

O-419-10

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 2475094
BY LESTER JOSEPH O'SULLIVAN TO REGISTER THE TRADE MARK**



IN CLASSES 9, 25 AND 41

**AND IN THE MATTER OF OPPOSITION
THERE TO UNDER NO 97423
BY PADI AMERICAS INC**

TRADE MARKS ACT 1994

**IN THE MATTER OF application No. 2475094
by Lester Joseph O'Sullivan to register the trade mark
PADDY DIVING (and device) in Classes 9, 25 and 41**

and

**IN THE MATTER OF Opposition thereto under No. 97423
by PADI Americas Inc.**

BACKGROUND

1) On 14 December 2007, Lester Joseph O'Sullivan, of 11 Bartley Close, South Benfleet, Essex, SS7 4DD applied under the Trade Marks Act 1994 ("the Act") for registration of the following mark:



2) The application is in respect of the following goods and services:

Class 9

Nautical, surveying, photographic, cinematographic, optical, measuring, signalling, lifesaving and teaching equipment, equipment for recording, transmitting or reproducing sound or images, sound and video recordings, computer software, recording discs, calculating machines, data processing equipment and computers, clothing for protection against accidents, sunglasses.

Class 25

Articles of clothing, headwear and footwear exclusively for diving or clothing featuring a diving or oceanographic theme or motif including neckwear and scarves.

Class 41

Education, providing training, entertainment, sporting and cultural activities.

3) The application was published in the Trade Mark Journal on 28 March 2008 and on 25 June 2008, PADI Americas, Inc. ("PADI") of 30151 Tomos Street, Rancho Santa Margarita, California, 92688, USA filed notice of opposition to the application. The grounds of opposition are in summary:

- a) the mark is similar to six of PADI's earlier marks and is in respect of similar goods and services and should therefore be refused under Section 5(2)(b) of the Act. Full details of PADI's marks are provided in the Annex to this decision.
- b) the mark is similar to PADI's earlier Community trade mark (CTM) 1450741 (for details, see Annex) which has a reputation and should therefore be refused under Section 5(3) of the Act.
- c) its unregistered mark PADI is protected by virtue of the law of passing off and because of this protection, Mr O'Sullivan's application should be refused under Section 5(4)(a) of the Act.
- d) the application was made in bad faith because Mr O'Sullivan is a member of PADI and is aware of its terms and conditions of licence and because of the similarities between the respective marks. The application therefore offends under Section 3(6) of the Act.

4) The applicant subsequently filed a counterstatement denying the opponent's claims.

5) Both sides filed evidence in these proceedings and also written submissions. Both sides ask for an award of costs. The matter came to be heard on 6 October when PADI was represented by Emma Himsforth of Counsel, instructed by Murgitroyd and Company and Mr O'Sullivan represented himself.

Opponent's Evidence

6) This takes the form of an affidavit, dated 29 April 2009, by Charles A Hornsby, Senior Vice President of PADI. He states that he is familiar with the worldwide

activities of both PADI and its parent company, PADI Worldwide Corp.. He states that PADI's activities are well known all over the world. At Exhibit 1, he provides a copy of the 2006 annual report. This includes a list of its offices worldwide and includes details of the UK office operated by PADI International Ltd. It also explains that the Professional Association of Diving Instructors adopted the acronym PADI in 1983, in place of the full name.

7) Mr Hornsby states that PADI holds 80% market share and there are "130,000 PADI Professionals and 5300 PADI Dive Centers and Resorts operating in 180 countries and territories". In the UK it has many "member PADI Dive Centers licensed to use the trademark PADI." At Exhibit 3, Mr Hornsby provides a list of 228 member centres across England taken from the website www.padi.com and dated 6 March 2006.

8) PADI's services are widely advertised in UK magazines and in support of this claim, at Exhibit 4, Mr Hornsby provides copies of two magazines. The first of these, Outdoor Enthusiast Magazine dated June 2008, carries a full page advertisement offering a DVD and a "GO PRO Planner" for those interested in becoming "PADI Professional" diving instructors. The second is the magazine Sport Diver, dated February 2008, featuring a half page advertisement for the Red Sea Diving College. The advert features the PADI mark together with the words "PADI Certificate of Excellence 2006". In the same magazine is a double page advertisement for PADI membership and the PADI clothing collection, featuring shirts, fleeces and jackets.

9) Mr Hornsby states that 11,191 PADI members, in the UK, certify students. The number of divers certified, by PADI, in the UK are as follows:

Year	Number of Divers
2002	37,102
2003	39,174
2004	43,566
2005	46,268
2006	48,900
2007	2,185
Total	217,195

10) Mr O'Sullivan was contacted with a request to withdraw his application, but he declined to do so. He is a PADI member and has signed the PADI member license agreement.

Applicant's Evidence

11) This takes the form of a witness statement, dated 8 November 2009, by Mr O'Sullivan. He points out that the membership agreement he signed is with PADI

Worldwide Corp. and not the opponent and that PADI Worldwide Corp. has not opposed his application.

12) Mr O’Sullivan states that PADI dive centres and PADI dive shops are not owned by PADI but are, in fact, independent centres that affiliate to PADI and likens the position to the AA claiming that it owns hotels because its sign is on the outside of some hotels.

13) Mr O’Sullivan provides copies of a number of documents such as copies of certification certificates, a certification card, his own certification card and an Internet advertisement. All of these illustrate that the certification body in the UK is PADI International Ltd. and not the opponent.

14) Mr O’Sullivan provides exhibits demonstrating that a number of third parties in the field of dive centres and diving are certified by PADI International Ltd and not the opponent to support his view that the opponent has no protectable right in the UK.

15) At Exhibit E, Mr O’Sullivan provides a copy of a page setting out the PADI Membership Agreement and the License Agreement for PADI Members. The relevant text is as follows:

“PADI Worldwide Corp. ... has the right and authority to use and sublicense various marks owned by International PADI, Inc. [*the previous name of the opponent*] ... The PADI [*defined as PADI Worldwide Corp. and International PADI, Inc.*] marks include, but are not limited to, ..., the Word Mark PADI, certain logotypes, ..., as well as other marks.

...

PADI relies upon the foregoing Marks to indicate the source of origin of its and its related services, certifications, support programs and products, ... To provide PADI Members with the ability to advertise, promote and indicate the source of origin of the PADI services, certifications, support programs and products they provide, PADI Members are hereby granted a license to use the foregoing Marks [*in a defined limited set of circumstances*].

...

... PADI and the licensed PADI Local Area Office shall have the sole right to disapprove of any promotional materials prepared and shall be the sole judge of the criteria of whether it meets the standard of this license agreement. To this end, any suggestions or requests by authorized members of PADI staff as to the usage of the Marks shall be complied

with as soon as possible to avoid mistakes, deceptions, dilution or other problems that would be detrimental to the foregoing Marks.”

16) Mr O’Sullivan’s statement also contains a number of arguments (rather than evidence of fact) and a detailed critique of Mr Hornsby’s evidence based upon his opinion. I do not intend to detail these arguments here but I will bear them in mind.

Opponent’s Evidence in reply

17) This consists of a further statement, dated 24 March 2010, by Mr Hornsby. He states that he is Senior Vice President of PADI Worldwide Corp. and that he also acts in the capacity of Senior Vice President of PADI. This is confirmed in a letter from Mr Brian Cronin, Chairman of the Board of Directors of both PADI Worldwide, Inc. and the opponent.

18) Since 1997, PADI has licensed its marks to PADI Worldwide Corp., who in turn is allowed, under the terms of the licence to sub-licence the marks. Mr Hornsby provides a copy of the licence agreement, effective from 1 January 1997, at Exhibit CAH3. The relevant part of this agreement reads as follows:

“PADI hereby grants to WORLDWIDE, the non-exclusive licence to use and sublicense the Licensed marks in the Territory [*defined elsewhere as being “worldwide”*] [...] This License shall include the right to contract and sublicense the Licensed Marks to other entities which will promote the Licensed Marks and the business of PADI and WORLDWIDE.”

19) The “Licensed marks” referred to in the above paragraph are defined elsewhere in the agreement as:

- “1. The word mark PADI
2. The fanciful script of PADI
- ...”

