

TRADE MARKS ACT 1938

**IN THE MATTER OF TRADE MARK Application
Nº: 1572033 to register a trade mark in the name of
Chanelle Animal Health Limited.**

**AND IN THE MATTER OF Opposition
Nº: 46592 by Chanel Limited.**

Decision

1. This is an opposition to registration of the following trade mark by Chanelle Animal Health Limited, Liverpool:



which is for 'Veterinary preparations and substances; all included in Class 5'. The mark was applied for on 15th May 1994.

2. Registration is opposed by Chanel Limited, who are the registered proprietors of a number of registrations, all for the mark CHANEL, which are listed in the Annex. They state that the application specifies goods of the same description as specified in one or more of their registrations and, because the mark applied for so nearly resembles their CHANEL mark, it would be likely to deceive or cause confusion - this is their s. 12 ground. They further plead the 'composite effect' of owning such a family of marks. S.11 is also pleaded. The opponents consider that the CHANELLE mark is also likely to be deceptive or confusing by reason of the Opponents' use, reputation and goodwill of its CHANEL Trade Mark, such the applicants' mark would be disentitled to protection in a Court of Justice. The opponents also state that the mark is not capable of distinguishing the goods for which its registration is proposed, from those of other traders, that is s. 10 of the Act. Under s. 17, the opponents state that the applicants are not the true proprietor of their mark. The Registrar is asked to exercise her discretion in refusing the mark. Finally, as the opponents' mark is a well-known trade mark, registration would be contrary to Article 6(bis) of the Paris Convention and contrary to Council Directive No. 89/104 EEC.
3. The applicants deny the grounds, and both parties ask for their costs. A Hearing took place on 14th February 2001, with Mr Campbell of Counsel, instructed by Wilson Gunn M'Caw appearing for the applicants, and Mr Morcom QC, instructed by Withers and Rogers, appearing for the opponents.
4. The Trade Marks Act 1938 has been repealed by Section 106(2) and Schedule 5 of the Trade Marks Act 1994. However, there are transitional provisions set out in Schedule 3 to this Act. It was one of Mr Morcom's submissions that I should apply the law as set out by the Directive implemented in the 1994 Act, which should have been in force in the UK when this matter was begun. I discuss this issue below.

5. After a careful consideration of the evidence, I have decided not to include a detailed, formal summary. Rather I will refer to those parts of it that are relevant to my decision.

The Decision

6. There were two preliminary points. The first, from the opponents, was pointed out in a letter received by the Registry on 12th January 2001:

‘The Opponent will wish to raise the fact that the word “pharmaceutical” appears to have been deleted from the specification of goods of the Application as filed. If this deletion took place after filing, it would appear to be an inadmissible amendment, since it broadens the specification of goods as filed.’

The original specification on application was: ‘Veterinary pharmaceutical preparations and substances’. It is now ‘Veterinary preparations and substances; all included in Class 5’. Mr Morcom reinforced the written submission at the hearing, and stated that the specification must return to its original form. Mr Campbell, for his part, referred me to s. 17(7) of the Act:

‘(7) The Registrar or the Board of Trade or the Court, as the case may be, may at any time, whether before or after acceptance, correct any error in or in connection with the application, or may permit the applicant to amend his application upon such terms as the Registrar or the Board of Trade or the Court, as the case may be, may think fit.’

7. Mr Morcom said that it had never been the Registry’s practice to apply this discretion to the broadening of specifications.
8. At the Hearing, I said I would postpone a decision on this issue, but would hear submissions that accommodated both the current, and previous specification of goods. Having done so, I have come to the conclusion that Mr Morcom is correct. The *Trade Marks Registry Work Manual Chapter 7: Classification and Specification of Goods and Services* (1990), gives the reasoning behind this approach, at paragraph 7.16:

‘Widening of a specification after filing not allowed

7.16 The widening of a specification after filing could disadvantage other applicants who have searched the pending marks index; it is not therefore allowed (except where goods or services are being transferred between companion applications - see paragraph 7.43). Cases involving clerical or other similar errors should be supported by a full explanation of the circumstances and should be approved by a Hearings Officer. Some regard should be given to how long after the filing date the error is being reported. If it is after only a few days and the change is very small others are not likely to be adversely affected. A larger change requested after several months is much more likely to be a disadvantage to others and should be refused. Any change that is agreed should be entered on the pending index as soon as possible. ..’

There is also support for this approach from a Registry Decision (*Sunfleck* Application [1948] 14 RPC 369, at 373, lines 40 to 44).

