

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 2045342
BY VIJAY KUMAR HALLAN TO REGISTER THE
MARK CLUB 240 IN CLASS 25**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER
No 45037 BY CLUB 24 LTD**

TRADE MARKS ACT 1994

5 **IN THE MATTER OF Application No 2045342**
by Vijay Kumar Hallan to register the mark
Club 240 in Class 25

and

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IN THE MATTER OF Opposition thereto
under No 45037 by Club 24 Ltd

15

DECISION

On 18 November 1995 Vijay Kumar Hallan applied to register the mark CLUB 240 in
Class 25 for a specification of goods which reads: “ Articles of clothing; jackets, trousers,
20 shirts, tops, knitted articles; all for men and boys”.


The application is numbered 2045342.

On 1 August 1996 Club 24 Ltd filed notice of opposition against the application on grounds
25 which in summary are:-


- (i) under Section 5(2)(b) by virtue of the fact that the opponents are proprietors of similar marks registered for similar services;
- 30 (ii) under Section 5(3) in that the mark would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the opponents’ earlier marks;
- 35 (iii) under Section 5(4) in that the mark at issue is liable to be prevented by the law of passing off. The opponents also link this to an objection under Section 3(4) of the Act;
- (iv) under Section 3(3)(b) in that the mark at issue is of such a nature as to deceive the public;
- 40 (v) under Section 32 in that the applicant had no bona fide intention to use the mark.

The opponents also invite the Registrar to exercise his discretion by refusing to register the
45 application. As I do not consider that the Registrar has any discretion in this matter I do not propose to say anything further about this request.

Details of the marks referred to in (i) above are as follows:-

No	Mark	Class	Journal	Specification
5	1277679	36	5729/1788	Financing (securing funds for others); financing of personal loans; credit bureau services; credit card services (other than registration); credit services (financial); all included in Class 36.
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20	1545706	36	6038/5099	Financing (securing funds for others); financing of personal loans; credit bureau services; credit card services; credit services; all included in Class 36.
25				

CLUB TWENTY FOUR

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35 The applicant filed a counterstatement denying the grounds of opposition.

Both sides ask for an award of costs in their favour.

40 The opponents filed evidence in these proceedings. The applicant elected not to file evidence but a number of written submissions were made on his behalf by Forrester Ketley, his trade mark attorneys. I take these into account so far as is appropriate in reaching my decision. Neither side has requested a hearing in relation to the matter. Acting on behalf of the Registrar I, therefore, give this decision on the basis of the papers filed.

Opponents' evidence

The opponents filed a statutory declaration dated 23 June 1997 by Elissa Philips who is the Company Secretary of Club 24 Ltd (Club 24), a position she has held since 1 February 1993.

5 The parent company of Club 24 is Next Plc.

Ms Philips says that Club 24 was incorporated on 2 November 1977 and has traded under the same name for the last twenty years. The company is involved in all of the financial aspects associated with the customer management services of a large retail outlet such as Next Plc.

10 She says that one of the core activities of Club 24 is providing retail credit so that customers purchasing clothing in stores can utilise credit facilities. The trading activities of Club 24 are thus closely linked with the retail activities of Next Plc, the latter being the retail sale of articles of clothing. A brochure setting out this trading relationship is exhibited (EP1).

15 Ms Philips says that Next Plc also sell their clothes through a direct mail order catalogue which is sent to the homes of customers located throughout the United Kingdom. Customers can order the clothes shown in the catalogue by phoning Next. Payment for the clothes can be made in a variety of ways using the services offered by Club 24.

20 Club 24 also issue a regular Newsletter entitled The Club Twenty Four Newsletter and this includes articles about the retail sale of clothing. A copy of the September 1990 issue is exhibited (EP2).

Ms Philips says that the trade mark Club 24 has been used on articles of clothing. A sample
25 of a sweatshirt showing use of the mark is exhibited at EP3.

Finally she makes a number of observations on her company's registrations, the application at issue and the risk of confusion arising from use of the mark CLUB 240.