20) PADI International Limited is a wholly owned subsidiary of PADI and sub-licenses PADI’s marks from PADI Worldwide, Inc.. A copy of this licence agreement, dated 1 January 1999, is provided at Exhibit CAH4. The relevant part of this agreement reads as follows:

“By virtue of an agreement between PADI and WORLDWIDE effective 1 January 1997, WORLDWIDE is licensed to use certain names, marks, processes, and know-how, and is authorized to grant license for the use of the Marks to third parties. WORLDWIDE hereby grants such license to PIL [*PADI International Ltd.*] ...

PIL ... will conduct diving instruction programs and courses within the geographic area of PIL, which geographic area is specified immediately below, ...

Great Britain (England, Northern Ireland, Scotland, Wales), [*this is followed by a list of about a further ninety five territories*]"

21) This agreement also provides the following narrative of the nature of PADI's business:

"PADI has developed, over several years, a widely accepted program of diver education and instruction and has established generally recognised and accepted standards of diving proficiency and expertise and certifies divers and diving instructors, assistant instructors and divemasters who have achieved various levels of proficiency in diving and/or diving instruction through the completion of PADI's courses of instruction as "PADI certified" divers and/or diving instructors and assistant instructors and divemasters."

22) Mr Hornsby corrects a typographical error in his first affidavit, where he accredited an 80% global market share to the PADI group of companies. This should, in fact, have read "60%" as published in the 2006 Annual Report at Exhibit 1 of his original affidavit. He further states that in the UK, it is estimated that the figure is even higher.

23) A copy of the signed licence agreement that Mr O'Sullivan has entered into is provided at Exhibit CAH2. This agreement is with PADI Worldwide Inc. This contains the same PADI Membership Agreement/License Agreement for PADI Members as detailed in Mr O'Sullivan's evidence.

DECISION

Over-arching Issues

Status of PADI as opponent/reputation

24) Mr O'Sullivan challenges the status of the opponent to oppose his application and also its ability to rely on use of its marks, in the UK, by PADI Worldwide, Inc., and PADI International Ltd.. He points out that he has signed an agreement with PADI Worldwide Corp. and not directly with the opponent. I note this, however, it does not prevent the opponent from pursuing an action against Mr O'Sullivan's application. This is because, in accordance with the Trade Marks (Relative Grounds) Order 2007, an opposition to an application based upon Section 5 of the Act must be brought by the proprietor of the earlier marks relied upon. In the current proceedings, PADI is the proprietor of the earlier marks and therefore is

entitled to oppose Mr O’Sullivan’s application on grounds based upon Section 5 of the Act. The other PADI organisations, such as PADI Worldwide, Inc. and PADI International Ltd. are only entitled to bring an opposition based upon Section 5(4)(a) of the Act because they are not proprietors of registered marks that qualify as earlier marks in accordance with Section 6 of the Act.

25) In addition, the evidence submitted by Mr Hornsby illustrates that the UK operation called PADI International Ltd. has sub-licensed PADI’s marks (being the word mark PADI and the “fanciful script” of PADI) through an agreement with PADI Worldwide, Inc. that, by virtue of its own license agreement with PADI, is authorised to sub-license PADI’s marks to other entities. This agreement, by virtue of its general application to the word mark PADI and the “fanciful script” of PADI will cover both the UK and CTM registrations relied upon by PADI in these proceedings. There is some tension between Mr Hornsby’s evidence on this point and that submitted by Mr O’Sullivan as the former illustrates that PADI International Ltd. is a licensee of PADI’s marks by virtue of a sub-licence from PADI Worldwide Inc. but the latter (see Mr O’Sullivan’s Exhibit B) points to PADI International Ltd. having a direct agreement with PADI. I do not believe it is necessary to make much of this point. Whichever of the two is correct, the conclusion is the same, namely that PADI International Ltd, by virtue of a license agreement, is entitled to use the PADI marks in the UK.

26) Therefore, as PADI International Ltd. is a licensee or a sub-licensee of the opponent’s marks, the opponent can rely upon its use of those marks to support a claim to a reputation in the UK. Use of PADI’s marks by PADI International Ltd., is licensed use with the opponent’s consent.

27) Finally, with PADI Worldwide, Inc. being the parent company of the opponent and also licensee of its marks, the fact that Mr O’Sullivan entered a license agreement with PADI Worldwide, Inc. and not the opponent is of no significance to these proceedings.

28) In summary, PADI is entitled to oppose Mr O’Sullivan’s application and can rely upon the use made of its marks by its sub-licensee, PADI International Ltd.. to support its claim of a reputation in the UK. Mr O’Sullivan’s arguments to the contrary are rejected.

Human right to use PADDY and Race Discrimination

29) Mr O’Sullivan states he is an Irish citizen and claims that as “paddy” is a colloquial name for an Irishman, he is entitled to use it to “celebrate his ethnic heritage”. He claims that the opposition is in contravention of Section 25(3)(d) of the Race Relations Act 1976 and Article 14 of the Human Rights Act 1998. The relevant part of the Race Relations Act 1976 is:

“25 Discrimination: associations not within s. 11

(1) This section applies to any association of persons (however described, whether corporate or unincorporate, and whether or not its activities are carried on for profit) if—

(a) it has twenty-five or more members; and

(b) admission to membership is regulated by its constitution and is so conducted that the members do not constitute a section of the public within the meaning of section 20(1); and

(c) it is not an organisation to which section 11 applies.

...

(3) It is unlawful for an association to which this section applies, in the case of a person who is a member or associate of the association, to discriminate against him—

(a) in the way it affords him access to any benefits, facilities or services, or by refusing or deliberately omitting to afford him access to them; or

(b) in the case of a member, by depriving him of membership, or varying the terms on which he is a member; or

(c) in the case of an associate, by depriving him of his rights as an associate, or varying those rights; or

(d) in either case, by subjecting him to any other detriment.

(4) For the purposes of this section—

(a) a person is a member of an association if he belongs to it by virtue of his admission to any sort of membership provided for by its constitution (and is not merely a person with certain rights under its constitution by virtue of his membership of some other association), and references to membership of an association shall be construed accordingly;]

...”

30) The part of this Act relied upon by Mr O’Sullivan makes it unlawful for an organisation such as PADI to discriminate against a member by subjecting him to any detriment. In order to understand the intention of this part, it is also important

to take account of Section 1 of that Act which provides a definition for the discrimination covered by the Act:

“Discrimination To Which Act Applies

1. Racial discrimination.

— (1) A person discriminates against another in any circumstances relevant for the purposes of any provision of this Act if—

(a) on racial grounds he treats that other less favourably than he treats or would treat other persons; or

(b) he applies to that other a requirement or condition which he applies or would apply equally to persons not of the same racial group as that other but—

(i) which is such that the proportion of persons of the same racial group as that other who can comply with it is considerably smaller than the proportion of persons not of that racial group who can comply with it; and

(ii) which he cannot show to be justifiable irrespective of the colour, race, nationality or ethnic or national origins of the person to whom it is applied; and

(iii) which is to the detriment of that other because he cannot comply with it.”

31) The question is whether PADI’s act of opposing Mr O’Sullivan’s mark is an act of racial discrimination as defined above. It is plainly not in contravention of Section 1(a) as PADI’s action is wholly based upon its claim that Mr O’Sullivan’s mark is too similar to its own rather than because it alludes to a proprietor of Irish descent. Such a finding is supported by the circumstances of the case and there is no evidence to suggest that I should reach a contrary view. As such, I find there is no intention, on the part of PADI, to treat Mr O’Sullivan less favourably because of his racial background.

32) I cannot see that Mr O’Sullivan’s case is any stronger under Section 1(b). The section relates to requirements or conditions placed upon members within the PADI organisation. I will return to these conditions in more detail when considering the Section 3(6) grounds, but it is sufficient here for me to say that there is nothing in the License Agreement for PADI Members that would appear to result in a smaller number of members of any one racial group being able to meet the conditions than for any other racial group.

33) The relevant extract from the Human Rights Act 1998 reads:

“Article 14

PROHIBITION OF DISCRIMINATION

The enjoyment of the rights and freedoms set forth in this Convention shall be secured without discrimination on any ground such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with a national minority, property, birth or other status.”

