

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK REGISTRATION NO. 2113305
IN THE NAME OF APT INTERNATIONAL LIMITED**

AND

**AN APPLICATION UNDER NO. 9675
FOR A DECLARATION OF INVALIDITY
BY PURSEWORLD LEATHERGOODS LIMITED**

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in the name of APT International Limited
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10 **An Application under No. 9675
for a declaration of invalidity
by Purseworld Leathergoods Limited**

15 **BACKGROUND**

Registration No. 2113305 was registered with effect from 18 October 1996 and stands on the register in the name of APT International Limited of 10 Park Street, Lytham, Lancs, FY8 5LU. The trade mark, a series of two, the subject of the application for the declaration of invalidity is shown below:



and is registered in respect of the following goods:

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Articles made from leather and from imitation leather; trunks, travelling bags; suitcases; bags; wallets, purses, key cases, attache cases, briefcases, handbags; all included in Class 18.

40 On the 17 July 1997 Purseworld Leathergoods of Unit 8, King William Enterprise Park, King William Street, Salford, Manchester M5 2UP, filed an application for a declaration of invalidity under the provisions of Section 47(2) of the Act. They say they are the proprietor of the trade mark FACCINO (which is the subject of pending Application No. 2128052 in Class 18 for, *inter alia*, leather and goods made from leather) which they adopted in 1992.

45 The grounds of the application are, in summary, as follows:

1. Because application No. 2113305 was accepted contrary to the provisions of Section 5(4)(a) of the trade Marks Act 1994 as on the date of application, 18 October 1996, the Applicant was the proprietor of the trade mark FACCINO which was in use in the United Kingdom at that time and could have prevented the registration on the trade mark in suit by virtue of the law of passing off.
2. Because the application and subsequent registration of No. 2113305 was *male fides* and ought never to have registered.

The Registered Proprietor denied these grounds, save for the fact that the Applicants for the Declaration of Invalidity are the applicants for application no. 2128052. Both sides seek an award of costs in their favour.

Each side filed evidence in these proceedings and the matter came to be heard on 7 February 2000 when the registered proprietors were represented by Mr James Graham of Counsel, instructed by their Trade Mark Agents, Murgitroyd & Co. The applicants for the Declaration of Invalidity were represented by Mr James St.Ville of Counsel, instructed by their Trade Mark Agents, William A Shepherd & Son.

APPLICANT FOR THE DECLARATION OF INVALIDITY'S EVIDENCE

This consists of a Statutory Declaration by Ronnie Lam dated 26 January 1998. Mr Lam explains that he is the Managing Director of Purseworld Leathergoods Limited, (the Applicants), who carry on business at Unit 8, King William Enterprise Park, King William Street, Salford, Manchester as Importers and Distributors. He confirms that he is authorised to make this declaration on behalf of the Applicants, and that the information comes from his own knowledge or has been obtained from the files and records of the Applicants.

Mr Lam provides a brief history of how he came to be using the trade mark FACCHINO. As much of the early history relates to matters outside the United Kingdom it is therefore not relevant to these proceedings.

Mr Lam explains that after acquiring the FACCHINO trade mark, on 27 October 1992 he formed his own company, Purseworld Leathergoods Limited. He exhibits at RL2 & RL3 a selection of sales invoices, the earliest dated 14 June 1993, for goods to which the FACCHINO/FACCINO Trade Mark was applied in the United Kingdom.

Mr Lam goes on to say that one of the Applicants main customers has been Salisburys, a nationwide chain of stores which sells *inter alia* leathergoods. Mr Lam exhibits at RL4 a selection of drawings and pictures of bags which show the trade mark FACCINO on them. These goods were those supplied by the applicants to Salisburys. Exhibited as RL5 and RL6 are a selection of labels, order forms and invoices for these goods, bearing the brand name FACCINO/FACCHINO. I note, particularly, there is use on the invoices of the word FACCINO, the earliest appears to be dated November 1993, in relation to cheque book covers, travel wallets, purse notecases, tabbed notecases, key cases, credit card cases and purses. There is also use of the word FACCHINO in relation to backpacks, duffle bags and holdalls dating from January 1994. Mr Lam states that the goods of the Applicant were sold

through a nationwide chain therefore a large number of consumers would have been exposed to their trade mark in a relatively short period of time, such that a substantial reputation will have been built up.