30 That completes my review of the evidence.

I will deal firstly with the opponents' claim that the applicant has no bona fide intention to use his mark. Section 32(3) reads as follows:-

35 “(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.”

40 In my view, Section 32(3) does no more than set out a requirement that an applicant must comply with to register a trade mark. The application form used in this case contains a statement in accordance with Section 32(3), which has been signed on behalf of Mr Hallan. Any challenge that this statement was made in bad faith would need to be made under Section 3(6). However the opponents have produced no evidence in support of this ground so I do not need to consider it further. The opponents thus fail in this ground of their opposition.

I next consider the ground of opposition under Section 3(3)(b). This subsection reads:

“3(3) A trade mark shall not be registered if it is:-

- 5 (a)
- (b) of such a nature as to deceive the public (for instance as to the nature, quality, or geographical origin of the goods or services”

10 The opponents base their case on their own trade marks and company name and the goodwill and reputation arising therefrom. Section 3 of the Act is concerned with “absolute grounds for refusal of registration”. It seems to me, therefore, that Section 3(3)(b) must be referring to
15 “relative grounds for refusal of registration”. As the opponents have not pointed to any inherently deceptive aspect of the mark this ground of opposition fails.

The substance of the opponents’ case is, I think, under Section 5 of the Act. I reproduce below the relevant subsections along with that part of Section 6 of the Act which is required
20 to construe the term “earlier trade mark”:-

“5.- (1)

25 (2) A trade mark shall not be registered it because -

- (a)
- 30 (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.

35 (3) A trade mark which -

- (a) is identical with or similar to an earlier trade mark, and
- 40 (b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is protected,

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, in the European Community) and the use of the later mark without due cause would take unfair
45 advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

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

5 (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)

10 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.

(5)

15 6. (1) In this Act an “earlier trade mark” means -

20 (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,

(b) a Community trade mark which has a valid claim to seniority from an earlier registered trade mark or international trade mark (UK), or

25 (c) a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention as a well known trade mark.

30 I will deal firstly with Section 5(2)(b). The marks are not of course identical but on the basis of the criteria set down in the PIANOTIST case (23 RPC 774 at page 777 line 26 et seq) I do not think that the final zero in the applicant’s mark is in itself sufficient to distinguish it from the opponents’ CLUB 24 registration (No 1277679). The matter, therefore, turns on whether the applicant’s goods are similar to the opponents’ services bearing in mind the full range of
35 the respective specifications. In British Sugar Plc v James Robertson & Son Ltd 1996 RPC 281 (the TREAT case) Jacob J put forward what he described as an elaboration on the old judicial test for goods of the same description (per Romer J in Jellinek’s Application 63 RPC 59 at page 70). He considered the following factors to be relevant in considering
40 whether there is or is not similarity:-

(a) The respective uses of the respective goods or services;

(b) The respective users of the respective goods or services;

45 (c) The physical nature of the goods or acts of service;

- (d) The respective trade channels through which the goods or services reach the market;
- 5 (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- 10 (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

The opponents' specification (it is essentially the same for both registrations on which they rely) is couched in broad terms and covers financing and credit services. The opponents' particular concern is, I think, that customers for clothing may also wish to avail themselves of credit or other financial services with which to pay for their purchases or prospective purchases. That is a normal part of the retail process. But does it mean that clothing on the one hand and credit services on the other are similar within the context of the test set out above? It seems to me that they are not for a number of reasons. It might appear at first sight that criteria (b) and (d) are satisfied in as much as the users and the channels of trade could be the same. But that would in my view be taking too wide a view of the matter given the other obvious dissimilarities between the goods and services at issue here. I note that Jacob J in the TREAT case said "I do not see any reason in principle why, in some cases, goods should not be similar to services (a service of repair might well be similar to the goods repaired, for instance)". He was not, of course, dealing with goods and services in TREAT, merely giving an example of the circumstances where such a finding might apply. In the context of the case in hand I do not think the fact that credit services could be provided as an adjunct to the sale of goods is sufficient to establish a degree of similarity other than at a high level. It would also carry the undesirable consequence that any goods sold on finance or credit terms would thereby be similar to the provision of these services. In terms of the other criteria in the test clearly the uses (a) are wholly different as are the physical nature of the goods compared to the acts of service (c). Nor are they competitive for the purpose of (f). Whilst clothing can be a self-serve consumer item, the same is not true of credit or finance services so (e) does not apply. Considering the matter in the round I have come to the clear view that the respective goods and services are not similar and, therefore, that the opposition fails under Section 5(2)(b).