34) It is clear from the introductory text of this Act that primary legislation such as the Trade Marks Act 1994 “must be read and given effect in a way which is compatible with the Convention rights”. This Act gives direct effect to Article 1 of the First Protocol to the Human Rights Convention, which states:

“Article 1 – Protection of property

Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law. The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties.”

35) As Anna Carboni noted, when sitting as the Appointed Person in O-070-10 *BreadTalk*:

“47. [...] trade mark registrations and applications are ‘possessions’ within the meaning of Article 1: *Anheuser-Busch Inc v Portugal*, European Court of Human Rights, Grand Chamber, No. 73049/01, 11 January 2007. Mr Gilfillan’s fourth ground of appeal thus raises the question whether the decision to revoke his trade mark registration deprives him of that possession, in breach of Article 1.

[...]

49. It is clear from the text of Article 1 that there are circumstances in which it is legitimate to deprive a person of his possessions. These include the public interest and laws that are deemed necessary to control the use of property in accordance with the general interest. The European Court of Human Rights has repeatedly stated that a fair balance must be struck between the demands of the general interest of the community and the requirements of the protection of a person’s fundamental rights. Indeed,

the whole of the Human Rights Convention is aimed towards the search for a fair balance where it applies.

50. In the context of trade marks, a balance has to be struck between the interests of a trade mark proprietor [...] and those of third parties [...]"

36) Whilst Ms Carboni's comments were in the context of a revocation action for non-use of a mark, the principle that the Human Rights Convention is aimed towards the search for a fair balance is an equally important point in the current proceedings. Ms Carboni commented further:

"48. The reason for the Registrar's decision to revoke is that Mr Gilfillan was unable to establish genuine use of the Mark pursuant to the requirements of section 46(1) of the Act. Thus the effect of this ground of appeal is to assert that the operation of section 46(1) is itself contrary to the right to peaceful enjoyment of possessions under Article 1. That would similarly mean that the articles of the Directive from which section 46(1) is derived, as well as the equivalent national provisions in all other EU member states and the equivalent articles of the Regulation in relation to Community trade marks, all operate in a way that breaches Article 1."

37) Once again, there are relevant parallels with the current proceedings. Mr O'Sullivan is, in effect, arguing that Section 3 and Section 5 of the UK Trade Marks Act and the corresponding articles of the Directive from which they derive are contrary to the right of peaceful enjoyment of possessions under Article 1 of the Convention. Finally, Ms Carboni noted that the UK Trade Marks Act is a well established piece of legislation with well understood justification and effects. The justification for Mr O'Sullivan to prevent an opposition to his application to register the contested mark based upon his right as an Irishman to use a colloquial name for someone from Ireland would have the effect that a proprietor would not be able to defend his mark where he perceived it to be too close to a colloquial name. To my mind, this would not present the fair balance enshrined in the Convention. PADI should be, and are, entitled to challenge such marks insofar as they believe it offends under Section 3 or 5 of the Act. This case is not about Mr O'Sullivan's ability to describe himself as a "paddy" if he so desires, it is solely about the claimed infringement of the intellectual property rights of the opponent. Rights which as items of property are protected by Article 1 of the Human Rights Act.)

38) Taking this into account, I reject Mr O'Sullivan's arguments based upon the Human Rights Act.

39) In light of this finding, it is not necessary for me to comment upon the argument put forward on behalf of PADI that it is not a defence to rely upon a claim to use of a nickname.

Section 5(2)(b)

40) Section 5(2)(b) reads:

“(2) A trade mark shall not be registered if because –

(a) ...

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

41) An earlier trade mark is defined in section 6 of the Act, the relevant parts of which state:

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

(a) a registered trade mark, international trade mark (UK), Community trade mark or international trade mark (EC) 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.”

42) Of potential relevance to a ground of opposition under Section 5(2) are the provisions that relate to proof of use. Section 6A(1) details the circumstances where these provisions apply:

“6A Raising of relative grounds in opposition proceedings in case of non-use

(1) This section applies where –

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

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

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

43) PADI relies upon six earlier rights, all are registered and therefore qualify as earlier marks as defined by Section 6 of the Act. In his witness statement, Mr O'Sullivan appears to be under the misapprehension that PADI's earlier CTMs are not relevant to these proceedings. This is not the case. CTMs are unitary rights that are valid in the whole of the European Union, including the UK. As such, PADI can rely upon these registrations as earlier marks within the meaning of Section 6

44) All of PADI's marks have completed registration procedures and some predate, by more than five years, the publication of Mr O'Sullivan's mark. However, Mr O'Sullivan has not requested proof of use in respect of these marks and as such, the proof of use provisions do not apply. I will therefore consider the six earlier rights in respect of their full lists of goods and services.

45) In my consideration of a likelihood of confusion, I take into account the guidance from the settled case law provided by the Court of Justice of the European Union (CJEU) in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] FSR. 77, *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] ETMR 723, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH* C-120/04 and *Shaker di L. Laudato & C. Sas v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* C-334/05 P (LIMONCELLO). It is clear from these cases that:

(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*,

(b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v Puma AG*, 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; *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.*,

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v Puma AG*,

(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; *Sabel BV v Puma AG*,

(e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*,

(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; *Sabel BV v Puma AG*,

(g) in determining whether similarity between the goods or services covered by two trade marks is sufficient to give rise to the likelihood of confusion, the distinctive character and reputation of the earlier mark must be taken into account; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*,

(h) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v Puma AG*,

(i) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode CV v Adidas AG and Adidas Benelux BV*,

(j) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*.

(k) assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark; the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trade mark may not, in certain circumstances, be dominated by one or more of its components; *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*

(l) it is only when all other components of a complex mark are negligible that it is permissible to make the comparison on the basis of the dominant element; *Shaker di L. Laudato & C. Sas v OHIM (LIMONCELLO)*

Comparison of goods

46) In assessing the similarity of goods and services, it is necessary to apply the approach advocated by case law and all relevant factors relating to the respective goods and services should be taken into account in determining this

issue. In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* the CJEU stated at paragraph 23:

‘In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, *inter alia*, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary.’

47) Other factors may also be taken into account such as, for example, the distribution channels of the goods concerned (see, for example, *British Sugar Plc v James Robertson & Sons Limited (TREAT)* [1996] RPC 281).

48) For ease of reference, the respective goods and services are as follows:

Goods and services relied upon by PADI	Mr O’Sullivan’s goods and services
<p>Class 16</p> <p><i>..., teaching aids, ..., dive tables, printed teaching aids; ... (from 1437397 PADI)</i></p> <p><i>..., instruction manuals, printed teaching materials, diving tables, ..., certificates, educational tests, guides ... all connected with skin diving, scuba diving, snorkelling, skin diving, safety and oceanography (from CTM 1450741 PADI)</i></p> <p><i>..., instruction manuals, printed teaching aids, diving tables, and generally published works all related to scuba diving, snorkelling, skin diving, safety and oceanography (from CTM 1145697 PADI)</i></p> <p>Class 25</p> <p><i>Articles of clothing for men and women; ... but not including footwear (from 1458775 PADI)</i></p> <p><i>Clothing ... (from CTM 1450741 PADI)</i></p>	<p>Class 9</p> <p><i>Nautical, surveying, photographic, cinematographic, optical, measuring, signalling, lifesaving and teaching equipment, equipment for recording, transmitting or reproducing sound or images, sound and video recordings, computer software, recording discs, calculating machines, data processing equipment and computers, clothing for protection against accidents, sunglasses.</i></p>

