknowledged by the opponent himself. However, I do not find that it is “obviously incredible”. The opponent has provided an explanation for the paucity of evidence; he is a small trader, employs an accountant to deal with his financial affairs, only got his first computer in 1998 and lost access to much of his documentation due to an acrimonious separation. Such things happen in the real world and I note that the applicant has also suffered adversity in that a number of its documents are said to have been destroyed in a flood. I also note that the applicant has not sought to challenge the explanation provided by the opponent, and of course I must determine the matter on the balance of probabilities. I have come to the conclusion that the opponent has shown use of trade mark 2296637 on “bicycles; including parts and fittings for bicycles” and thus retains its full specification for the comparison test.

30) When considering the issue under section 5(2)(b) I take into account the following principles which are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

- (a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;
- (f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;
- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

The average consumer and the nature of the purchasing decision

31) As the case law above indicates, it is necessary for me to determine who the average consumer is for the respective parties' goods; I must then determine the manner in which these goods are likely to be selected by the average consumer in the course of trade. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

32) The specification applied for by the applicant comprises, broadly speaking of bicycles and associated parts and fittings. Clearly the average consumer would be the general public which would include retailers. A bicycle has to “fit” the individual for whom it is intended, and there are a myriad of choices facing a prospective purchaser dependent on the sum of money they are willing to part with. Even when purchasing a basic bicycle for a child the size has to be considered. Even when purchasing accessories it will be important to consider whether they would fit your bicycle. **Overall I do not believe that the average consumer would approach the purchase of a bicycle or parts and fittings for a bicycle without some consideration and the amount of care taken will vary in relation to the sum of money being spent.**

Comparison of goods and services

33) For ease of reference I reproduce the specifications of both parties below:


Applicant's goods	Opponent's goods
Class 12: “Bicycles, tricycles, bicycle and tricycle frames and parts and fittings for the aforesaid goods; accessories specially adapted for bicycles, including grips for handlebars, covers for saddles, dress guards, splash guards, pumps, stands,	CTM 9201211: Class 12: Cycles and cycle frames; cycle components; support stands for bicycles; bags for cycles, bags for carrying or transporting cycles; panniers; baskets for cycles; covers for cycles; cycle accessories, parts and fittings for cycles

panniers, holders and carriers for luggage, goods and bottles; transportation bags for containing bicycles; bicycle covers; carriers for bicycles on vehicles”.	and cycle frames.
	2296637: Class 12: Bicycles; including parts and fittings for bicycles.

34) **Clearly, the opponent’s specifications both totally encompass that of the applicant, as such the goods of both parties must be regarded as identical.**

Comparison of trade marks

35) The marks of the two parties are as follows:

Applicant’s mark	Opponent’s marks	
SQUADRA	CTM 9201211:	SQUADRA
	2296637:	

36) I take into account the comments of the Court of Justice of the European Union in Case C-591/12P, *Bimbo SA v OHIM*, where at paragraph 34 of its judgment it stated that:

“.....it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

37) It would be wrong, therefore, to artificially dissect the trade marks, although, it is necessary to take into account their distinctive and dominant components and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by them.

38) **Clearly, the mark in suit is identical to the opponent’s mark CTM 9201211.** Comparing the mark in suit to the opponent’s mark 2296637 it is clear that the only difference is that the word “SQUADRA” appears three times in the opponent’s mark, one of which is upside down and reversed. In addition there is a device element of three “stars” which seem to be forming a ball. The differences are relatively minor and overall.

I have no doubt in stating that the opponent's mark 2296637 is very similar to the mark in suit.

Distinctive character of the earlier trade mark

39) Whilst there cannot be any artificial dissection of the trade marks, it is necessary to take into account any distinctive and dominant components they may have. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

“22. 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, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

40) I shall first consider the opponent's trade mark 2296637. It consists of a “ball” or “circle” formed by the three stars and then the word SQUADRA in a small font with the word repeated underneath in a larger font, and then underneath that the word SQUADRA written upside down and backwards. It is very obvious that the last word is merely a repeat of the two previous words and so one is left with the impression of the mark as an indistinct device element and the word SQUADRA written three times. It has been stated that the word SQUADRA is Italian word “team”. I doubt that the average consumer in the UK would recognise the word as being Italian, far less would they know of its meaning. Even if they did recognise it the word “team” does not have an immediate meaning when used on bicycles or parts and fittings for bicycles. **Trade mark 2296637 has a high level of distinctiveness. It stands to reason that the same result must also apply when considering CTM 9201211.** Whilst I accept that the opponent has shown use of its mark **I am not willing to accept that the use made of its trade marks is sufficient to enable it to benefit from enhanced distinctiveness through use in relation to bicycles or parts and fittings for bicycles.**