9. The question thus arises: Has the removal of 'pharmaceutical' from the original specification widen its scope? I think it is obvious that it has. There is little doubt that veterinary substances exist that cannot be described as pharmaceuticals, i.e. drugs. The examiner was wrong to alter the specification in this manner, and it should return to its original form. Thus, for what it is worth, the application N^o 1572033 now specifies 'Veterinary pharmaceutical preparations and substances'.
10. The next preliminary point, from the applicants, concerned a submission by Mr Campbell that they should be allowed to argue honest concurrent use. He was of the view that s. 12(2) would overcome the s.12(1) and s. 11 objections, that the former is itself expressed in the Act subject to s. 12(2) and the opponents would have the burden of trying to prove that s. 12(2) does not apply in any event. For his part, Mr Morcom pointed out that honest concurrent use had not been pleaded, so it was not in mind when the evidence was prepared. I allowed the ground in; the issue of the honesty (or otherwise) in their choice of name is raised by the opponents and the applicants do rely on evidence of use of the name before the relevant date, which implicitly raises this point, as does, in my view, s. 12(1) itself.
11. At the Hearing, Mr Morcom helpfully stated that the grounds under ss. 10 and 17 of the Act would not now be relied upon.
12. Turning now to ss.11 and 12(1) of the Act, these read as follows:

'11. It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.'

'12.-(1) Subject to the provisions of subsection (2) of this section no trade mark shall be registered in respect of any goods or description of goods that is identical with or nearly resembles a mark belonging to a different proprietor and already on the register in respect of-

(a) the same goods,

(b) the same description of goods, or

(c) services or a description of services which are associated with those goods or goods of that description.'

The reference in this latter section to a near resemblance is clarified by Section 68(2B) of the Act which says that: '[r]eferences in the Act to a near resemblance of marks are references to a resemblance so near as to be likely to deceive or cause confusion', and that would be as regards origin of the goods or services.

13. In opposition proceedings it is normal to apply the following tests, from *Smith Hayden* (1946) 63 RPC 97, as amended by *Bali* [1969] RPC 472 (per Lord Upjohn at p 496). In this instance, these tests read as:

(Under s 11) 'Having regard to the user of the mark CHANEL is the tribunal satisfied that the mark applied for, CHANELLE and device, if used in a normal and fair manner in connection with any goods covered by the registration proposed will not be reasonably likely to cause deception and confusion amongst a substantial number of persons?'

(Under s 12(1)) ‘Assuming user by the opponents of their CHANEL mark in a normal and fair manner for any of the goods covered by the registration of that mark, is the tribunal satisfied that there will be no reasonable likelihood of deception among a number of persons if the applicants use their mark CHANELLE and device normally and fairly in respect of any goods covered by their proposed registration?’

14. I wish to deal first with the s 12(1) ground. In my view, the marks, though not identical, must be considered as similar. There was much argument at the hearing, and submissions in evidence, that sought to negate any such conclusion, and I would like to consider these before I proceed.
15. The marks differ visually in terms the seahorse device and the two parallel lines that enclose the applicants’ mark. However, in my view, these devices are dominated by the word CHANELLE and, if one considers that alone, the only difference from the opponents’ mark is the addition of the letters ‘LE’. However, the opponents’ would contend that the most significant similarity arises from pronunciation, and that it amounts to complete identity. This was dealt with in the Statutory Declaration of Rosemary Booth, employed by the opponents’ trade marks agents as a French translator. Without repeating the detail of Ms Booth’s argument, she says that the letter ‘ch’ are pronounced in French the same way as ‘sh’ in the English words ‘share’ and ‘dash’; the letters ‘el’ in CHANEL and ‘elle’ in ‘CHANELLE’ will follow the pronunciation of ‘ell’ in the English ‘bell’ and, finally, as ‘elle’ is a common French suffix, its use in the applicants’ mark would suggest some connection with France. Her conclusion is that the words are phonetically identical.
16. Against this, I was referred to Exhibit MH11, which is an extract from the opponents’ own evidence in parallel Irish proceedings but, Mr Campbell contended, lent support to the applicants’ case. This contains a declaration by Richard Waring, a market researcher, who carried out a survey in Dublin ‘..to ascertain how CHANELLE is pronounced and the products people associated with the Trade Mark CHANELLE..’. Again, I won’t go into detail, but though Mr Waring concluded that the results of the survey indicated ‘..a level of confusion between CHANELLE ... and .. CHANEL..’ 26 of the 52 people interviewed pronounced CHANELLE as the English ‘channel’.
17. At the Hearing Mr Morcom stated:

‘This is unquestionably, we say, a “sha-nel” mark. May be it could be pronounced “channel”. People pronounce these all sorts of ways. I have a daughter who prefers to be called “Sharmin” and not ‘Charmin’. I suspect Miss Burke would prefer to be called “sha-nel” rather than “channel”. It almost stands to reason as a name. I do not think it matters. It does not help my friend in the way that it does. It shows a significant number anyway in Ireland call it “sha-nel” even if others use the other. Miss Booth gives evidence which is not in effect challenged and it is eminently common sense and is sufficient if a considerable number of members of the public refer to this mark as “sha-nel”. I do not think I need say more than that’.