<p><i>Clothing,...</i> (from CTM 1145697 PADI)</p> <p>Class 41</p> <p><i>Education, instruction, ... all relating to aquatic activities, diving with self-contained breathing apparatus, snorkeling, skin diving, safety, oceanography and free diving; ...</i> (CTM 1450741 PADI)</p>	
<p>Class 25</p> <p><i>Articles of clothing for men and for women; ...</i> (1458775 PADI)</p> <p><i>Clothing and headgear; shirts, hats, visors, shorts, tracksuits, trousers and jackets.</i> (from CTM 1450741 PADI)</p> <p><i>Clothing, headwear, footwear; shirts, hats, sun visors, shorts, sweatsuits, trousers and jackets.</i> (from CTM 1145697 PADI)</p>	<p>Class 25</p> <p><i>Articles of clothing, headwear and footwear exclusively for diving or clothing featuring a diving or oceanographic theme or motif including neckwear and scarves.</i></p>
<p>Class 16</p> <p><i>Books, printed matter, manuals, teaching aids,... printed dive tables, printed teaching aids; ...</i> (1437397 PADI)</p> <p><i>Printed matter including books, periodicals, printed publications, ..., instruction manuals, printed teaching materials, diving tables, ..., certificates, educational tests, ... guides, and published works in general, all connected with skin diving, scuba diving, snorkelling, skin diving, safety and oceanography</i> (from CTM 1450741 PADI)</p> <p><i>Printed materials including books, periodicals, publications, magazines, instruction manuals, printed teaching aids, diving tables, ..., certificates,</i></p>	<p>Class 41</p> <p><i>Education, providing training, entertainment, sporting and cultural activities.</i></p>

teaching tests, ... guides, and generally published works all related to scuba diving, snorkelling, skin diving, safety and oceanography (from CTM 1145697 PADI)

Class 39

Chartering of boats for diving; making aircraft transportation reservations for transportation to a diving destination; arranging travel tours for diving purposes; arranging group travel tours for diving; and providing travel information services pertaining specifically to diving (CTM 3527843 PADI)

Class 41

Instruction services relating to diving and water safety; ecologically orientated aquatic instruction; instruction services relating to use of self contained underwater breathing apparatus; entertainment services relating to viewing and photography of aquatic and oceanographic life (1437399 PADI & PADI)

Education, instruction, entertainment, all relating to aquatic activities, diving with self-contained breathing apparatus, snorkelling, skin diving, safety, oceanography and free diving; information services relating to the aforesaid. (from CTM 1450741 PADI)

Education, instruction, entertainment, travel, and hotel entertainment, all pertaining to aquatic activities, diving with self-contained breathing apparatus, snorkelling, skin diving, safety, oceanography and free diving; (from CTM 1145697 PADI)

Class 9

49) At the hearing, Ms Himsforth clarified that PADI's objection is to Mr O'Sullivan's *teaching equipment, equipment for recording, transmitting or reproducing sound or images, sound and video recordings and clothing for protection against accidents*. The goods covered by the latter term and PADI's *clothing and headgear* in Class 25 both share the same nature in that they are items worn by a person. They share the same nature and method of use. However it has to be taken into account that their purpose is different. Obviously, Mr O'Sullivan's goods and PADI's goods are used to cover various parts of the human body but as far as Mr O'Sullivan's goods are concerned they are, above all, used to protect against accident or injury. The manufacturers of these goods are different due to the special protective purpose of Mr O'Sullivan's clothing. They may be sold from the same retail outlets where certain types of protective clothing such as those used in diving may be sold alongside non-technical clothing with no protective function. Taking all of this into account, I conclude that Mr O'Sullivan's *clothing for protection against accidents* and PADI's *clothing and headgear* share a moderate level of similarity.

50) In respect of Mr O'Sullivan's *teaching equipment, equipment for recording, transmitting or reproducing sound or images, sound and video recordings*, PADI relies essentially upon its various *teaching aids and teaching materials and instruction manuals* in Class 16 and also its *education, instruction all relating to aquatic activities, diving with self-contained breathing apparatus, snorkelling, skin diving, safety, oceanography and free diving* listed in Class 41. Whilst the nature of Mr O'Sullivan's *teaching equipment* is obviously different to PADI's corresponding goods and services, they are all intended to be used to educate, teach or instruct and as such they share some similarity in respect of intended purpose. However, when considering similarity with PADI's services, they are unlikely to be in competition with Mr O'Sullivan's goods and neither is it obvious to me that they are complementary in the sense that one is indispensable or important to the other (*Boston Scientific Ltd v OHIM (Boston Scientific)*, Case T-325/06). For example, *teaching equipment* includes overhead projectors. Such goods are neither indispensable nor important for the provision or education or instruction (or vice versa). Taking all of this into account, I conclude that if Mr O'Sullivan's *teaching equipment* shares any similarity to PADI's corresponding Class 16 goods and Class 41 services, then it is only very low. In respect of the similarity to PADI's Class 16, there is a greater likelihood that the respective goods complement each other and as such, I conclude that the level of similarity is moderately high.

51) However, the same cannot be said in respect to Mr O'Sullivan's *equipment for recording, transmitting or reproducing sound or images, sound and video recordings*. Whilst such goods could be used for training or similar purposes that, in itself, is not sufficient to make a finding of similarity. In fact, such goods are different in nature from all of PADI's goods and services, their intended purpose

is, as stated in the terms themselves, to record, transmit or reproduce sound or images and is therefore also different to any of PADI's goods or services. There is nothing before me to suggest they share any trade channels and neither is it obvious to me that they would do so. Neither can it be said that the respective goods and services are in competition with each other or are complementary in the sense described in *Boston Scientific*. As such, I conclude that there is no similarity between Mr O'Sullivan's *equipment for recording, transmitting or reproducing sound or images, sound and video recordings* and any of PADI's goods and services.

Class 25

52) I am mindful that goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by the application or when the goods designated by the application are included in a more general category designated by the earlier mark (the General Court ("GC"), in *Gérard Meric v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T-133/05, at paragraph 29).

53) Applying the guidance in *Meric* it is obvious that all of Mr O'Sullivan's goods are covered by the broad terms listed in one or other of the two earlier registrations in the table above. Therefore, all of Mr O'Sullivan's goods are identical to those of PADI's.

Class 41

54) Mr O'Sullivan's *education* and *entertainment* are both found in PADI's list of services and these services are therefore identical. Mr O'Sullivan's application also includes the term *providing training*. This term may cover services included in the broad term *education*, but even if this were not the case, there is clearly a very high level of similarity.

55) PADI's *diving with self-contained breathing apparatus, snorkelling, skin diving* are services that can be described as *sporting activities* and therefore, Mr O'Sullivan's broad term *sporting activities* includes PADI's services and therefore must be considered as identical. The remaining term in Mr O'Sullivan's list of services is *cultural activities*. The word *culture* means "the arts and other manifestations of human intellectual achievement regarded collectively"¹. This is a word that is commonly known and understood by the public and therefore *cultural activities* will be understood as describing activities relating to such intellectual achievement. Such activities could be in the form of education or entertainment, however, such services covered by PADI's registrations are limited along the lines of *all pertaining to aquatic activities, diving with self-*

¹ "culture n." *The Concise Oxford English Dictionary*, Twelfth edition . Ed. Catherine Soanes and Angus Stevenson. Oxford University Press, 2008. *Oxford Reference Online*. Oxford University Press. Intellectual Property Office. 10 November 2010 <<http://www.oxfordreference.com/views/ENTRY.html?subview=Main&entry=t23.e13507>>

contained breathing apparatus, snorkelling, skin diving, safety, oceanography and free diving; information services relating to all the aforesaid services. Such a field of activity does not relate so much to intellectual achievement as to physical activity. Therefore this limitation puts some distance between the respective terms and I find that they share only a very low level of similarity.