Likelihood of confusion

41) In determining whether there is a likelihood of confusion, a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and services and vice versa. As I mentioned above, it is also necessary for me to keep in mind the distinctive character of the opponent's trade marks as the more distinctive these trade marks are, the greater the likelihood of confusion. I must also keep in mind the average consumer for the goods and services, the nature of the purchasing process and the fact that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has retained in his mind. Earlier in this decision, I concluded that:

- **the average consumer would give some consideration to a purchase although this would vary in relation to the sum of money being spent.**
- **the goods of both parties must be regarded as identical.**
- **the mark in suit is identical to the opponent's mark CTM 9201211.**
- **the mark in suit is very similar to the opponent's mark 2296637.**
- **both the opponent's trade marks have a high level of inherent distinctiveness, but cannot benefit from enhanced distinctiveness through use.**

42) The applicant contended that as no confusion had occurred in twenty years then none will occur in future. However, it would appear that both parties have been engaged in slightly different parts of the market and even then in a limited manner. The opponent deals in high end bespoke racing bicycles, whereas the applicant seems to use the mark on more mundane or run of the mill bicycles. I also note that the applicant does not appear from the evidence it provided to actually use the name SQUADRA upon its bicycles. They all seem to be branded "CONDOR". In any case just because the opponent has not become aware of confusion in the marketplace does not mean that it has not occurred. Taking all of the above into account and allowing for the concept of imperfect recollection, in relation to both of the opponent's trade marks there is a likelihood of consumers being confused into believing that the goods in class 12 provided by the applicant are those of the opponent or provided by some undertaking linked to them. **The opposition under Section 5(2) (b) in respect of trade marks 2296637 and CTM 9201211 therefore succeeds in full.**

43) I now turn to the ground of opposition under Section 5(3) which reads:

"(3) A trade mark which-

- (a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark or international trade mark (EC), in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

44) The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Addidas-Salomon*, [2004] ETMR 10 and Case C-487/07, *L’Oreal v Bellure* [2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows.

- a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.
- (b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26.
- (c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.
- (d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark’s reputation and distinctiveness; *Intel*, paragraph 42
- (e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel*, paragraph 68; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel*, paragraph 79.
- (f) Detriment to the distinctive character of the earlier mark occurs when the mark’s ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious likelihood that this will happen in future; *Intel*, paragraphs 76 and 77.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel, paragraph 74*.

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact of the earlier mark; *L'Oreal v Bellure NV, paragraph 40*.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora, paragraph 74 and the court's answer to question 1 in L'Oreal v Bellure*).

45) The onus is upon the opponent to prove that its earlier trade marks enjoy a reputation or public recognition and it needs to furnish the evidence to support this claim. I have found earlier in this decision that whilst the opponent has shown it has used its marks it has not shown that it had reputation in either trade mark in relation to bicycles or parts and fittings for bicycles. **Therefore, the opposition under section 5(3) in respect of both the opponent's trade marks fails at the first hurdle.**

46) I next turn to consider the ground of opposition under section 5(4)(a) which reads:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

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

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

47) In deciding whether the marks in question offend against this section, I intend to adopt the guidance set out in Halsbury's Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 which provides the following analysis of the law of passing off. The analysis is based on guidance given in the speeches in the House of Lords in

Reckitt & Colman Products Ltd v. Borden Inc. [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townsend & Sons (Hull) Ltd* [1979] AC 731. It is (with footnotes omitted) as follows:

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

(1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

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

48) 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.”

49) First I must determine the date at which the opponent’s claim is to be assessed; this is known as the relevant or material date. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC as the Appointed Person considered the relevant date for the purposes of s.5(4)(a) of the Act and concluded as follows:

“39. In *Last Minute*, the General Court....said:

‘50. First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51. However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non-registered national mark before the date of filing, in this case 11 March 2000.’