5 REGISTERED PROPRIETORS' EVIDENCE

This consists of a Statutory Declaration by Allan MacDonald dated 30 April 1998. Mr MacDonald explains that he is a director of Facchino (UK) Limited, (previously APT International Limited) of 10 Park Street, Lytham, Lancashire, FY8 5LU (the registered proprietor), a position that he has held for 10 years. He states that the facts contained in the declaration are either from his own knowledge or from unrestricted access to company records.

Mr MacDonald provides a brief history of how the registered proprietor came into being. He states that APT Limited was formed on 12 December 1990 and that it opened a shop on 24 September 1992 selling luggage and leather goods. It was intended to adopt the word FACCHINO, (being the Italian word for "porter") as a trade mark. A search was carried out then and periodically thereafter, by Compuserve to see if the mark was available for use. However, due *inter alia* to a franchising arrangement with a Lytham based luggage and leathergoods firm called CMT International, the registered proprietor decided to trade itself as "CMT International" until November 1993 when the trading name was replaced with the original preference "Facchino Luggage and Leathergoods".

Mr MacDonald states that "Facchino Luggage & Leathergoods" has been listed in the Yellow Pages since 1994, but there are no exhibits to substantiate this. Exhibited at AMD2, are three leaflets showing the mark FACCHINO but these are undated so can be of limited assistance. He then refers to exhibit AMD3 which consists of a selection of labels and price tags, all bearing the FACCHINO name and bearing an ® symbol. Mr MacDonald claims that every item on sale in the shop has a price ticket bearing the FACCHINO trade mark applied to it. He adds that the trade mark is 'sign written' on the Company van, which he claims publicises the mark in the county of Lancashire and beyond. He also exhibits at AMD4 a selection of carrier bags bearing the name "FACCHINO (again accompanied by an ® symbol) Luggage & Leathergoods". Mr MacDonald adds that a range of handbags labelled "Bags & Sacs by Facchino" has been made for the registered proprietor since 1995 and that since that time those goods have been supplied to retailers of clothing and hats, thus widening the repute and further reinforcing their brand image.

Mr MacDonald claims to have built a loyal customer base both locally and nationally and he confirms that since the registered proprietor began trading as "Facchino Luggage and Leathergoods" in early 1994 it has grown steadily and he provides the following turnover figures, although I note that 1997 is beyond the relevant date:

	1994	£ 63,313. 70
	1995	£ 82,321. 67
45	1996	£137,767.57
	1997	£157,403.72

Mr MacDonald then gives some background information relating to the registered proprietor's intention to put the Trade Mark FACCHINO directly onto the registered proprietor's goods. In particular he states that he commissioned manufacturers in Italy and Holland in 1996 to do so, but that it was felt it would be unwise to commit to this financially until trade mark registration had been secured. (It is not stated whether this project was actually carried through after registration had been secured). He says that the choice of an Italian word was designed to reflect the quality source of the products, many of which are made in Italy from Italian calf. He states that the shop has a very up-market image and exhibits at AMD5 a collection of undated photographs showing the mark "Facchino Luggage & Leathergoods" on a shop front. Mr MacDonald says that the get-up and colours of the shop demonstrate their upmarket corporate image. Also exhibited as AMD5 are some newspaper extracts referring to the registered proprietors shop. The earliest of these is dated 16 May 1996 and is marked "EXPRESS", but it is unclear whether any of these extracts are local (Lytham) or national publications. This exhibit also consists of further examples of price tickets, a leaflet and an advertisement, none of which are dated.

