

O-394-12

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION 2561978
BY DTP EUROPE LTD IN RESPECT OF THE FOLLOWING TRADE MARK IN
CLASS 5:**

VIAPRO

AND

OPPOSITION THERETO (NO 101766) BY ON-GROUP LIMITED

The background, the pleadings and the preliminary issue

1) On 22 October 2010, DTP Europe Ltd (“DTP”) applied for the trade mark VIAPRO. It was published in the Trade Marks Journal on 11 February 2011. The goods for which registration is sought are:

Class 05: Pharmaceutical preparations and substances; pharmaceuticals for the treatment of erectile dysfunction.

2) On 6 April 2011, On-Group Limited (“On-Group”) filed a notice of opposition to the registration of the mark. The grounds pleaded are under sections 5(1) & 5(2)(a) of the Trade Marks Act 1994 (“the Act”). A single earlier Community Trade Mark (no. 6013148) is relied upon which consists of the word VIAPPRO. It was filed on 18 June 2007 and registered on 5 January 2011. It is registered in respect of:

Class 05: Pharmaceuticals for the treatment of erectile dysfunction.

3) DTP filed a counterstatement denying the grounds of opposition. It states that there has been prior use of the applied for mark in the UK and Europe since 2006, initially by Merc (Europe) Limited (“Merc”) and then by Upsilon Limited (“Upsilon”); such use being under licence from the Male Enhancement Research Centre in New York (“Merc US”). Reference is made to such use establishing a reputation in the UK via sales in Holland and Barrett. DTP is said to be an associated company of Upsilon and, before it was dissolved, of Merc. It is stated that Upsilon and Merc US passed its goodwill to DTP. I note the following from the counterstatement:

“By reason of the above and without prejudice to any rights the Applicant may have to apply for or seek invalidation of the CTM (on grounds of its earlier rights or on grounds that the CTM was applied for in bad faith) the Applicant hereby respectfully requests that the Trade Mark Application herein be allowed taking into account the Applicant’s earlier rights/“honest concurrent use””.

4) Only DTP filed evidence. DTP requested a hearing to determine the proceedings which subsequently took place before me on 3 August 2012. DTP were represented by Mr Thomas St Quintin, of Counsel, instructed by Freeth Cartwright LLP. On-Group filed written submissions rather than attend the hearing.

5) Shortly before the hearing, on 25 July 2012 to be exact, DTP wrote to the tribunal requesting that the hearing be vacated and the proceedings stayed. The reason given was that DTP had lodged an application before OHIM to cancel On-Group’s earlier mark. I directed that the hearing should proceed as scheduled, but that I would deal with DTP’s request as a preliminary matter.

6) At the hearing, Mr St Quintin highlighted that if DTP's cancellation proceedings were successful then the knock-on effect would be that On-Group's opposition would fail given that the only grounds in play were based on the registration the subject of the cancellation proceedings. He also referred me to TPN 3/2004, the relevant parts of which read:

"The Trade Marks Registry has reviewed this approach not only in light of its impact on time periods for appeal, but also to ensure greater fairness to the parties. Having done so, the Trade Marks Registry will, from 1 July 2004, standardise its practice. Instead of issuing provisional and supplementary decisions on the basis indicated above, the Hearing Officer will, during their review of the proceedings, (paragraph (a) of Tribunal Practice Notice 5/2000 refers) consider whether the allegations are based upon pending earlier trade mark(s) which are likely to lead to the refusal/cancellation of the application/registration. In such circumstances, the Hearing Officer is likely to suggest that the proceedings are suspended to await the outcome of the pending earlier trade mark(s). The parties will of course retain their right to comment on such an approach. The Hearing Officer may allow the proceedings to continue to either a substantive hearing or a decision from the papers, if they consider it appropriate."

7) Whilst the above is noted, it only indicates what a Hearing Officer is "likely" to do. Therefore, notwithstanding the above, I retain full discretion to direct how the proceedings should be dealt with, subject, of course, to bearing in mind the particular facts of the case. Mr St Quintin did not consider On-Group to be prejudiced in any way that could not be compensated for in costs. He further argued that if I did not vacate the hearing and suspend the proceedings then I should, instead, hear the substantive matters but suspend issuing my decision until the cancellation proceedings were resolved or, alternatively, hear the substantive submissions, issue my decision, but make my decision provisional on the earlier mark surviving the cancellation proceedings.