I think I must agree with Mr Morcom. His reference to ‘Miss Burke’ is a reference to the daughter of Mr Michael Burke, the applicants’ Managing Director, who has, apparently, also been named CHANELLE (see Exhibit MH14: paragraph 3 of a Statutory Declaration by Mr

Burke, enclosed in evidence to the second Statutory of Mr Martin Hamilton, dated 17th June 1999). I suppose its always possible that one could call one's daughter 'channel' as opposed to 'sha-nel' - there is no accounting for taste - but I consider it unlikely to the point of preposterousness.

18. Turning to the survey, this was carried out in Dublin, not the UK, the number surveyed was limited and, anyhow, 17 of those that were questioned pronounced CHANELLE as "sha-nel", i.e. phonetically equivalent to the opponents' mark. I agree with Ms Booth's assertion that 'elle' would engender a French character to a word, and would tend to be taken so by the majority of consumers in this country. I think I would go further: there is a great deal a familiarity with the French language in the UK and the connection thus made would lend to the applicants' mark a French pronunciation; in short, the marks, in my view, are phonetically identical. Despite the device elements of the applicants' mark, which engender a composite appearance, I consider the marks at issue to be similar.
19. Having concluded thus, it is clear that the validity of refusal of the application must depend on whether the goods at issue are of the same description. The standard test for deciding if goods are of the same description is that laid down in *Application by Ladislav Jellinek* (1946) RPC LXII, page 59. The Court's guidance is that consideration should be given under three headings - the nature of the goods, the purpose of the goods and their respective channels of trade. As noted in the Registry's Work Manual (Chapter 10): 'In practice, if it is considered that the respective goods coincide in respect of two headings then this is sufficient to justify a finding that the goods are of the same description. (See *Floradix* [1974] RPC 583)'.

20. The closest the opponents come to the applicants' specification of goods is under registration N^o. B976076, which specifies:

'Medicated preparations for the treatment of the scalp and the skin, medicated bath preparations, deodorants, and air-freshening preparations all being perfumed; preparations included in Class 5 for use in personal hygiene.'

Mr Morcom also referred to the opponents' registration N^o. B755404, specifying all goods in Class 3:

'Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices.'

But as I cannot see how these products are any closer to the applicants' goods, I do not think this helps the opponents much. Neither does, in my view, Mr Morcom's further submission that manufacture of veterinary substances and preparations incorporates the same chemicals as 'perfumes, toilet preparations and .. soaps..'. This is not part of the *Jellinek* criteria and neither should it be: natural rubber can be used in the manufacture of tyres and surgical gloves - no one would regard them as goods of the same description. It seems to me that the opponents' best case rests with a comparison between 'veterinary pharmaceutical preparations and substances' and 'medicated preparations for the treatment of the scalp and the skin, medicated bath preparations'.

21. I am required to make a comparison on the basis of ‘user by the opponents of their CHANEL mark in a normal and fair manner for *any of the goods covered by the registration of that mark*’ (emphasis mine). And, it appears to me, that no restriction is placed on ‘medicated preparations for the treatment of the scalp and the skin’ in terms of whether they are to be used on humans or on animals. I was given no guidance on this at the hearing, and none appears in evidence, and I cannot speculate on what the opponents intended when they applied for mark N^o: B976076 in 1971. As a consequence, I must place the best construction on this matter, using the ordinary meanings of the words employed.
22. Both human beings and animals possess skin and a scalp. ‘Medicated’ implies use of a medicine, which includes pharmaceuticals, i.e. drugs. Having reasoned thus, it must be that the *Jellinek* principles are satisfied: veterinary pharmaceutical preparations and substances are goods of the same description as medicated preparations for the treatment of the scalp and the skin; at least I have been provided with no reason as to why they should not be considered so in this case.
23. From this finding it is a very short journey to the result that the applicants have not discharged the onus on them to show that the necessary confusion will not occur. The opponents have succeeded.
24. I now wish to deal with the remaining grounds, and first, with Mr Morcom’s submissions relating to the application of Directive 89/104/EEC, which forms the basis for the Trade Marks Act 1994. The Directive should have been implemented into the national laws of the member states by 28th December 1991. It was in fact implemented in 21st July 1994 when the 1994 Act was made. The applicants applied for the mark on 12th May 1994. It was thus Mr Morcom’s contention that following *Marleasing SA v. La Comercial Internacional de Alimentacion SA* [1992] 1CMLR 305 the new law, as implemented in the 1994 Act, and the principles propounded in the case law relevant to it, should be followed in this case. He referred to the following passage from *Marleasing*:

‘In applying national law, a national court must interpret it, as far as possible, in the light of the wording and purpose of any relevant EEC directive, whether the national law originated before or after adoption of the directive’.
25. I was then referred to the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] RPC 199 at 224, *Canon v MGM* [1999] ETMR 1 and *Lloyd Schufabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] ETMR 690 at 698. Mr Morcom stated that one consequence of these cases was that there is a greater likelihood of confusion where an earlier trade mark has a highly distinctive character because of the use that has been made of it, and pointed to the very large reputation that CHANEL undoubtedly possesses - which was not in dispute at the hearing.
26. I do not think it is a matter for me to decide the application of *Marleasing* to this case or others like it - rather I think the Courts should be allowed to pronounce on that issue. However, even if it were so that principles in the cases cited by Mr Morcom did apply, I do not believe it would help him much here. It is clear from these cases he cited that:
 - (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/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;

(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 therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components;

(e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and *vice versa*;

(f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either *per se* or because of the use that has been made of it.

1. In this case, point (f) should be balanced against point (e), that is, the degree of similarity between the applicants' mark and device should be offset against the total lack of similarity for all of the goods at issue (leaving aside the goods I have already identified as similar *supra*). If the latter are removed from any comparison there is, in my view, insufficient similarity between the opponents' goods, and 'veterinary pharmaceutical preparations and substances' for the average consumer to be confused. As Mr Morcom himself said, 'I think what is clear is there must be some degree of similarity of goods, but the degree of similarity may enable a likelihood of confusion more readily to be found in a strong mark'. Thus, a strong mark may cause confusion where a weaker would not, but only where there is some recognisable degree of connection between the goods at issue. Of course, the onus under the new law is on the opponents to make their case and, in doing so, I do not think they have arrived at any better position than they have above. This is a case which produces the same result under the old law, as under the new.
2. Turning to the s. 11 ground, I am required here to take account of the opponents' user. In my view this leaves them worse off than under s. 12. As Mr Campbell stated:

'I am not going to say that CHANEL is not a well known mark with a substantial reputation in the United Kingdom. It plainly is. The only dispute is to what that reputation is for. In my submission it is mainly going to be for perfumes, cosmetics and a limited reputation in skin care. That is where the reputation is concentrated because that is where the user is concentrated.'

And there is nothing in the opponents' evidence that overturns this evaluation. Mr Morcom directed me to the following passage from *Jellinek* (page 78, line 20)

'Mr. Burrell, on behalf of the Opponents, submitted to me the following propositions with regard to this section: (1) In all applications for registration of a trade mark the onus is on the applicant to satisfy the Registrar (or the Court) that there is no reasonable probability of confusion. (2) It is not necessary, in order to find that a mark offends against the section, to

prove that there is an actual probability of deception leading to a passing-off. It is sufficient if the result of the user of the mark will be that a number of persons will be caused to wonder whether it might not be the case that the two products come from the same source. It is enough if the ordinary person entertains a reasonable doubt. (3) In considering the probability of deception, all the surrounding circumstances have to be taken into consideration. (4) In applications for registration, the rights of the parties are to be determined as at the date of the application. (5) The onus must be discharged by the applicant in respect of all goods coming within the specification applied for, and not only in respect of those goods on which he is proposing to use it immediately, nor is the onus discharged by proof only that any particular method of user will not give rise to confusion; the test is: What can the applicant do?

However, Romer, J continued:

‘I think that these propositions are, in substance, well founded, and I would merely add, with regard to the second of them, the following extract from the judgment of the late Farwell, J., in *Bailey’s* case, reported in 52 R.P.C., 136, at page 153: I think that the Court has to be satisfied not merely that there is a possibility of confusion; I think the Court must be satisfied that there is a real tangible danger of confusion if the mark which it is sought to register is put on the Register.’

3. Really, in view of the opponents’ user, I do not believe there is any ‘tangible danger’ of confusion: the goods in the applicants specification are simply too far removed from the opponents’ sphere of commercial activity.
4. Finally, in this case the applicants claim to have used their mark, and as a result of that use they claim to be entitled to have it registered under the provision of Section 12(2). That section reads:

‘(2) In case of honest concurrent use, or of other special circumstances which in the opinion of the Court or the Registrar make it proper so to do, the court or the Registrar may permit the registration by more than one proprietor in respect of:-

- a. the same goods
- b. the same description of goods or
- c. goods and services or descriptions of goods and services which are associated with each other, of marks that are identical or nearly resemble each other, subject to such conditions and limitations, if any, as the Court or Registrar, as the case may be, may think it right to impose’.