Mr MacDonald then refers to a visit to the NEC International Spring Gift Fair in February 1994 when he visited the applicants' stand on the recommendation of a representative, although he says, saw no goods marked as FACCINO. As a matter of courtesy, he left a business card at the stand which he claims would have offered a chance for the applicant to object if they were disturbed by their use of the trade mark in suit.

Mr MacDonald then refers to the invoices submitted to Salisburys as part of the applicants evidence. He notes that only a fraction of the invoice totals relate to products marked FACCINO. Mr MacDonald also notes that Salisburys went into receivership in May 1996 and no longer trades.

APPLICANT FOR THE DECLARATION OF INVALIDITY'S EVIDENCE IN REPLY

This consists of a Statutory Declarations by Mr Ronnie Lam. Mr Lam's second Statutory Declaration is dated 14 September 1998 and he states that he has had an opportunity to consider the Statutory Declaration and supporting exhibits of Mr MacDonald.

Mr Lam draws attention the fact that there is no evidence to support the date of the launch of Facchino Luggage and Leathergoods. He suggest the turnover figures provided by the registered proprietor are very small; it is not clear whether they relate specifically to goods sold under FACCHINO trade mark or reflect the total sales of goods by the shop; they are insufficient to establish a reputation and goodwill in the brand throughout the UK. In his view, reputation, in any event appertains solely to Lytham St Annes and its environs and even then not necessarily in the FACCHINO brand.

With regard to Mr MacDonald's claim that APT visited the Applicants stand at the NEC International Spring Gift Fair in February 1994 Mr Lam exhibits as RL1 a letter from the organisers of the Fair confirming that the applicants did not exhibit in 1994 and first did so in 1995. Mr Lam then refers to paragraph 36 of Mr MacDonald's declaration relating to when Salisburys went into receivership. Mr Lam accepts this is the case but comments that Salisburys continues to trade and exhibits at RL2 extracts from the 1998/9 Manchester South

and the 1996/97 Bolton and Preston Yellow Pages, which I note include telephone numbers for Salisbury's in Macclesfield, Wigan, Bolton and Preston. He states that the applicant is still selling products to Salisburys.

5 That completes my review of the evidence insofar as I consider it relevant.

DECISION

10 At the hearing before me, Mr St.Ville, acting for the applicants for the Declaration of Invalidity indicated that he did not intend to pursue the second ground of this action, namely that the registration of No. 2113305 was *male fides* and ought never to have been registered. I have therefore only the Section 5(4)(a) ground to consider.

15 The request for the declaration of invalidity is made under the provisions under Section 47(2) of the Act. This states:

47.- (2) *The registration of a trade mark may be declared invalid on the ground -*

20 (a) *that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or*

(b) *that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,*

25 *unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.*

30 The applicants grounds are, in this case, based upon Section 5(4) (a) of the Act which states:

5 (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-*

35 (a) *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*

40 *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.*

Mr Geoffrey Hobbs QC, in *Wild Child* (1998) RPC 455, set out the basis on which this tribunal should consider an action based upon this Section of the Act in relation to passing off;

45 `A helpful summary of the elements of an action for passing-off can be found in Halsbury's Laws of England 4th Edition Vol 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in Reckitt &

Colman Products Ltd -v- Borden Inc [1990] RPC 341 and Erven Warnink BV -v- J Townend & Sons (Hull) Ltd [1979] ACT 731 is (with footnotes omitted) as follows:

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

- 10 (1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- 15 (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and
- 20 (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.

25 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”.

30 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;

35 “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:

- 40 (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.

45 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.

Mr Graham on behalf of the registered proprietor submitted that whilst I had to decide whether at the date from which the trade mark was registered (ie the date of application) the applicants had an earlier right, the principal question I had to determine was whether the registered proprietor's conduct at the date they started using the trade mark amounted to passing off - *Cadbury Schweppes Pty Ltd v Pub Squash Pty Ltd [1981] RPC 429*. This was not disputed by Mr St Ville. As the Registered Proprietor first used the trade mark FACCHINO in early 1994, I therefore direct my considerations to determining whether at that time the applicants had established goodwill and reputation, and their goods were known by their FACCINO and FACCHINO trade marks, such that use by the registered proprietor of their FACCINO trade mark amounted to passing off.