8) On-Group filed written submissions dealing with the request to vacate and suspend. It also filed some further submissions, at my invitation, as it had not seen the points referred to in DTP's skeleton argument. It resists DTP's requests for a number of reasons including: i) the length of time it has taken to launch the cancellation proceedings, ii) that no reason has been given for such lateness, iii) that the cancellation pleadings contain a relative ground claim which has already failed in earlier opposition proceedings, iv) that an additional bad faith pleading may not even be admissible (although there is nothing to suggest that OHIM have deemed it inadmissible), and v) that the TPN referred to above relates primarily to pending earlier marks not registered ones. On-Group consider that the correct course of action would be to determine the opposition on its merits – if this means that DTP loses its UK application then it has the option to re-apply for it at a later date if its cancellation of On-Group's earlier mark succeeds.

9) I did not adjourn the hearing and I proceeded to hear the substantive matters; Mr St Quintin was there and ready to make submissions, it would have been a waste of resource to have to come back another day. Before moving on to the substantive issues, I must, nevertheless, decide whether to suspend the proceedings without issuing a decision at this stage, or to issue a provisional decision, or to issue a final (subject to appeal) decision.

10) As On-Group point out, there has been a considerable delay between the lodging of the opposition and DTL's decision to seek the cancellation of On-Group's earlier mark. Even if the time were calculated from when DTL filed its counterstatement (on 4 July 2011) over twelve months have expired. The extract from its counterstatement (detailed in paragraph 3 above) is indicative that DTL were fully aware that seeking cancellation was an option. Furthermore, I held a case-management conference with the parties in January 2012 at which I questioned the legal relevance of the pleaded defence (a point that will be discussed later) which should have given DTL further pause to consider filing cancellation proceedings. At no point has DTL explained why it was left so late to file the cancellation proceedings; Mr St Quintin could not assist me with this.

11) In terms of the above referenced TPN, whilst it primarily deals with pending earlier marks, reference is made to registrations, and cancellations thereof. However, as I have already said, I am not bound by this TPN. There is also a fundamental difference between pending earlier marks and registered earlier marks. Namely, I cannot, as a matter of law, refuse an application on the basis of a pending mark (see section 6 of the Act); such provisions do not apply to registered marks even ones whose validity has been called into question. It also appears that, at least in terms of the relative grounds aspect of the cancellation pleadings, they represent a second bite of the cherry; although I have not been provided with details of these earlier proceedings, DTL has not disputed that they took place.

12) I bear in mind Mr St Quintin's submission that if the validity of the earlier mark has been called into question then it would be wrong, regardless of the delay and lack of reasons, to issue a final decision. However, in circumstances where DTL has sought to rely on a particular defence throughout the proceedings, even requesting a substantive hearing in relation to it, in circumstances where there has already been considerable (and unexplained) delay in making its application for cancellation, it appears wrong to me to stop the clock now and subject On-Group to an unspecified further time delay in determining the matters before me. Mr St Quintin's submitted that On-Group would not be prejudiced in any way that could not be compensated for in costs, however, delay in itself can be a form of prejudice, delay which in this case is already long and which will continue for an unspecified further time. The costs compensation argument should not be regarded as a silver bullet. Lateness and

delay is a highly relevant factor to bear in mind¹ (as is the impact of the lateness and delay) when questions of this type arise.

13) Whilst I am aware that the UK Courts have, in a number of cases, stayed infringement proceedings to await CTM cancellation actions brought against an earlier right, I am not bound by such proceedings. In such cases, the context of infringement is a quite different one to the substantive matter before me, as is the resulting impact of the proceedings. The Courts would also have had to bear in mind Article 104(1) of the CTM Regulation which does not apply to the tribunal in these proceedings. My decision, therefore, remains a matter of discretion. Balancing the respective factors, I intend to consider and decide the substantive matters and that my decision will be a final (subject to appeal) decision. If DTL succeeds in its cancellation proceedings then, if it needs to do so, and as On-Group point out, it may re-apply for its mark, the way having been cleared for it.

The substantive issues

14) In terms of DTL's evidence, this was provided by Mr Bagnall, DTP's "owner and Managing Director". His evidence relates to the use that has been made of the applied for mark by Merc, Upsilon and DTP, and how DTP came to be vested with the goodwill resulting from such use. For reasons that will become apparent, I do not consider it necessary to summarise this evidence further.

