TRADE MARKS ACT 1994

IN THE MATTER OF Application No: 2024527 by Rittal-Werk Rudolf GmbH to register a Trade Mark and

IN THE MATTER OF Opposition No: 47289 by Stagwood Industries Ltd.

On 21st June 1995 Rittal-Werk Rudolf Loh GmbH & Co KG, Auf dem Stutzelberg 16, D-35745 Herborn, Germany, applied to register the trade mark 'Data Rack' for:

> 'Switchgear cabinets and parts and fittings therefor; door rails, bearing rails, angular profiles, inspection screens, angular profile steel sheets, lateral walls, terminal boxes, brackets, fastenings, high-speed connectors, dividing walls and bulkhead partitions, plug-in connecting bulkhead partitions, door locking devices, mounting rails, mounting plate central fastenings, slide rails, telescopic rails, mounting plates, sliding fastenings for mounting purposes, bases, inspection doors, inspection windows, cable collector rails, cable hoses, hose holders, end screens, circuit diagram pocket assemblies, pivotal frames, transfer ports, closures, indicator boards, all being formed from metal or plastics material; mounting plates for electrical components electrical earthing strips; rack assemblies for plug-in type component groups provided with electronic circuits; current distributing components, bus-bar holders, connector and appliance adapters; slider fuse elements and load separators, conductor terminals; cabinet covers; all adapted for use with electricity supply apparatus; data transferring components; telecommunications distributors; all for use with switchgear cabinets; but not including any such goods for storing or displaying data' in Class 9, and
>
> 'Drawers and storage tables; but not including any such goods for storing or displaying data' in Class 20.

The application is opposed by Stagwood Industries Ltd under s 3(1)(b) and s 5(4)(a) of the Act. A Counter Statement was provided by the applicants, denying the grounds of opposition. Both parties ask for costs to be awarded in their favour.

I heard the case on 5th December 2000, by videolink, in London and Newport. The opponents were represented by Mr Colin Birss of Counsel, instructed by Keith W Nash & Co, and the applicants by Mr Mitcheson of Counsel.

THE EVIDENCE

The majority of the opponents' evidence is contained in the Statutory Declaration of Mr Jeremy Charles Hartley, the Managing Director of Stagwood Industries Limited. Essentially this declaration describes the opponents evidence of the use of their mark, which is of significance for the s 5(4)(a) ground. I note the following:

(a) The names Data Racks and ENTEC, a previous incarnation of the opponents, have apparently been used side by side since November 1989. Exhibit JCH1 contains a letter from Barclays Bank, dated 10th May 1991 which states: '..you wish us to open a separate account of J C Hartley t/a Data Racks.'

(b) Exhibit JCH2 consists of a letter dated 16th January 1991 headed: 'DATA RACKS' under which, in a smaller font, is: AND PREMISE WIRING PRODUCTS.

(c) Exhibit JCH3 contains a photograph of an exhibition stand taken at a trade show (COMS '90), headed with what I take to be the stand identifier: '3331 Dataracks'. There is also a stand display stating: DATA RACKS PREMISE WIRING PATCH PANEL FIBRE 19" CASE. The words PREMISE WIRING stand out from the rest of the text. A brochure, apparently made available at COMS '90, has the same heading as that in Exhibit JCH 2. Exhibit JCH 19 also provides evidence of attendance at COMS '92.

(d) The attendance at COMS '90 is confirmed in a history of the opponents given in the Cambridge Evening News Daily, dated 30th September 1997 (Exhibit JCH4). This states: 'It was 1990 and the newly-named Data Racks was mixing with the big league in 19 inch racking.'

(e) Exhibit JCH 5 contains a marketing agreement, dated 17th October 1991, which refers several times to 'Dataracks', as a commercial (or potentially commercial) concern.

(f) Exhibit JCH 6 consists of a DATARACKS price list dated 1st December 1991.

(g) Dated May 1992, is a letter to customers giving information on the formation of a new company that will trade as DATARACKS.

(h) A selection of invoices are provided in Exhibit JCH8. Many are duplicated, but do show trade under the same name as in Exhibit JCH2. Six invoices of this type fall between 15th May 1991 and 21st December 1992 , recording approximately £8000 worth of business. From 18th March 1994, only the name DATARACKS heads the invoices; there are 2 of these before the relevant date, amounting to around £2000 worth of sales.

(i) A further brochure bearing the DATA RACKS name appears in Exhibit JCH11; it is undated, but displays the pre 01- telephone number format. This would place the document at least before April 16th 1995, which may or may not, place its use after the relevant date.