5. It was established in *Berlei v Bali* (1970) RPC 470 that Section 12(2) is capable of overriding objections under Section 11 as well as Section 12, and this has since been confirmed in *CHELSEA MAN Trade Mark* [1989] RPC 6 at 121, line 19 et seq. The main matters for consideration when subsection 12(2) is invoked were laid down by Lord Tomlin in *Pirie’s Trade Mark* (1933) 50 RPC 147 at 159. They are:

- i. The extent of use in time and quantity and the area of trade.
 - ii. The degree of confusion likely to ensue from the resemblance of the marks, which is, to a large extent, indicative of the measure of public inconvenience.
 - iii. The honesty of the concurrent use.
 - iv. Whether any instances of confusion have been proved.
 - v. The relative inconvenience which would be caused if the mark in suit were registered, subject if necessary to any conditions and limitations.
6. Consider the extent of the applicants' use of their mark, the following emerges from the evidence:
- C Mr Burke says that Chanelle Animal Health Limited is a UK company that has been using the CHANELLE & device trade mark continuously since 1991.
 - C A selection of product packaging is shown in Exhibit MB2. None of this material is dated.
 - C Mr Burke says that the '...approximate turnover in goods bearing the trade mark in the UK is £450,000 - £500,000 per annum. These figures are wholesale. The retail value is much higher'. His Declaration is dated November 1998, and I take this figure to apply to that date.
 - C In a document in Exhibit MB6 entitled Company Profile Chanelle Animal Health, on the first page, under a title 'Powerful Packaging', the following sentence appears 'In the UK and Ireland the company has a strong presence in its own right.' The date of this document is March/April 1996.
 - C The Veterinary Review (Exhibit MB6), dated June/July 1994, in a section called PEOPLE: 'Chanelle Animal Health, have recently appointed Mr Tim Rees as their UK Marketing Manager'.
 - C Finally, there is an article advertising the launch of a range of anthelmintics in the UK, again in Exhibit MB6. This carries the hand written legend 'Animal Pharm. June 1994'.
7. I find this evidence unconvincing. Apart from the statement by Mr Burke, there is no evidence at all to support the contention of user before the relevant date of May 1994. It appears from the above data that the applicants were entering the market in the UK in the middle of 1994, there being no material evidence of user before that time. As a consequence, I do not think there is enough here to override the objection I have found under s. 12.
8. Turing back to this matter, it seems to me that the latter result can be obviated by a requiring a change to the applicants' specification for their goods. Should the applicants elect, within one month of the end of the appeal period for this decision, to file a TM21 amending their specification such that it excludes '...medicated preparations for the treatment of the scalp and

the skin, medicated bath preparations', the application will be allowed to progress. If the applicants do not file a TM21 restricting the specification as set out above the application will be refused in its entirety.

9. Beyond that I have decided above, I see not reason to exercise the Registrar's discretion in this case.
10. On the issue of costs, should the applicants alter their specification in the manner described, I would regard this matter as a 'score draw' and make no award of costs as such. However, if the applicants do not make the suggested amendment, and the application fails, the opponents have won, and I order the applicants to pay the opponents £1200. This sum is to be paid within one month the expiry of the appeal period or within one month of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 18 day of April 2001

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

ANNEX

Mark Number	DATE	CLASS
B921775	28.02.68	1
602372	14.11.38	3
B755404	05.07.56	3
1153027	24.04.81	3
1431275	10.07.90	3
B976076	08.06.71	5
B1424497	10.04.90	6
1269540	19.06.86	9
B1228029	11.10.84	9
1424498	10.04.90	9
B755405	05.07.56	14
1266611	08.05.86	14
B1085458	24.10.77	16
B1154938	01.06.81	16
B755406	05.07.56	18
1266612	08.05.86	18
B1102838	12.10.78	20
B920817	08.02.68	21
B1111697	26.03.79	21
866555	07.07.64	24
B1168901	01.02.82	24
866556	07.07.64	25
1042397	18.02.75	25
1065557	12.07.76	25
1298748	23.01.87	25
866557	07.07.64	26
1406402	24.11.89	26
B1010299	27.04.73	27
B878406	20.04.65	28
1183844	21.10.82	34
1417492	15.03.90	37
1282806	01.10.86	42