15) On the basis of the pleaded defence, together with Mr St Quintin's submissions, DTL accepts that:

- i) On-Group's earlier mark is not subject to the proof of use provisions.
- ii) That the respective marks are identical.
- iii) That the respective goods are either identical or similar.
- iv) That, all things being equal, the grounds pleaded under sections 5(1)/5(2)(a) would succeed.
- v) That DTP has no fall-back specification with regard to the broader of the terms in its application.

16) Mr St Quintin brought a number of decisions to my attention. He focused, to begin with, on *Datacard Corporation v Eagle Technologies Ltd* [2011] R.P.C. 17, where Arnold J. stated:

"245 The case law of the Court of Justice of the European Union establishes that the proprietor of a registered trade mark can only succeed in a claim under Art.5(1)(a) of the Directive if six conditions are satisfied: (i) there must be use of a sign by a third party; (ii) the use must be in the course of trade; (iii) it must be without the consent of the proprietor of the trade mark; (iv) it must be of a sign which is identical to the trade mark; (v) it must be in relation to goods or services which are identical to those for

¹ See, for example, *Creditmaster Trade Mark* [2005] RPC 21.

which the trade mark is registered; and (vi) it must affect or be liable to affect the functions of the trade mark: see in particular Case C-206/01 Arsenal Football plc v Reed [2002] E.C.R. I-10273 at [51], Case C-245/02 Anheuser-Busch Inc v Budejovický Budvar np [2004] E.C.R. I-10989 at [59], Case C-48/05 Adam Opel AG v Autec AG [2007] E.C.R. I-1017 at [18]-[22] and Case C-17/06 Ceéline SARL v Ceéline SA [2007] E.C.R. I-7041 at [16].”

17) Of particular interest to Mr St Quintin was point vi) of Arnold J's conditions that needed to be satisfied, namely, that the use of a sign by a third party must affect or be liable to affect the functions of the trade mark. Mr St Quintin highlighted that this point was confirmed by the Court of Justice of the European Union in *Budějovický Budvar, národní podnik v Anheuser-Busch Inc* Case C-482/09 [2012] E.T.M.R. 2 where it was stated:

“74 In that context, it follows from the foregoing that art.4(1)(a) of Directive 89/104 must be interpreted as meaning that a later registered trade mark is liable to be declared invalid where it is identical with an earlier trade mark, where the goods for which the trade mark was registered are identical with those for which the earlier trade mark is protected and where the use of the later trade mark has or is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods.

75 In the present case, it is to be noted that the use by Budvar of the Budweiser trade mark in the United Kingdom neither has nor is liable to have an adverse effect on the essential function of the Budweiser trade mark owned by Anheuser-Busch.

76 In that regard, it should be stressed that the circumstances which gave rise to the dispute in the main proceedings are exceptional.

77 First, the referring court states that Anheuser-Busch and Budvar have each been marketing their beers in the United Kingdom under the word sign “Budweiser” or under a trade mark including that sign for almost 30 years prior to the registration of the marks concerned.

78 Secondly, Anheuser-Busch and Budvar were authorised to register jointly and concurrently their Budweiser trade marks following a judgment delivered by the Court of Appeal (England & Wales) (Civil Division) in February 2000.

79 Thirdly, the order for reference also states that, while Anheuser-Busch submitted an application for registration of the word “Budweiser” as a trade mark in the United Kingdom earlier than Budvar, both of those companies have from the beginning used their Budweiser trade marks in good faith.

80 Fourthly, as was stated in [10] of this judgment, the referring court found that, although the names are identical, UK consumers are well aware of the difference between the beers of Budvar and those of Anheuser-Busch, since their tastes, prices and get-ups have always been different.

81 Fifthly, it follows from the co-existence of those two trade marks on the UK market that, even though the trade marks were identical, the beers of Anheuser-Busch and Budvar were clearly identifiable as being produced by different companies.

82 Consequently, as correctly stated by the Commission in its written observations, art.4(1)(a) of Directive 89/104 must be interpreted as meaning that, in circumstances such as those of the main proceedings, a long period of honest concurrent use of two identical trade marks designating identical products neither has nor is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods or services.