(j) Exhibit JCH13 contains a lease agreement for a vehicle dated 26th August 1992. It refers to DATA RACKS. Mr Hartley says that all such vehicles were marked with the name since 1992.

(k) A customer survey, produced in 1996 (Exhibit JCH 17), shows a high level of awareness of the DATA RACKS name.

(l) Company turnover for 1992 to 1997 is given. The figures for 1992 - 1996 are:

1992-93	1993-94	1994-95	1995-96
1,260,000	2,208,000	3,896,000	5,449,000

(m) I note an article from the Cambridge Evening News (Exhibit JCH 16) which contains the following statements:

> 'A COTTENHAM manufacturer is heading for a £7 million turnover boosted by demand from the UK's booming telecoms industry..... Data Racks has quietly become one of the area's many success stories. It is now the second largest UK manufacturer and among the leaders in its field worldwide. The privately-owned firm employs wore than 100 people at a purpose-built factory in Beach Road....Managing director Jeremy Hartley said that growth in the industry had been very rapid. He said: "In 1990, when we started, turnover was £800,000. This year we expect sales to top the £7 million mark...." '.

This document is dated 28th November 1996, approximately 2 years after the relevant date.

Mr Hartley finally completes his declaration by stating that the goods in the applicants' specification are identical to those on which the DATA RACKS name has been used by his company.

There are two other Statutory Declarations supplied by the opponents, one by Karen Ann Sargeant, an employee of Mr Hartley's company, who gives her estimate of when the DATA RACKS name alone was used to answer telephone calls (1992), and another from Luciano Warner, Managing Director of a electronic components supplier, who says he first became aware of use of the '..trade mark DATA RACKS by the firm ENTEC in 1991..'.

The applicants submit one Statutory Declaration, from Karl Heinz Hoffmann, the Managing Director of Rittal Limited, a subsidiary of the applicants. He states that in all his years at his Company, he has '..never come across any instances of a person or persons contacting the Company to be supplied with a DATA RACK product on the misunderstanding that the Company was in fact associated with..' the applicants. This evidence has little value. There is nothing to show that the applicants have ever used the mark on their own account in the UK; assertions of a lack of confusion are meaningless without such material.

THE DECISION

Both parties accepted that the products in Class 9 were at least similar; this simplifies matters considerably as the specification of goods is wide; Mr Birss helpfully summarised them as 'electronic communications cabinet equipment'. As to the goods in Class 20, I discuss these below.

Mr Birss concentrated his submissions on the passing off ground under s 5(4), which states:

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

I was referred to the decision of Geoffrey Hobbs QC sitting as the Appointed Person in the *Wild Child* [1998] 14 RPC 455 in which he gave a summary of the law of passing off. Essentially, the opponents need to show that at the 'relevant date': (i) they had acquired goodwill under their mark, (ii) that use of the mark would amount to a misrepresentation likely to lead to confusion as to the origin of their goods; and (iii) that such confusion is likely to cause real damage to their goodwill.

The date at which the matter must be judged is not entirely clear from Section 5(4)(a) of the Act. This provision is intended to implement Article 4(4)(b) of Directive 89/104/EEC. It is clear from this article that the earlier right had to have been "..acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed.' The relevant date is therefore 21st December 1994, which is the priority date based on a German application.

On the issue of goodwill, Mr Birss contended that evidence after this date can help to establishing a goodwill before it, where it of such a nature that implies it must have existed previously; he referred specifically to '..the reputation which DATA RACKS enjoyed in 1996 and 1997..'. I will come to this contention in a moment. Before I do, it seems to me that there is significant evidence of use of the name before 21st December 1994, which I have summarised above. In particular, it is clear that the business began to use DATARACKS as early as 1990 (see Exhibit JCH3, coupled with JCH 4; points (c) and (d) above) and was certainly using the mark as a trade name in 1991. - Exhibit JCH 6 (see (f) above) is a detailed price list containing use of DATA RACKS that is patently that of a trade mark, connected with products identical or similar to those in the applicants' specification in Class 9. Early in 1992 (Exhibit JCH 7) the opponents formally adopted DATA RACKS as a **trading** name (see item 12 in the minutes), and informed their customers (see the letter dated 1st May 1992).