56) My findings regarding the similarity of goods and services are therefore summarised as follows:

Mr O’Sullivan’s goods and services	Level of similarity to PADI’s goods and services
<i>Teaching equipment</i>	<p>Moderately high level of similarity to:</p> <p><i>..., teaching aids, ..., printed teaching aids; ...</i> (from 1437397 PADI)</p> <p><i>..., instruction manuals, printed teaching materials, ..., educational tests, guides ... all connected with skin diving, scuba diving, snorkelling, skin diving, safety and oceanography</i> (from CTM 1450741 PADI)</p> <p><i>..., instruction manuals, printed teaching aids, ... all related to scuba diving, snorkelling, skin diving, safety and oceanography</i> (from CTM 1145697 PADI)</p> <p>Very low level of similarity to:</p> <p><i>Education, instruction, ... all relating to aquatic activities, diving with self-contained breathing apparatus, snorkeling, skin diving, safety, oceanography and free diving</i></p>
<i>Clothing for protection against accidents</i>	<p>Moderate level of similarity with:</p> <p><i>Articles of clothing for men and women; ... but not including footwear</i> (from 1458775 PADI)</p> <p><i>Clothing ...</i> (from CTM 1450741 PADI)</p> <p><i>Clothing,...</i> (from CTM 1145697 PADI)</p>
<i>Articles of clothing, headwear and footwear exclusively for diving or clothing featuring a diving or</i>	<p>Identical to:</p> <p><i>Articles of clothing for men and for women; ...</i> (1458775 PADI)</p>

<p><i>oceanographic theme or motif including neckwear and scarves.</i></p>	<p><i>Clothing and headgear; shirts, hats, visors, shorts, tracksuits, trousers and jackets. (from CTM 1450741 PADI)</i></p> <p><i>Clothing, headwear, footwear; shirts, hats, sun visors, shorts, sweatsuits, trousers and jackets. (from CTM 1145697 PADI)</i></p>
<p><i>Education, providing training, entertainment</i></p>	<p>Identical to the following services:</p> <p><i>Education, ..., entertainment, all relating to aquatic activities, diving with self-contained breathing apparatus, snorkelling, skin diving, safety, oceanography and free diving; (from CTM 1450741 PADI)</i></p> <p><i>Education, ... entertainment, ... all pertaining to aquatic activities, diving with self-contained breathing apparatus, snorkelling, skin diving, safety, oceanography and free diving; (from CTM 1145697 PADI)</i></p>
<p><i>sporting ... activities</i></p>	<p>Identical to:</p> <p><i>..., diving with self-contained breathing apparatus, snorkelling, skin diving, safety, oceanography and free diving; information services relating to the aforesaid. (from CTM 1450741 PADI)</i></p>

57) In respect to the remaining goods and services of Mr O'Sullivan's application, there is no similarity to PADI's goods and services.

The average consumer

58) As matters must be judged through the eyes of the average consumer (*Sabel BV v.Puma AG*, paragraph 23) it is important that I assess who the average consumer is for the goods and services at issue. As identified above, a number of goods and services are common to both PADI's registrations and Mr O'Sullivan's application. It follows that, insofar as these goods and services are concerned, the average consumer will be the same.

59) The average consumer for these services is, in the main, those involved or wishing to become involved in the sport of diving and, as such, will be a reasonably specialised sub-set of the general public. They will have at least

some knowledge of the sport and, because of the mandatory nature of the training involved and its importance in respect to the consumers' safety, the purchasing act is likely to involve a higher degree of attention.

60) In respect of the various *clothing, footwear and headwear* covered by the respective marks, the average consumer of these will be the clothing, footwear and headgear buying members of the general public at large. In respect of these goods, I am mindful of the comments of Mr Simon Thorley, sitting as the Appointed Person, in the *React* trade mark case [2000] R.P.C. 285:



“There is no evidence to support Ms Clark’s submission that, in the absence of any particular reputation, consumers select clothes by eye rather than by placing orders by word of mouth. Nevertheless, my own experience tells me it is true of most casual shopping. I have not overlooked the fact that catalogues and telephone orders play a significant role in this trade, but in my experience the initial selection of goods is still made by eye and subsequent order usually placed primarily by reference to a catalogue number. I am therefore prepared to accept that a majority of the public rely primarily on visual means to identify the trade origin of clothing, although I would not go so far as to say that aural means of identification are not relied upon.”

61) The General Court (GC) has continued to identify the importance of visual comparison when considering the purchasing act in respect of clothing (see for example *Joined Cases T-117/03 to T-119/03 and T-171/03 New Look Ltd v OHIM (NLSPORT et al)* [2004] ECR II-3471 at [49]-[50] and *Case T-414/05 NHL Enterprises BV v OHIM (LA KINGS)* [2009] ECR II.). There is no evidence in the current case that provides assistance in considering the nature of the purchasing act. In the absence of such evidence, it is reasonable that I apply Mr Thorley’s comments here. The goods will generally be described as consumer items and the purchasing act will involve a reasonable degree of care and attention but not the highest degree of attention. As Mr Thorley noted, the purchasing process is primarily a visual one but I do not ignore the aural considerations that may be involved.

62) There are further goods and services covered by the respective marks where I have found similarity, but PADI’s best case lies where identical goods and services are involved. For this reason, I will not go on to identify the average consumer for the remaining goods and services, or consider the nature of the purchasing act for the same.

Comparison of marks

63) For ease of reference, the respective marks are:

PADI's marks	Mr O'Sullivan's mark
<p data-bbox="411 353 486 387">PADI</p> 	

64) When assessing the extent of similarity between the respective marks, I must do so with reference to their visual, aural and conceptual similarities bearing in mind their distinctive and dominant components (*Sabel BV v. Puma AG*, para 23). I shall begin by considering visual similarity of Mr O'Sullivan's mark to PADI's word mark. Both the respective marks share their first three letters, namely PAD, however, that is the end of the similarity. PADI's mark contains the one additional letter "I" making the mark into a four letter mark without further embellishment. Mr O'Sullivan's mark, on the other hand, has the letters DY added to PAD to make a five letter word. This word appears above a cartoon-like representation of a dancing leprechaun holding a staff. Below this representation is the word DIVING. The mark is in colour with both words beginning with a capital letter, with the other letters being in lowercase and being coloured yellow. The leprechaun is wearing green with a red dickie-bow and he has an orange beard. Taking all these factors together, I conclude that the respective marks only share a very low level of visual similarity.

65) In respect to PADI stylised mark, there is even less visual similarity as the stylisation is such as to use three device-like representations for the letters PAD. These representations are in a style quite different to the style used in Mr O'Sullivan's mark.

66) From an aural perspective, PADI's marks will be pronounced PAD-EE. Mr O'Sullivan's mark has an element that will be pronounced PAD-DEE and the difference will be audibly virtually indistinguishable. Of course, Mr O'Sullivan's mark also contains the word DIVING, however, when considering the marks as a whole I consider that they share a reasonably high level of aural similarity.

67) Finally, I must also consider the level of conceptual similarity. PADI's marks consist of a made up word PADI. Mr O'Sullivan argued that this is an acronym and PADI's Annual Report provided in evidence explains that the Professional Association of Diving Instructors adopted the acronym in 1983, in place of the full name. So at least its origins are as an acronym, however, it is not clear whether, some twenty five years after the name was adopted, it is still recognised by the average consumer as such. Nevertheless, I do not see this as a critical factor. Whether it is seen as an acronym or a made up word still results in it being

distinctly different to the concept conveyed by Mr O’Sullivan’s mark. Here, the mark will be unambiguously perceived as a reference to an Irishman and the act of diving. The former part of the concept is reinforced by the device of a leprechaun. That said, I do recognise that where the respective marks are referred to aurally and the consumer does not have the benefit of seeing the marks, the conceptual identity leans towards both marks being perceived as providing some allusion to an Irishman. Ms Himsforth claimed that there was “a conceptual collision”, however, in light of my comments above, I do not accept this. Taking all of this into account, I conclude that the respective marks are conceptually dissimilar. PADI’s mark is a made up word or an acronym, Mr O’Sullivan’s mark relates to Ireland, Irishness and diving.

68) I have found that the respective marks share a very low level of visual similarity, a reasonably high level of aural similarity and are conceptually dissimilar. Bringing these findings together, they combine so that the respective marks share a low level of similarity overall.

Distinctive character of the earlier trade mark

69) I have to consider whether PADI’s marks have a particularly distinctive character either arising from the inherent characteristics of the marks or because of the use made of them. They both consist of, or essentially of, the invented word PADI. This has no meaning in English and as such, it is endowed with a reasonably high degree of inherent distinctive character. I also recognise that PADI may be perceived as an acronym, but even if this is the case, it will not impact upon the level of distinctive character to any significant degree.