40. Paragraph 51 of that judgment and the context in which the decision was made on the facts could therefore be interpreted as saying that events prior to the filing date were irrelevant to whether, at that date, the use of the mark applied for was liable to be prevented for the purpose of Article 8(4) of the CTM

Regulation. Indeed, in a recent case before the Registrar, *J Sainsbury plc v. Active: 4Life Ltd* O-393-10 [2011] ETMR 36 it was argued that *Last Minute* had effected a fundamental change in the approach required before the Registrar to the date for assessment in a s.5(4)(a) case. In my view, that would be to read too much into paragraph [51] of *Last Minute* and neither party has advanced that radical argument in this case. If the General Court had meant to say that the relevant authority should take no account of well-established principles of English law in deciding whether use of a mark could be prevented at the application date, it would have said so in clear terms. It is unlikely that this is what the General Court can have meant in the light of its observation a few paragraphs earlier at [49] that account had to be taken of national case law and judicial authorities. In my judgment, the better interpretation of *Last Minute*, is that the General Court was doing no more than emphasising that, in an Article 8(4) case, the *prima facie* date for determination of the opponent's goodwill was the date of the application. Thus interpreted, the approach of the General Court is no different from that of Floyd J in *Minimax*. However, given the consensus between the parties in this case, which I believe to be correct, that a date prior to the application date is relevant, it is not necessary to express a concluded view on that issue here.

41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs QC sitting as the Appointed Person in *Croom's TM* [2005] RPC 2 at [46] (omitting case references):

- (a) The right to protection conferred upon senior users at common law;
- (b) The common law rule that the legitimacy of the junior user's mark in issue must normally be determined as of the date of its inception;
- (c) The potential for co-existence to be permitted in accordance with equitable principles.

42. As to (b), it is well-established in English law in cases going back 30 years that the date for assessing whether a claimant has sufficient goodwill to maintain an action for passing off is the time of the first actual or threatened act of passing off: *J.C. Penney Inc. v. Penneys Ltd.* [1975] FSR 367; *Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd* [1981] RPC 429 (PC); *Barnsley Brewery Company Ltd. v. RBNB* [1997] FSR 462; *Inter Lotto (UK) Ltd. v. Camelot Group plc* [2003] EWCA Civ 1132 [2004] 1 WLR 955: "date of commencement of the conduct complained of". If there was no right to prevent passing off at that date, ordinarily there will be no right to do so at the later date of application.

43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

'Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the

applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.’ ”

50) The application was filed on 20 November 2010. However, the applicant claims to have used its mark prior to the application date. I note that Condor Cycles, previously owned by a variety of partnerships, is said to have been transferred to the applicant company on 7 April 2005. However, no comment is made in respect to the transfer of goodwill. The applicant has stated that it sold 149 bicycles in 2005 and 181 in 2006. It has also produced a sample of invoices for the years 2005-2010. I am therefore willing to accept that the applicant had used the mark as of April 2005 and achieved goodwill from that date for its bicycles.

51) I therefore turn to consider whether as of 7 April 2005, the opponent had any goodwill and if so in what goods this goodwill existed. Earlier in this decision I found that the opponent had been using its mark since 1992. I also found that he could not benefit from an enhanced distinctiveness through use. However, this last finding does not mean that the opponent did not have goodwill under its marks. Given the nature of the bicycles it was offering for sale, high end racing cycles, it is inevitable that the market is somewhat restricted. The number of people considering spending between £4,000 and £12,000 in the UK would be limited. It is clear that the goodwill existed in the name “SQUADRA” *solus* as well as the mark including the device element. On the actual bicycles the device element appeared only on the head tube i.e. just below the handlebars, whereas the photographs and the paint chart indicate that the word SQUADRA was printed/painted in large letters upon at least two of the bars that form the main frame triangle. The goodwill existed in bicycles and parts and fittings therefor. Further, the marks have a high degree of inherent distinctiveness.

52) I now turn to consider the issue of misrepresentation. In *Neutrogena Corporation and Another v Golden Limited and Another*, 1996] RPC 473, Morritt L.J. stated that:

“There is no dispute as to what the correct legal principle is. As stated by *Lord Oliver of Aylmerton in Reckitt & Colman Products Ltd. v. Borden Inc. [1990] R.P.C. 341 at page 407* the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]”

The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148 . The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd. (1941) 58 R.P.C. 147 at page 175 ; and Re Smith Hayden's Application (1945) 63 R.P.C. 97 at page 101.*”

And later in the same judgment:

“... for my part, I think that references, in this context, to “more than *de minimis*” and “above a trivial level” are best avoided notwithstanding this court’s reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”

53) There is one possible difference between the position under trade mark law and the position under passing off law. In *Marks and Spencer PLC v Interflora*, [2012] EWCA (Civ) 1501, Lewinson L.J. cast doubt on whether the test for misrepresentation for passing off purposes came to the same thing as the test for a likelihood of confusion under trade mark law. He pointed out that it is sufficient for passing off purposes that “a *substantial number*” of the relevant public are deceived, which might not mean that the average consumer is confused. As both tests are intended to be normative measures intended to exclude those who are unusually careful or careless (per Jacob L.J. in *Reed Executive Plc v Reed Business Information Ltd* [2004] RPC 40), it is doubtful whether the difference between the legal tests will (all other factors being equal) produce different outcomes.