The market survey (Exhibit JCH 17) was under taken towards the end of 1996, some 2 years after the relevant date. This would normally be enough to exclude the evidence or, at least, geld any evidential value it might have. However, the information contained in the report - that of market share, and awareness of the opponents - would, in my view, be extremely unlikely to have occured overnight in the manufacturing industry. I might concede that in other areas of trade - the fashion and music businesses for example - this assertion cannot be made, but here I think it can. Mr Birss, at the start of his submissions, described a process of extrapolation one could make back in time from such material. Though I would not wish to over play the importance of this evidence, one of the conclusions of the report, as of December 1996 were:

> ‘Data Racks holds the greatest “front of mind” share by 36% which indicates it is the most likely to come to mind first when installers are looking to order 19 inch rack enclosures. The organisation also holds the greatest total share of awareness at 100%, followed closely by Cannon at 92% and Vero at 88%.’

This material must be set against the background of other evidence that corroborates Mr Hartley’s description of the genesis of his company (see Exhibits JCH 4). Taken with the material all ready considered, I have come to the view that the opponents’ had established very clear goodwill in the name DATA RACKS well before the end of 1994.

Mr Mitcheson sought to disturb this finding by bringing to my attention the following:

1. Many of the earlier exhibits use the trade name DATA RACKS with AND PREMISE WIRING PRODUCTS. Mr Mitcheson pointed out that the first and only evidence of the two words DATA RACKS on their own are the two invoices dated 18th March 1994 and 1st September 1994 (see Exhibit JCH 8). Thus the totality of the evidence of sales under the name DATA RACKS is only £2,400. Other evidence, for example, the letter in Exhibit JCH 1 demonstrates only a desire to open an account, not evidence of trade.

2. He noted that Mr Hartley employed ENTEC as a trading name for many years before that of DATA RACKS and, in his view, it was the former rather than the latter which represented his business in the critical period before the end of 1994. My attention was drawn to JCH 5, the proposal from AsteriX (see note (e) on page 2). Here there are more references to ENTEC than to DATA RACKS, and paragraph 4 refers to ‘ENTEC staff’, and ‘ENTEC shall pay a retainer for AsteriX services ... to reflect the general contribution of AsteriX to on-going ENTEC sales..’. Then there is Exhibit JCH 6, which refers, at the bottom of the front page, to ‘Entec Dataracks’.

3. Mr Mitcheson’s other main point made use of Exhibit JCH 9, a catalogue which makes no reference to the mark in suite - or any other for that matter. This was used, according to Mr Hartley, between 1990 and 1994. Mr Mitcheson states:

> ‘My learned friend said that this did not assist very much. On the contrary ... we say that it assists quite a lot in the Applicant’s case because it shows exactly how little trading was being done under the mark claimed by the Opponent. Mr Hartley has quite fairly accepted in his evidence that a number of the sales by his company were done through distributors and that these distributors would have used their own catalogues or, perhaps, the Opponent’s catalogues but without any branding. We say that this is extremely good evidence. We say that exhibit JCH 9 is extremely supportive of that and it shows, indeed, that some of the opponent’s goods were sold without any marks of the Opponent together with the goods.’

Later Mr Mitcheson referred to paragraph 8 in Mr Hartley’s Declaration, and said:

> 'As I read that, that means that currently the direct sales to the UK amount to around 25%. What Mr Hartley has not done is to say what percentage of sales in the crucial period, which were 1992, 1993 and 1994, were made under the mark DATA RACKS.'

Taken with the other points raised, Mr Mitcheson concluded:

> 'We submit that given the evidence that at least some goods were sold without any branding, the onus is on the Opponent to show that some of the goodwill and reputation which it claims by virtue of the sales made before 1994 did accrue by use of the name DATA RACKS. We say that there is a *prima facie* case that, so far as we can tell, all of the sales except for the £2,400 which are identified could have been made either under the distributors name or under the name of DATA RACKS and Premise Wiring Products, under ENTEC or under some other name which we do not know about. In the light of the absence of any evidence to show more than the £2,400 worth that goods were sold under DATA RACKS, we say that the reputation which the Opponent claims to have accrued by 21st December 1994 can be no more than the absolute minimum.'.

As to submissions on the law, Mr Mitcheson referred me to the following passage in Halsbury's Laws of England 4th Edition Vol 48 (1995 reissue), and to paragraph 184 (which was also quoted in *Wild Child*):

> '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.'