70) I must also consider the effect of reputation on the global consideration of a likelihood of confusion under Section 5(2)(b) of the Act. This was considered by David Kitchen Q.C. sitting as the Appointed Person in *Steelco Trade Mark* (BL O/268/04). Mr Kitchen concluded at paragraph 17 of his decision:

“The global assessment of the likelihood of confusion must therefore be based on all the circumstances. These include an assessment of the distinctive character of the earlier mark. When the mark has been used on a significant scale that distinctiveness will depend upon a combination of its inherent nature and its factual distinctiveness. I do not detect in the principles established by the European Court of Justice any intention to limit the assessment of distinctiveness acquired through use to those marks which have become household names. Accordingly, I believe the observations of Mr. Thorley Q.C in *DUONEBS* should not be seen as of general application irrespective of the circumstances of the case. The recognition of the earlier trade mark in the market is one of the factors which must be taken into account in making the overall global assessment of the likelihood of confusion. As observed recently by Jacob L.J. in *Reed Executive & Ors v Reed Business Information Ltd & Ors*, EWCA Civ 159,

this may be particularly important in the case of marks which contain an element descriptive of the goods or services for which they have been registered. In the case of marks which are descriptive, the average consumer will expect others to use similar descriptive marks and thus be alert for details which would differentiate one mark from another. Where a mark has become distinctive through use then this may cease to be such an important consideration. But all must depend upon the circumstances of each individual case.”

71) The evidence provided by PADI demonstrates that it has a significant presence in the market of diver education and instruction and in respect of these services I conclude that the already high level of distinctiveness is further enhanced through the use that PADI has made of its marks.

Likelihood of confusion

72) I must adopt the global approach advocated by case law and take into account that marks are rarely recalled perfectly with the consumer relying instead on the imperfect picture of them he has in kept in his mind (*Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V* paragraph 27).

73) I have also found that the respective marks share a low level of similarity. Such similarity exists only because of the aural aspects of the respective marks. Noting this, I am mindful of the following comments of the CJEU in Case C-206/04, *P Mülhens GmbH & Co. KG v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*:

“21 It is conceivable that the marks’ phonetic similarity alone could create a likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94 (see, in respect of Directive 89/104, *Lloyd Schuhfabrik Meyer*, paragraph 28). However, it must be noted that the existence of such a likelihood must be established as part of a global assessment as regards the conceptual, visual and aural similarities between the signs at issue. In that regard, the assessment of any aural similarity is but one of the relevant factors for the purpose of that global assessment.”

74) In addition, I am also mindful of the GC’s comments in Case T-488/07, *Cabel Hall Citrus Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*:

“52 In that connection, it should be noted that although, in general, it cannot be ruled out that the marks’ phonetic similarity alone could create a likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94, the existence of such a likelihood must be established as part of a global assessment as regards the visual, conceptual and phonetic similarities between the signs at issue. Thus, the assessment of any

phonetic similarity is but one of the relevant factors for the purpose of that global assessment. Therefore, it cannot be accepted that there is a likelihood of confusion each time that a certain phonetic similarity can be established between the marks at issue (Case C-206/04 P Mülhens v OHIM [2006] ECR I-2717, paragraphs 21 and 22).”

75) I also found that at least some of the goods and services are identical and that, in respect of these goods and services, the average consumer will be the same and they will have a higher degree of attention, but not the highest. Bringing all these considerations together, I concede that Mr O’Sullivan’s mark, especially where identical services relating to the sport of diving are concerned, may bring PADI and its respective marks to mind, however, due primarily to the low level of visual similarity and conceptual dissimilarity, I put it no higher than that. The average consumer will certainly not confuse the marks in the sense that the consumer, if exposed to both marks, will believe that they are the same (direct confusion) and neither will they be led to believe that the goods and services provided under the respect marks originate from the same or related undertaking (indirect confusion). As such, I conclude there is no likelihood of confusion, even where the goods and services are the same.

Section 5(4)(a)

76) I do not see that, in respect of Section 5(4)(a), PADI’s case is advanced beyond its case under Section 5(2). It relies on a sign that is the same as the word mark relied upon for its Section 5(2) attack. Goodwill and reputation has been demonstrated in respect of “teaching and training in the field of diving” (as described by Ms Himsworth). These are identical services to some of those covered by Mr O’Sullivan’s application. I recognise that a claim of passing off is not confined to similar goods and services, but if it cannot succeed in respect to identical services, neither will it succeed for a wider group of goods and services. From the comments of Mr Geoffrey Hobbs QC, sitting as the Appointed Person, in *WILD CHILD Trade Mark* [1998] R.P.C. 455, we know that part of the assessment of whether passing off is made out requires a finding of misrepresentation by the applicant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the applicant are goods or services of the opponents. I have found earlier that Mr O’Sullivan’s mark does not lead the public to believe this. I therefore reject PADI’s case in respect to Section 5(4)(a)

Section 5(3)

77) I turn to consider the ground for opposition under Section 5(3) of the Act which reads as follows:

“5.-(3) A trade mark which –

(a) is identical with or similar to an earlier trade mark,

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

78) The scope of Section 5(3) has been considered in a number of cases notably *General Motors Corp v Yplon SA (CHEVY)* [1999] ETMR 122 and [2000] RPC 572, *Adidas Salomon AG v Fitnessworld Trading Ltd.* [2004] ETMR 10, *Premier Brands UK Limited v Typhoon Europe Limited (TYPHOON)* [2000] FSR 767, *Daimler Chrysler v Alavi (MERC)* [2001] RPC 42, *C.A. Sheimer (M) Sdn Bhd's TM Application (VISA)* [2000] RPC 484, *Valucci Designs Ltd v IPC Magazines (LOADED)* BL O/455/00, *Mastercard International Inc and Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch), *Electrocoin Automatics Limited and Coinworld Limited and others* [2005] FSR 7, *Davidoff & Cie SA v Gofkid Ltd (DAVIDOFF)* [2003] ETMR 42, *Intel Corporation Inc. v CPM United Kingdom Ltd (INTEL)* [2009] RPC 15, *L'Oreal v Bellure* [2010] RPC 1 and *Whirlpool Corp v Kenwood Limited* [2010] RPC 2.

79) The applicable legal principles arising from these cases are as follows:

- a) ‘Reputation’ for the purposes of Section 5(3) means that the earlier mark is known by a significant part of the public concerned with the products or services covered by that mark (paragraph 26 of the CJEU's judgment in *CHEVY*).
- b) Under this provision the similarity between the marks does not have to be such as to give rise to a likelihood of confusion between them; the provision may be invoked where there is sufficient similarity to cause the relevant public to establish a link between the earlier mark and the later mark or sign (*Adidas Salomon v Fitnessworld*, paragraphs 29-30).
- c) Whether there is a link, within the meaning of *Adidas-Salomon* and *Adidas Benelux*, between the earlier mark with a reputation and the later mark must be assessed globally, taking into account all factors relevant to the circumstances of the case (*INTEL*).
- d) The fact that, for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark with a reputation to mind is tantamount to the existence of

such a link between the conflicting marks, within the meaning of Adidas-Salomon and Adidas Benelux. (*INTEL*)

e) The stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it (per Neuberger J. in Premier Brands, and the CJEU in *CHEVY*, paragraph 30).

f) Whether use of the later mark takes or would take unfair advantage of, or is or would be detrimental to, the distinctive character or the repute of the earlier mark, must be assessed globally, taking into account all factors relevant to the circumstances of the case (*INTEL*).

g) Unfair advantage is taken of the distinctive character or the repute of the earlier trade mark where there is clear exploitation and free-riding on the coat-tails of a famous mark or an attempt to trade upon its reputation (*Spa Monopole v OHIM*).

h) The use of the later mark may be detrimental to the distinctive character of the earlier mark with a reputation even if that mark is not unique; a first use of the later mark may suffice to be detrimental to the distinctive character of the earlier mark; proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future (*INTEL*).

i) Taking unfair advantage of the distinctive character or repute of a mark relates not to detriment caused to the earlier mark but to the advantage taken by the third party. Such an advantage may be unfair even where the use is not detrimental to the distinctive character or to the repute of the mark (*L'Oreal v Bellure*). It is not sufficient to show that an advantage has been obtained. There must be an added factor of some kind for that advantage to be categorised as unfair (*Whirlpool Corp v Kenwood Limited*).