In order to establish that passing off has taken place, it has to be shown that the applicants' goods have acquired a goodwill or reputation in the market place, that they have customers in the United Kingdom, or at least they have used their trade mark with the intention of attracting customers to their goods. The evidence shows that the applicants first used the trade mark FACCHINO in the UK in June 1993 from its premises in Salford, Manchester. It is also clear from the evidence that the applicants had, as early as November 1993 (Exhibits RL 5 & 6) at least one main customer in the United Kingdom namely Salisburys. At the hearing Mr St Ville submitted that Salisburys was a well-known High Street retailer with a nationwide chain of stores selling *inter alia* a range of leather goods. This was accepted by Mr Graham. But Mr Graham was not prepared to infer that sales to that company's buying organisation meant sales nationwide.

Looking at the evidence filed, and in particular at the invoices supplied by the applicants it appears to me that some 13600 purses, note-cases, credit card cases and wallets were supplied to Salisburys by the applicants in the period November 1993 to March 1994 under the FACCINO trade mark. In the same period some 7000 duffle bags, back packs and holdalls were supplied to the same buyer under the FACCHINO trade mark. Mr Graham criticised the amount of inference that had to be drawn to obtain this information; cross referencing between numbers on design drawings and corresponding numbers on the invoices. However, having

examined the drawings and invoices I am satisfied that sales of these goods in these amounts took place. In many respects evidence of sales later in 1994, 1995 and 1996 reinforce the point.

5 These sales, in the relevant period, to a national High Street based retailer, albeit over a relatively short period, do in my view, amount to the establishment of the necessary goodwill and reputation. The goods themselves are not high priced items and may not be bought by a purchaser with a great deal of care. But nevertheless the applicants FACCINO and FACCHINO trade marks were put into the market place through a national retailer and in such
10 numbers to lead me to the conclusion that the first element of the trinity for the action of passing off is established.

I go on to consider whether there is or likely to be misrepresentation by the registered proprietor. In that respect I think that the answer is yes. The applicants and the registered
15 proprietor's trade marks are identical in the case of the word FACCINO and similar in the case of FACCHINO (visually and aurally there is little difference). Also the goods supplied by the respective parties are the same. Therefore it seems to me that anyone familiar with the applicants' trade mark will be confused as to origin if they saw the registered proprietor's trade mark. The fact that there is no evidence of actual confusion in the relevant period may be
20 because of the geographically limited basis on which the registered proprietor has used its trade mark. If the registered proprietor ventured out of that area I think confusion would arise and actual damage to the applicants goodwill caused.

I was referred by Mr Graham to the *Chelsea Menswear Limited v Chelsea Girl Limited* RPC
25 189 1987, however I do not think that this case is on all fours with that case because there is no evidence before me to suggest that the registered proprietor did, or intended at the material time, to operate outside of the Lytham St Anne's area.

It was stated in *Cadbury Schweppes Pty Ltd v Pub Squash Co. Pty Ltd* [1981] RPC 458 that
30 in the absence of evidence of damage the court would be entitled to presume that the applicant had suffered damage. And in all of the circumstances of this case I believe that this could be so here. The grounds of this application based upon Section 5(4)(a), of the Act are therefore made out. At the material time the applicants had an earlier right founded on Section 5(4)(a)
35 which could have prevented registration of the trade mark in suit.

In accordance with Section 47(6) I declare trade mark registration No 2113305 invalid and deem it never to have been made. I direct that the registered proprietor pays to the applicants the sum of £800 as a contribution to their costs. This sum to be paid within one month of the expiry of the appeal period or within one month of the final determination of this case if any
40 appeal against this decision is unsuccessful.

Dated this 16 day of May 2000

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**M KNIGHT
For the Registrar
the Comptroller General**