83 It should be added that, in the event that, in the future, there is any dishonesty associated with the use of the Budweiser trade marks, such a situation could, where necessary, be examined in the light of the rules relating to unfair competition.

84 In the light of the foregoing, the answer to the third question is that art.4(1)(a) of Directive 89/104 must be interpreted as meaning that the proprietor of an earlier trade mark cannot obtain the cancellation of an identical later trade mark designating identical goods where there has been a long period of honest concurrent use of those two trade marks where, in circumstances such as those in the main proceedings, that use neither has nor is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods or services.”

18) Mr St Quintin submitted that in view of the above cases, the more restricted view regarding honest concurrent use expressed by Ms Anna Carboni (sitting as the Appointed Person) in *Muddies* (BL O/211/09) was no longer good law. Ms Carboni had stated:

“51. Finally, I should mention that the Applicant did not pursue an argument on appeal that section 7 of the Act supported the case for registration based on honest concurrent use. As is clear from the section, honest concurrent use only assists an applicant until the point at which the owner of the conflicting right that had been provisionally overcome in the examination process (as it stood prior to the changes referred to above) opposes the application. At that point, section 7 is of no further assistance

and the question of relative rights has to be assessed by reference to the relevant part of section 5. Mr Groom accepted this position, but made a general submission that the fact of honest concurrent use was something that could be taken into account in applying the global appreciation test to determine the likelihood of confusion.

52. As the hearing officer said (at paragraph 39), for honest concurrent use to be of assistance to an applicant, it must be possible for the tribunal to be satisfied that the effect of concurrent trading is such as to suggest that the relevant public has shown itself able to distinguish between goods bearing the marks in question without any confusion as to trade origin. That sort of evidence was not presented and the argument therefore did not assist.”

19) Mr St Quintin stressed that, in his view, it was for On-Group to establish that the use of DTL’s applied for trade mark would affect, or be liable to affect, the functions of On-Group’s trade mark. Whilst he accepted that in normal circumstances such an affect could be assumed, in circumstances where honest concurrent use was in play, it was for On-Group to establish that, despite the honest concurrent use, the functions of the mark were liable to be affected. The honest concurrent use said to be in play resulted from: i) DTL’s use from 2006 (as briefly summarized above) and, ii) On-Group’s statement in its statement of case that it had used its mark throughout the UK since 2007. Mr St Quintin highlighted that DTL had not denied On-Group’s claim – its counterstatement indicated that DTL: “..makes no admissions as to the Opponent’s alleged use..., save that it is noted and admitted that the Opponent’s use of VIAPRO post-dates the Applicant’s use”.

20) In its written submissions On-Group argued that under section 5(1), confusion is assumed. In response to the *Budweiser* case, it highlighted the “exceptional” circumstances that were in play. On-Group submitted that there is not even any evidence before the tribunal as to the nature of any concurrent use (On-Group filed no evidence) let alone evidence of concurrent use leading to exceptional circumstances.

21) As On-Group submit, there is, as a matter of fact, no evidence before the tribunal demonstrating that *Budweiser* type exceptional circumstances are in play. Whether exceptional circumstances are in play is, ultimately, a jury question. It is for the tribunal to decide whether the facts of the case are indicative of a situation where the function of the earlier trade mark is not liable to be affected. I consider that in an opposition based on section 5(1), the assumption should be that the function of the earlier mark will be affected unless evidence is provided to the contrary. There is no evidence to the contrary here. DTP could have investigated matters and filed evidence relating to the nature of On-Group’s use if there were exceptional circumstances. Exceptional circumstances should be plain to see. Whilst Arnold J (in *Datacard*) referred to

various conditions that need to be satisfied to succeed, these simply reflect what a decision maker needs to be satisfied of. If the *prima facie* assumption is that the function of the earlier mark is liable to be affected then what Arnold J stated places no greater onus on On-Group in the situation before me. **I consider that the opposition is made out.**

Costs

22) On-Group has been successful and is entitled to a contribution towards its costs. I hereby order DTP Europe Ltd to pay On-Group Limited the sum of £1300. This sum is calculated as follows:

Opposition fee
£200

Preparing a statement and considering the other side's statement
£300

Considering evidence
£300

Submissions (including additional submissions)
£500

23) The above sum should 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 11th day of October 2012

**Oliver Morris
For the Registrar,
The Comptroller-General**