54) In *Neutrogena Corporation and Another v Golden Limited and Another*, 1996] RPC 473, Morritt L.J. stated that:

“The role of the court, including this court, was emphasised by *Lord Diplock in GE Trade Mark* [1973] R.P.C. 297 at page 321 where he said:

‘where the goods are sold to the general public for consumption or domestic use, the question whether such buyers would be likely to be deceived or confused by the use of the trade mark is a “jury question”. By that I mean: that if the issue had now, as formerly, to be tried by a jury, who as members of the general public would themselves be potential buyers of the goods, they would be required not only to consider any evidence of other members of the public which had been adduced but also to use their own common sense and to consider whether they would themselves be likely to be deceived or confused.

The question does not cease to be a “jury question” when the issue is tried by a judge alone or on appeal by a plurality of judges. The judge’s approach to the question should be the same as that of a jury. He, too, would be a potential buyer of the goods. He should, of course, be alert to the danger of allowing his own idiosyncratic knowledge or temperament to influence his decision, but the whole of his training in the practice of the

law should have accustomed him to this, and this should provide the safety which in the case of a jury is provided by their number. That in issues of this kind judges are entitled to give effect to their own opinions as to the likelihood of deception or confusion and, in doing so, are not confined to the evidence of witnesses called at the trial is well established by decisions of this House itself.”

55) It is the plaintiff's customers or potential customers that must be deceived. In *Neutrogena Corporation and Another v Golden Limited and Another*, 1996] RPC 473, Morritt L.J. stated that:

“This is the proposition clearly expressed by the judge in the first passage from his judgment which I quoted earlier. There he explained that the test was whether a substantial number of the plaintiff's customers or potential customers had been deceived for there to be a real effect on the plaintiff's trade or goodwill.”

56) Given that both parties are using the same mark SQUADRA for bicycles and parts and fittings for bicycles means that there will be misrepresentation. Even if I were to only consider use of the sign as it appears in trade mark 2296637 it is clear that the dominant and distinctive element of that mark is the word SQUADRA. **To my mind it is clear that misrepresentation will occur.**

57) Given that the opponent has goodwill in the word “SQUADRA” and that both parties are trading in the same types of goods then damage will occur. **The ground of opposition under section 5(4)(a) therefore succeeds.**

CONCLUSION

58) The opponent has been successful in its opposition under Section 5(2)(b) and 5(4)(a), but failed in respect of its opposition under section 5(3).

COSTS

59) Both sides have accused the other of improper behaviour during the course of this action. Both sides have been somewhat pernicky over relatively minor issues. Undoubtedly this case has not been aided by some of the assertions of the applicant's agent. For instance at paragraph 14 above I quoted from one of his witness statements as saying:

“It is significant that in this paragraph [2] the opponent admits that he sourced his bicycles branded Squadra from Italy and therefore the trade mark would at best belong to someone in Italy who has not applied for registration of the mark in the United Kingdom.”

60) That a trade mark agent could believe that just because goods are sourced from suppliers overseas that the UK business could not have rights in the mark used upon

said goods is breathtakingly absurd, and perhaps explains why the applicant has carried on with this opposition despite losing a number of related cases in both the Registry and OHIM. In any event the opponent was clear that it sourced parts from Italy and then manufactured bicycles from these parts. It should have been obvious to the applicant that as soon as it failed in its attempt to oppose CTM 9201211 that the opposition in the instant case was bound to succeed under section 5(2)(b). Instead it chose to continue and simply meant that both sides' costs escalated.

61) Mr Dakin has been successful and is therefore entitled to a contribution towards his costs. In making a costs award I take into account that Mr Dakin was originally professionally represented but during the course of the case dispensed with his legal representation. I therefore need to take into account the comments of Simon Thorley Q.C. sitting as the Appointed Person on appeal, in *Adrenalin Trade Mark*, BL O/040/02; he observed that:

“6. Under section 68 of the Trade Marks Act 1994, the Registrar is given a wide discretion to award costs. The principles upon which the Registrar will exercise that discretion are set out in a Tribunal Practice Note (TPN 2/2000 – see *Kerly's Law of Trade Marks* 13th edition page 1009). In general the Registrar proceeds by reference to a scale of costs and it is a long established practice that costs in proceedings before the Registrar are not intended to compensate parties for the expense to which they may have been put. Mr. Knight expressed the policy behind the scale of costs in his decision in this case as follows:

‘That scale of costs is meant to be a reasonable scale based upon the policy that no-one should be deterred from seeking to register their intellectual property rights or indeed defend their intellectual property rights so that, for example, if a litigant in person loses an action before the trade mark registry, he or she would know fairly clearly in advance the sum of money they may have to pay to the other side.’