I have already come to my own view on the nature and extent of the opponents' reputation, and this has not been tempered by Mr Mitcheson's assertions on page 5. Taking point 1, the observation that the name DATA RACKS was used with AND PREMISE WIRING PRODUCTS does not, I believe, exclude imbuement of the former with goodwill. Both could have acquired goodwill together. It is more likely, however, in the words of Mr Birss, that DATA RACKS would be the company name customers would 'take home'; it would be the name, in my view, they would naturally choose to use: it occurs first and on it own, it 'headlines' the phrase, is used in larger type (see Exhibit JCH 2) and is certainly more succinct then saying PREMISE WIRING PRODUCTS.

Again, use of DATA RACKS with ENTEC does not necessarily mean only the latter will accrue goodwill. There is no evidence to show that the names were used together, as Mr Mitcheson suggests; but there are many other examples of DATA RACKS being used without the ENTEC name (Exhibit JCH 6). In fact, its use appears to corroborate the statement made in Ms Sargeant's declaration that she first used the name ENTEC DATA RACKS (in 1991), but later moved to DATA RACKS alone (from 1992).

Following from all this, Mr Mitcheson's conclusion that there are only two invoices (dated March and September 1994) one can take account of in determining the nature and extent of the reputation relied upon under DATA RACKS, is clearly flawed. The mark is used elsewhere alone, and with other marks, but none of this use precludes, in my view, the development of a goodwill under the name DATA RACKS.

As to Mr Mitcheson's final submission, that much of the opponents' business was conducted without any mark at all, as Mr Birss pointed out, paragraph 10 of Mr Hartley's declaration states: 'For every product sold, the distributor or the direct purchaser is provided with an invoice bearing the DATA RACKS name'. By the end of 1994, when the mark in suite was applied for, the opponents claim to have conducted nearly £3.5 million pounds worth of business under the DATA RACKS name. There is no reason for me to doubt this figure as viewed in the context of the evidence the opponents present. It represents a substantial sum, and confirms my conviction of the opponents' goodwill in their name.

On the next leg of passing off - misrepresentation - it is helpful to use the test referred to by Mr Mitcheson, and listed in points (1) and (2) on page 6 *supra*. He called this a 'global test', which should take account of the factors listed on pages 6 and 7. Mr Mitcheson was also of the view that the element of descriptiveness in the name DATA RACKS would tend to dilute its distinctiveness. *Prima facie*, this may well be the case, but distinctiveness can accrue through use as well. It seems to me that where a business has established a goodwill under a name - as I have concluded the opponents have - they have effectively colonised that name for themselves as an indicator of origin.

Then there is the fact that the marks are, for all intents and purpose, identical. Mr Mitcheson pointed out the slight difference between them in terms of the 'S' typically used in the opponents' version. This is irrelevant in my view: the opponents' mark is the plural form of the applicants' and is likely to seen as such. The marks are identical. Added to this is similarity of the goods, which are of a very specific kind.

In terms of customers who might purchase the products at issue, Mr Mitcheson thought there would be considerable care taken over the purchase of these items by well informed staff. I am not so sure. Such staff would not necessarily have any technical training - they may well be administrative employees in a purchasing department who procure *on behalf* of those that do - and it seems very likely to me that, in view of the identical nature of the marks that confusion is very possible. And damage such as a loss of sales, or control of reputation, would necessarily follow.

Finally, on the issue of the similarity of the goods, Mr Mitcheson stated:

> 'The precise goods to which the mark has been applied, we accept that the classes of goods applied for by my client and the goods which appear in the brochures that the Opponent has referred to are similar. We do not say that they are the same. It seems that the Opponent's goods are mainly cabinets themselves and various accessories related to those cabinets. We say that the goods applied for under the applications are rather wider than that. Certainly, in the case of class 20, namely, drawers and storage cables, there is no evidence whatsoever that the Opponent has been selling, or none which I have seen, drawers or storage tables. To that extent, we say that there is a difference, although the goods are broadly of the same class, in the scope of the application applied for and the use to which the Opponent has shown whether or not that use is under the name Data Racks or not.'

I think the goods - even those in Class 20 - are broadly of the same class as well. Though it is so that the opponents have no clear goodwill in 'drawers and storage tables' *per se* it seems to me that their reputation is such that a storage product - which the opponents' goods clearly are - even if it be a draw or table carrying the name DATA RACKS may be subject to misrepresentation in the manner I have described above.

It follows from this that the opponents have been successful and the opposition succeeds. They are consequently entitled to a contribution towards their costs. I order the applicants to pay them £1200. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 31ST Day of January 2001.

Dr W J Trott
Principal Hearing Officer
For the Registrar, the Comptroller General