Reputation

80) From the authorities referred to above, it is clear that for PADI to succeed under this head, it must demonstrate that it has a reputation in the UK. PADI relies upon its CTM 1450741 PADI that covers a range of goods and services in classes 16, 25 and 41. However, at the hearing, Ms Himsworth relied upon a reputation in respect of "teaching and training in the field of diving", being a subset of the Class 41 services covered by the earlier mark. Mr Hornsby, in his evidence, points out that PADI enjoys a 60% share of the UK market. Beyond exploring which part of the PADI network of organisations is entitled to rely upon

this reputation in the UK, I do not understand this to be disputed by Mr O’Sullivan.

81) Taking the above into account, I conclude that PADI has demonstrated a significant reputation at least in respect of “teaching and training in the field of diving”.

The Link

82) Having established the existence and scope of a reputation, I need to go on to consider the existence of the necessary link. I am mindful of the comments of the CJEU in *INTEL* where the court stated that it is sufficient for the later mark to bring the earlier trade mark with a reputation to mind for the link, within the meaning of *Adidas-Salomon and Adidas Benelux*, to be established. The CJEU also set out the factors to take into account when considering if the necessary link exists:

“41. The existence of such a link must be assessed globally, taking into account all factors relevant to the circumstances of the case (see, in respect of Article 5(2) of the Directive, *Adidas-Salomon and Adidas Benelux*, paragraph 30, and *Adidas and Adidas Benelux*, paragraph 42).

42. Those factors include:

- the degree of similarity between the conflicting marks;
- the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public;
- the strength of the earlier mark’s reputation;
- the degree of the earlier mark’s distinctive character, whether inherent or acquired through use;
- the existence of the likelihood of confusion on the part of the public.”

83) Earlier in this decision, I have recognised that the respective marks share a low level of similarity and that most of Mr O’Sullivan’s services are identical to PADI’s *[e]ducation, ..., entertainment, all relating to aquatic activities, diving with self-contained breathing apparatus, snorkelling, skin diving, safety, oceanography and free diving...* (and which include services covered by the description “teaching and training in the field of diving” in which PADI enjoys a reputation). The relevant public for such services are, in the main, those involved

or wishing to become involved in the sport of diving and as such will be a reasonably specialised sub-set of the general public. They will have a reasonable good knowledge of the sport and because of the importance, in terms of safety, of the training involved, the purchasing act is likely to involve a greater level of attention than in the purchase of everyday consumable items for example. I also concluded that PADI reputation in the UK is significant in its specialised field of activity and that this reputation is part of a wider worldwide reputation and that its marks enjoy a reasonably high level of distinctive character and that this is further enhanced through its use of the marks. However, I found that there is no likelihood of confusion because of the differences between the marks.

84) Taking all of the above into account, I concluded that Mr O'Sullivan's mark may bring PADI and its respective marks to mind. Applying the guidance provided in *INTEL*, such "bringing to mind" is tantamount to the existence of the required link as identified in *Adidas- Salomon and Adidas Benelux*. That said, in the current case, any link created by this "bringing to mind" is a weak one. The existence of such a link is not sufficient to establish whether damage has, or is likely, to occur and I must continue my enquiry.

Heads of damage

85) It is now well established (in *INTEL, L'Oreal v Bellure* and others) that there are a number of heads of damage applicable under article 8(5) of Regulation No 40/94 (Section 5(3) as incorporated into the Act). In summary these are threefold, namely: 1) detriment to distinctive character, 2) detriment to repute, 3) unfair advantage of the distinctive character or repute.

Detriment to distinctive character

86) In order for an argument of detriment to distinctive character to be made out, it is necessary that there exists a change in economic behaviour or a serious likelihood that such a change will occur in the future (*INTEL*). The argument put forward on behalf of PADI, at the hearing, is that members of the public may go to use Mr O'Sullivan's goods and services rather than PADI's goods and services. As I have already found, whilst a link may exist, it is not a strong one. Taking account of this, on the balance of probability, I am unconvinced that it will bring about the necessary change in economic behaviour of the consumer. I therefore find that the case for detriment to distinctive character is not made out.

Detriment to repute

87) Ms Himsworth argued that both parties are involved in a safety conscious industry with the implication that any breach of safety standards by Mr O'Sullivan would result in PADI's reputation being damaged. This line of argument was dismissed by Lindsay J. in *e-sure Insurance Limited v Direct Line Insurance Plc* [2007] EWHC 1557 (Ch) at paragraph 127 of his decision where he stated:

“127 At para 6 of its Respondent's Notice Direct Line argues that the potential use of the esure mouse on wheels sign in connection with poor quality services could adversely affect the standing of Direct Line's telephone on wheels trade mark in the eyes of the public and thus harm its overall reputation and reduce its selling power. There was, argues the Respondent's Notice, an ever-present jeopardy from tarnishment. That, argues the Respondent's Notice, constitutes a material risk of detriment to repute. This attack, as it seems to me, is exactly the sort of attack which the CFI in Sigla supra intended to rule out when it said that the objector must produce prima facie evidence of a future risk, which is not hypothetical, of detriment. The Hearing Officer describes no evidence of any likelihood of esure providing poor quality services, either such as would tarnish Direct Line's mark or at all, nor, in the course of argument, was any such evidence drawn to my attention. In his paragraph 174 the Hearing Officer, dealing with such an argument, held as follows:

"It is submitted on behalf of esure that this is nothing more than speculation. There is nothing to suggest that esure's reputation as an insurer is such as to reverberate negatively on DL. I agree. I reject this submission".

I detect no error of law in the reasoning that led to that conclusion and accordingly reject the reject the argument in the Respondents' notice that the Hearing Officer should have found that section 5(3) was made out in respect of detriment to repute by tarnishment.”

88) Also, as in my findings regarding the claim in relation to detriment to distinctive character, I take the view that the link between the respective services would not, in any event, be strong enough so as to cause detriment to PADI's repute.

Unfair advantage of the distinctive character or repute

89) Ms Himsforth argued that Mr O'Sullivan will take unfair advantage of PADI's reputation by benefiting from PADI's advertising in the UK. The taking of an unfair advantage of the distinctive character or repute of a mark relates to some advantage that has been obtained. It is not necessary that that there is detriment to the earlier mark. It is also known that there must be an added factor of some kind for that advantage to be categorised as unfair and that that unfairness can be demonstrated by intention (*Whirlpool Corp v Kenwood Limited* again).

90) What was the intent of Mr O'Sullivan? This has not been exposed during these proceedings beyond his intention to use the mark to indicate his Irish-ness. This, he has clearly succeeded in doing. As already discussed, he is a member of PADI and it is also involved in the field of diving. He therefore had knowledge

of PADI and is operating in an identical field. With this in mind, and on the balance of probability, I find it likely that Mr O'Sullivan's choice of mark also included an element of parody. Mann J in *Specsavers International Healthcare Limited & Others v Asda Stores Limited* [2010] EWHC 2035 (Ch) at paragraph 44 however stated that the mere existence of parody does not entitle an opponent to succeed and I am still required to undertake the necessary global assessment.

91) In the current proceedings, the respective services are identical, the earlier mark enjoys a high level of distinctive character in addition to a well established reputation. That said, the later mark only shares a low level of similarity with PADI's earlier marks and in particular the visual and conceptual identity of Mr O'Sullivan's mark is such as to create only a weak link with PADI and its marks.

92) PADI's evidence fails to demonstrate that for those people who make a link between the respective marks, such a link will affect their economic behaviour or that the reputation of the earlier marks will be transposed to the later mark with the result that marketing and selling of Mr O'Sullivan's services becomes easier. In this respect, I am mindful of the comments of Amanda Michaels, sitting as the Appointed Person, in *Sun Mark Ltd v Red Bull GmbH (Bulldog)*, O-068-10:

“75. In assessing whether the link between the marks would confer any advantage on Sun, the strength of Red Bull's reputation and the identity of the goods must be weighed against the weakness of the link found by the Hearing Officer due to the low level of similarity of the marks. It seems to me that Red Bull's evidence does not establish an actual or future risk that the link will give Sun any such advantage. Furthermore, in my view, it is relevant to note that the Hearing Officer considered that the nature of the link was not likely to lead to a change of economic behaviour on the part of consumers of the Red Bull product, such as to cause detriment by dilution or tarnishment. Such consumers are also potential consumers of the Bulldog product, given the identical goods concerned. If there is no risk of economic detriment to Red Bull, it does not seem to me that one may simply infer that there would nevertheless be an economic benefit to Sun.