7. Plainly however a pre-requisite of making an award of costs on the scale of costs is that the award should not exceed the costs incurred.

8. It is correct to point out that the Registrar's practice on costs does not specifically relate to litigants in person but in my judgment it could not be that a litigant in person before the Trade Mark Registry could be placed in any more favourable position than a litigant in person before the High Court as governed by the CPR. The correct approach to making an award of costs in the case of a litigant in person is considered in CPR Part 48.6.

...

10. As indicated above, the Registrar is given a wide discretion as to costs. The practice note is, and is intended to be, merely guidance as to how the Registrar will, in general, exercise that discretion. It does not and cannot impose a fetter upon the overriding discretion.

11. Part 44.3 of the CPR sets out the circumstances which should be taken into account when a court exercises its discretion as to costs and in my judgment exactly the same principles apply to the Registrar.”

62) I also rely upon the comments of Richard Arnold QC, acting as the Appointed Person in *South Beck B/L O/160/08* where he commented:

“34. The Registrar is not bound by the CPR. On the other hand, the Registrar is entitled to, and does, have regard to the CPR in exercising his powers in circumstances where the Trade Marks Act 1994 and Trade Marks Rules 2000 do not make specific provision. Section 68 of the 1994 Act and rule 60 of the 2000 Rules give the registrar discretion to “award to any party such costs as she may consider reasonable”, but do not place any constraints upon the exercise of that discretion. I agree with Mr Thorley that (i) an award of costs should not exceed the costs incurred and (ii) a litigant in person should not be in any more favourable position in proceedings in the Registry than he would be in High Court proceedings under CRP r. 48.6. So far as the first point is concerned, I note that paragraph 8 of TPN 4/2007 now states:

“Depending on the circumstances the Comptroller may also award costs below the minimum indicated by the standard scale. For example, the Comptroller will not normally award costs which appear to him to exceed the reasonable costs incurred by a party.”

35. Turning to the second submission, I agree with counsel for the opponent that the hearing officer appears to have misapplied CPR r. 48.6 and to have awarded the applicant two-thirds of the scale costs he would have awarded a professionally represented litigant without reference to the applicant’s actual loss or any figure calculated in accordance with r. 48.6(4)(b).

36. In my judgment the approach which should be adopted when the Registrar is asked to make an award of costs in favour of a litigant in person is as follows. The hearing officer should direct the litigant in person pursuant to r. 57 of the 2000 Rules to file a brief schedule or statement setting out (i) any disbursements which the litigant claimed he has incurred, (ii) any other financial losses claimed by the litigant and (iii) a statement of the time spent by the litigant in dealing with the proceedings. The hearing officer should then make an assessment of the costs to be awarded applying by analogy the principles applicable under r. 48.6, but with a fairly broad brush. The objective should be to ensure that litigants in person are neither disadvantaged nor overcompensated by comparison with professionally represented litigants.

37. In the present case I directed the applicant to provide such a schedule. The applicant duly filed a schedule claiming in respect of the proceedings at first instance disbursements of £20 together with mileage of 310 miles. No specific mileage rate was claimed so I propose to apply a rate of 25p per mile, giving a figure of £77.50, making total disbursements of £97.50. The applicant also

estimated that it had spent a total of 83 hours dealing with the first instance proceedings. While this seems quite a lot by professional standards, it is appropriate to allow a litigant in person more time for a particular task than a professional advisor would be allowed: *Mealing McLeod v Common Professional Examination Board* [2000] 2 Costs L.R. 223. At the rate of £9.25 [now £18] an hour, 83 hours comes to £767.75. Accordingly, I shall set aside the hearing officer's costs order and substitute an order that the opponent pay the applicant the sum of £865.25 in respect of the first instance proceedings.

38. So far as the appeal is concerned, the applicant again claimed disbursements of £20 and mileage of 310 miles. It also estimated that it had spent 21 hours dealing with the appeal. Accordingly I shall order the opponent to pay the applicant the sum of £291.75 in respect of the appeal, making a total of £1157."

63) In accordance with these principles I direct Mr Dakin to provide a brief schedule of costs setting out any disbursements incurred, any other financial losses claimed and a statement of the time spent in dealing with the proceedings. This should be submitted to the Registry, and copied to the applicant, within two weeks of the date of issue of this decision. The applicant then has two weeks to respond. The appeal period will not begin until after I have issued the costs decision.

Dated this 6th day of February 2015

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