I now turn to the ground based on Section 5(3). I am not aware of any established tests or authorities on which I can rely for guidance. In broad terms the subsection confers broader protection on marks which have a reputation. To claim the benefit of this provision an opponent needs firstly to establish that his mark has the necessary reputation and secondly that use of the later mark would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier mark. The Notes on Clauses prepared for use in Parliament while the Trade Marks Bill was before it, put the following gloss on the subsection.

“The justification for this provision is that a mark may become so well known in its own field that the use of an identical or similar mark in quite a different field could cause consumers wrongly to infer a trade connection - for example, to think that the owner of the well-known mark has diversified his activities, or has authorised someone else to use the mark. Even if such an inference is not made, such use could inhibit diversification or licensing on the part of the owner of the mark. At the very least, the attractive power of the mark would be diluted.”

The opponents’ evidence is fairly brief and, whilst it is sufficient to gain an understanding of the nature of the business in general terms, it is not of particular assistance in establishing the extent of any reputation. Exhibit EP1 is an extract from Club 24 Ltd’s Report and Accounts for the year ended 31 January 1994. It shows turnover of £33.5 million. The company is a subsidiary of Next Plc and it seems that it started by providing retail credit services to, or on behalf of, its parent. The services are now offered outside the group and have been extended to cover corporate credit, telecommunications and a Call Centre. It is not clear how the company’s turnover is split between these activities and between the provision of services “in-house” and external customers. In the light of the Act and the Notes on Clauses it is in my view not enough for a party to simply show that they have used their mark. That in itself does not establish any particular level of reputation or recognition. I have in this case been given no indication of the size of the marketplace in which the company operates or what position they claim, or others see them as having, in that marketplace. The provision of retail credit must, I think, be a very large market indeed and the evidence filed leaves me in doubt as to the impact the opponents’ activities have made in terms of public recognition. Nor is there evidence from independent sources to support their claim.

It is equally difficult to assess from the evidence what effect use of the applicant’s mark would have in a trading context either on other retailers or the customers themselves. It is not, for instance, clear whether retailers who offer credit services would do so under the CLUB 24 mark. Even assuming that a retailer who is being provided with retail credit services by Club 24 also supplies CLUB 240 clothing it is in my view far from established that the latter would be detrimental to the repute of the service provider. In short it is for the opponents to establish the reputation in their mark and the damage that would be caused by use of the applicant’s mark. I am not satisfied on the basis of the evidence filed that they have made their case. The opposition thus fails under Section 5(3).

The final ground I have to consider is Section 5(4). In their statement of grounds the opponents refer specifically to the law of passing off. They also refer to Section 3(4) but this is not explained or, in my view, supported by evidence. As indicated earlier Section 3 of the Act is concerned with absolute grounds for refusal of registration. Subsection (4) appears to be based on Article 3(2)(a) of the Directive (89/104/EEC) which provides that trade marks should not be registered to the extent that their use may be prohibited pursuant to provisions of law *other than trade mark law* (my emphasis). Although the italicised words have not been carried into Section 3(4) of the Act it is, I think, clear that the Section is concerned with some inherent ‘feature’ of a mark which may be contrary to law rather than conflict between competing marks. The latter is provided for in Section 5. I, therefore, deal with the matter on the basis of Section 5(4)(a) of the Act.