93) In the current proceedings, I have found only a weak link between the respective marks. When weighing this against PADI's reputation and the identity of services, I find that, on balance, there is no advantage obtained by Mr O'Sullivan, let alone an unfair advantage.

94) To summarise, I find that PADI will suffer no detriment as a result of the use and registration of Mr O'Sullivan's mark, nor does Mr O'Sullivan benefit from any unfair advantage. Therefore, the ground of opposition based on Section 5(3) of the Act fails.

Section 3(6)

95) Section 3(6) of the Act reads as follows:

“3(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

96) In terms of the date at which the matter falls to be considered, it is well established that the relevant date for consideration of a bad faith claim is the application filing date (*Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, Case C-529/07 paragraph 35).

97) In *Gromax Plastics Ltd v. Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J. considered the meaning of “bad faith” in Section 3(6) of the Act and stated (at page 379):

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

98) In *Harrison v. Teton Valley Trading Co* [2005] FSR 10, the Court of Appeal confirmed that bad faith is to be judged according to the combined test set out by the House of Lords in *Twinsectra v Yardley* [2002] 2 AC 164. Paragraphs 25 and 26 of the Court of Appeal decision are of particular assistance and read as follows:

“25. Lord Hutton went on to conclude that the true test for dishonesty was the combined test. He said:

“36. Therefore I consider that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he sets his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct.”

26. For my part, I would accept the reasoning of Lord Hutton as applying to considerations of bad faith. The words “bad faith” suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. However the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.”

99) The Privy Council considered earlier authorities in *Barlow Clowes International Ltd (in liquidation) & Others v Eurotrust International Limited & Others*, [2005] UKPC 37. In particular, their Lordships considered a submission from Counsel that an inquiry into the defendant’s views about standards of honesty is required. The majority of their Lordships were also in agreement with Lord Hutton’s comments in *Twinsectra*. They then went on to state:

“15. Their Lordships accept that there is an element of ambiguity in these remarks which may have encouraged a belief, expressed in some academic writing, that *Twinsectra* had departed from the law as previously understood and invited inquiry not merely into the defendant’s mental state about the nature of the transaction in which he was participating but also into his views about generally acceptable standards of honesty. But they do not consider that this is what Lord Hutton meant. The reference to “what he knows would offend normally accepted standards of honest conduct” meant only that his knowledge of the transaction had to be such as to render his participation contrary to normally acceptable standards of honest conduct. It did not require that he should have had reflections about what those normally acceptable standards were.

16. Similarly in the speech of Lord Hoffmann, the statement (in paragraph 20) that a dishonest state of mind meant “consciousness that one is transgressing ordinary standards of honest behaviour” was in their Lordships’ view, intended to require consciousness of those elements of the transaction which make participation transgress ordinary standards of honest behaviour. It did not also require him to have thought about what those standards were.”

100) On the basis of these authorities it is clear that a finding of bad faith may be made in circumstances which do not involve actual dishonesty. Furthermore, it is not necessary for me to reach a view on the applicant’s state of mind regarding the transaction if I am satisfied that their action in applying for the mark in the light of all the surrounding circumstances would have been considered contrary to normally accepted standards of honest conduct. Thus, in considering the actions of Mr O’Sullivan, the test is a combination of the subjective and objective. Furthermore, it is clear that bad faith in addition to dishonesty, may include business dealings which fall short of the standards of acceptable commercial

behaviour i.e. unacceptable or reckless behaviour in a particular business context and on a particular set of facts.

101) Mr O'Sullivan is under the impression that as the license agreement he signed is with PADI Worldwide, Inc. and not the opponent, then he has not broken any conditions set down by the opponent. As I indicated earlier, as PADI Worldwide, Inc. is a licensee of the applicant and with express permission to sub-license the marks in question, Mr O'Sullivan agreement is with PADI Worldwide, Inc., that is acting on behalf of the interests of the opponent. His reliance upon this point as a defence is therefore rejected.

102) Therefore, I must go on to consider PADI's argument that Mr O'Sullivan's actions fall short of the standards of acceptable commercial behaviour as a result of his attempt to register his mark after signing the aforementioned licence agreement.

103) The licence agreement for PADI members places conditions upon its members in respect of how they can use and exploit PADI's marks. In light of my finding in respect to the other grounds relied upon in these proceedings, I cannot see how Mr O'Sullivan's actions can be regarded as a breach of conditions relating to PADI's marks. His mark is not one of PADI's marks, neither will it be confused with PADI's marks. It does no more than bring them to mind. His mark's registration or its use will not be detrimental to, or take unfair advantage of, the distinctive character or repute of PADI's marks. It follows that the scope of this agreement does not prevent use or registration, by Mr O'Sullivan, of his mark. Mr O'Sullivan's action of applying to register his mark cannot, therefore, be considered as a business dealing that falls short of the standards of acceptable commercial behaviour.

104) In light of all of the above considerations, I find that Mr O'Sullivan's act of making the application to register his mark is not an act of bad faith and the ground under Section 3(6) fails.

Summary of findings

105) The grounds of opposition based upon Section 5(2)(b), Section 5(3), Section 5(4)(a) and Section 3(6) are all rejected. The opposition therefore fails in its entirety.

COSTS

106) The opposition having failed, Mr O'Sullivan is entitled to a contribution towards his costs. Mr O'Sullivan has not been legally represented in these proceedings and it is the Registrar's practice to award costs to litigants in person at half the rate that he awards them where a party has had legal representation.

107) I award costs on the following basis:

Considering Notice of Opposition and preparing statement	£250
Preparing and filing evidence & considering evidence	£600
Preparing for, and attending hearing	£350
TOTAL	£1200


108) I order PADI Americas Inc. to pay Lester Joseph O'Sullivan the sum of £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 03 day of Dember 2010

**Mark Bryant
For the Registrar,
the Comptroller-General**

ANNEX

PADI's Earlier Marks

Mark Details	Lists of Goods and Services
<p>CTM 1450741</p> <p>PADI</p>	<p>Class 16: Printed matter including books, periodicals, printed publications, magazines, instruction manuals, printed teaching materials, diving tables, posters, certificates, educational tests, travel periodicals and guides, and published works in general, all connected with skin diving, scuba diving, snorkelling, skin diving, safety and oceanography.</p> <p>Class 25: Clothing and headgear; shirts, hats, visors, shorts, tracksuits, trousers and jackets.</p> <p>Class 39: Arranging travel packages relating to diving; chartering of boats for diving; air transport reservation; arranging travel packages for diving; arranging group travel packages; travel consultancy.</p> <p>Class 41: Education, instruction, entertainment, all relating to aquatic activities, diving with self-contained breathing apparatus, snorkelling, skin diving, safety, oceanography and free diving; information services relating to the aforesaid.</p>
<p>CTM 1145697</p> 	<p>Class 16: Printed materials including books, periodicals, publications, magazines, instruction manuals, printed teaching aids, diving tables, posters, certificates, teaching tests, travel periodicals and guides, and generally published works all related to scuba diving, snorkelling, skin diving, safety and oceanography.</p> <p>Class 25: Clothing, headwear, footwear; shirts, hats, sun visors, shorts, sweatsuits, trousers and jackets.</p>

	Class 41: Education, instruction, entertainment, travel, and hotel entertainment, all pertaining to aquatic activities, diving with self-contained breathing apparatus, snorkelling, skin diving, safety, oceanography and free diving; information services relating to all the aforesaid services.
CTM 3527843 	Class 39: Chartering of boats for diving; making aircraft transportation reservations for transportation to a diving destination; arranging travel tours for diving purposes; arranging group travel tours for diving; and providing travel information services pertaining specifically to diving.
1437397 	Class 16: Books, printed matter, manuals, teaching aids, periodicals, magazines, travel guides, decalcomanias, posters, printed dive tables, printed teaching aids; all included in Class 16.
1458775 PADI 	Class 25: Articles of clothing for men and for women; all included in Class 25; but not including footwear.
1437399 PADI 	Class 41: Instruction services relating to diving and water safety; ecologically orientated aquatic instruction; instruction services relating to use of self contained underwater breathing apparatus; entertainment services relating to viewing and photography of aquatic and oceanographic life; all included in Class 41.