In Reckitt & Colman Products Ltd v Borden Inc (1990 RPC 341 at 406, lines 26 to 43), Lord Oliver described the necessary conditions for passing off as follows:-

5 “First, (the plaintiff) must establish a *goodwill or reputation* attached to the goods or services which he supplies in the mind of the purchasing public by which the identifying “get-up” (whether it consists simply of a brand name or a trade description or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services. Secondly, he must
10 demonstrate a *misrepresentation by* the defendant to the public (*whether or not intentional*) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff’s identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the
15 plaintiff Thirdly, he must demonstrate that he suffers or, in a *quia timet* action, that he is likely to *suffer, damage by reason* of the erroneous belief engendered by the defendant’s misrepresentation that the source of the defendant’s goods or services is the same as the source of those offered by the plaintiff.”

20 I have already commented on part of the evidence adduced by the opponents. But I must at this point briefly refer to two further items exhibited to Ms Philips’ declaration. The first is the Club Twenty Four Newsletter. This appears to be a staff newsletter and a large proportion of it is devoted to personnel issues and changes in the company. It does have a “retailer news” section but mainly refers to privileges and events at Next (the parent and
25 prominent retailer). The second item is described as being a sweatshirt purporting to show use of the trade mark CLUB 24. The use referred to is part of the material appearing on the front of the sweatshirt. For ease of reference I have reproduced it at Annex A. I should also say that a tag on the inside collar of the garment carries the words SWEAT TRENDS BY CITYGATE and a device mark. I do not know what the significance of the material on the
30 front of the sweatshirt is nor has any explanation been offered. Conceivably it represents some form of sponsorship perhaps of a charity event. In my view it is clearly not trade mark matter in relation to clothing. In short I find these further exhibits to be of no assistance to the opponents in developing their claim under Section 5(4)(a). I conclude from the evidence that:

- 35
- the opponents’ mark is not the same as that of the applicants and further, from the limited material available, that the principal use is in the device form of registration No 1545706

 - 40 -
 - there is nothing to suggest that the opponents trade in goods under their mark but they do trade in credit and other finance services

 - the opponents provide their services to their parent company and increasingly to “third party” retailers but the precise extent of this third party trade is
45 unclear

- Next Plc offers a direct mail order catalogue service. Payment for clothes ordered by this means can be made using Club 24 services. This appears to be an in-house arrangement.

5 Making the best I can of the information available to me I consider that the opponents must have some reputation in their mark CLUB 24 but that the reputation probably resides in the stylized device form of the mark. (I offer this view with some hesitation because very little material has been placed before me.) If so, however, it puts further distance between the opponents' mark as used and the applicant's mark. The precise extent of the opponents' reputation cannot be properly gauged in the absence of further information as to the nature of their business including the split between what are effectively in-house services for Next Plc and services to independent retailers (and whether these are in the clothing business). Whilst it is reasonable to accept that clothing and credit services meet tangentially at the retail level the goods and services are some way apart. There is no evidence as to customer expectation regarding the relationship (if any) between them.

The preceding comments are in the nature of general criticisms of the opponents' case. In terms of detail there is no supporting evidence in the form of customer information, geographical area of trade, promotional mechanisms and material, invoices etc which would help to support the opponents' case. In the context of Lord Oliver's conditions I consider that the opponents probably have a reputation but its extent is unclear (particularly as part of the business is for the parent company), and that misrepresentation, even allowing for the fact that it does not need to be intentional, has not been established on the material before me. As a consequence I would also have some difficulty in finding that the opponents have established the third element of the passing off test, namely that damage is likely to be suffered as a result of the applicant using his mark. I have, therefore, come to the conclusion that the opposition must fail on this ground as well.

The opposition having failed the applicant is entitled to a contribution towards his costs. I order the opponents to pay the applicant the sum of **£400**.

Dated this 4th day of March 1998

35

M REYNOLDS
For the Registrar
the Comptroller-General

ANNEX A

NO SWEAT

A YOUNG ENTERPRISE COMPANY

DTH

DONKIN • THOMPSON • HOOD

AVISTA

Club

TWENTY FOUR