

O-230-14

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION 3004480
BY VERINDER SINGH SAHOTA
TO REGISTER THE FOLLOWING SERIES OF TRADE MARKS IN CLASS 3:**

Syn-Ake

&

SynAke

AND

OPPOSITION THERETO (NO. 400773) BY DSM IP ASSETS B.V.

The background and the pleadings

1) The series of trade marks the subject of this dispute were filed by Verinder Singh Sahota on 2 May 2013 and published in the Trade Marks Journal on 21 October 2013. The marks are: **Syn-Ake & SynAke**. Registration is sought for the following goods in class 3:

Cosmetics; anti-wrinkle serum; anti-wrinkle cream; non-medicated skin care preparations; skin care (cosmetic preparations for -); oils, creams, lotions for care of the skin (other than for medical use); anti-aging creams, lotions, oils and preparations; soaps, essential oils, hair lotions.

2) Registration is opposed by DSM IP Assets B.V. (the “opponent”) under section 5(2)(b), 5(3), 5(4)(a) and 3(6) of the Trade Marks Act 1994 (“the Act”). Under section 5(2)(b), the opponent relies on three trade marks: **SYN** (community trade mark (“CTM”) 8954765), **SYN** (International registration (“IR”) 833504) & **SYN-TC** (IR 1138479). The first of these marks is the only one relied upon under sections 5(3). In relation to all of the marks pleaded under section 5(2)(b) and 5(3), the opponent makes a claim on the basis of a family of SYN marks; it states that it has CTMs for **SYN-HYDRO** and **SYN-TC**, and that it additionally uses **SYN-PEPTIDE**, **SYN-AKE**, **SYN-COLL**, **SYN-HYCA** and **SYN-TACKS**. Under section 5(4)(a), the opponent claims that it has a goodwill associated with the sign **SYN-AKE** and that the use of the applied for marks is liable to be prevented under the law of passing-off. Under section 3(6), the opponent claims that the applicant must have known of its rights in SYN-AKE (due to the closeness of the marks and due to the specificity in the specification of the application, covering goods for which the opponent’s business relates) and has applied for the trade mark of another in bad faith.

3) Mr Singh filed a counterstatement denying the claims. It put the opponent to proof of use in relation to CTM 8954765, the only earlier mark which is subject to the proof of use provisions. In its counterstatement the applicant stated:

1. The Applicant denies that the Opponent has made use of the marks and puts the Opponent to the proof hereof.
2. The Applicant denies that the Opponent can prevent the trade mark being registered in terms of Section 5(2)(b) and puts the Opponent to the proof hereof.
3. The Applicant denies that the Opponent can prevent the trade mark being registered in terms of Section 5(3) and puts the Opponent to the proof thereof. The Applicant further denies that the Opponent has an extensive reputation or that its use of the mark in relation to the goods as covered by the application would take advantage of or be detrimental to the distinctive character of the Opponent's earlier trademarks.
4. The Applicant denies that the respective marks are confusingly similar.
5. The Applicant denies that the Opponent can prevent the trade mark being registered in terms of Section 5(4)(a) and puts the Opponent to the proof thereof.
6. The Applicant denies that the Opponent can prevent the trade mark being registered in terms of Section 3(6) and puts the Opponent to the proof thereof.
7. The Applicant requests that:
 - a) The opposition be dismissed in its entirety; and
 - b) An award of costs be made in its favour.

4) Other than file a counterstatement, Mr Singh played no part in the proceedings. He filed no evidence, did not request a hearing, nor did he file written submissions. The opponent filed evidence. Whilst it did not request a hearing, it did file written submissions in lieu. Rather than provide a stand-alone summary of the opponent's evidence, I will detail its contents when it is relevant to do so. For the record, the opponent's evidence is given by Mr Alan Goldring, a trade mark attorney at Oakley IP Services Limited. Mr Goldring confirms that his evidence comes from the records of the opponent. I begin with section 5(4)(a).

Section 5(4)(a) of the Act – passing-off

Legislation and the leading case-law

5) Section 5(4)(a) constitutes a ground of opposition in circumstances where the use of the mark in question is liable to be prevented:

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

6) The elements of passing-off (often referred to as the classic trinity) can be summarised as: 1) goodwill, 2) misrepresentation and 3) damage. In *Reckitt & Colman Products Ltd v Borden Inc* [1990] R.P.C.341, Lord Oliver summarised the position thus:

“The law of passing off can be summarised in one short general proposition - no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff...Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

7) The concept of goodwill was explained in *Inland Revenue Commissioners v*

Muller & Co's Margarine Ltd [1901] AC 217 at 223 as:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom.”

8) To qualify for protection under the law of passing-off, any goodwill must be of more than a trivial nature¹. However, being a small player does not prevent the law of passing-off from being relied upon². The test for misrepresentation was explained in *Reckitt & Colman Products Ltd v Borden Inc* thus:

“Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff”

9) In terms of misrepresentation, I must be satisfied that the goods offered under the applicant's mark would be taken (or likely to be taken) by a substantial number of the opponent's customers or potential customers to be the responsibility of the opponent, or that there is some form of connection between the opponent and the applicant. Although an intention to misrepresent would be a highly relevant factor, it is not a prerequisite. Misrepresentation can be found in innocent circumstances. The goods must also be factored in. Although there is no requirement in passing-off for goods/services to be similar, or for there to be a common field of activity, it is nevertheless a highly relevant factor, as can be seen from the judgment in *Harrods Ltd v Harrodian School* [1996] RPC 697, where Millett LJ stated:

“The absence of a common field of activity, therefore, is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration.”

and

“The name "Harrods" may be universally recognised, but the business with which it is associated in the minds of the public is not all embracing. To be known to everyone is not to be known for everything.”

and

¹ *Hart v Relentless Records* [2002] EWHC 1984

² See, for instance, *Stannard v Reay* [1967] FSR 140, *Teleworks v Telework Group* [2002] RPC 27 and *Stacey v 2020 Communications* [1991] FSR 49

“It is not in my opinion sufficient to demonstrate that there must be a connection of some kind between the defendant and the plaintiff, if it is not a connection which would lead the public to suppose that the plaintiff has made himself responsible for the quality of the defendant’s goods or services.”

10) In relation to damage, although a direct loss of sales is often the most obvious form of damage to consider, damage can arise in other ways. In *Maslyukov v Diageo Distilling Ltd* Arnold J stated:

“85 Secondly, counsel submitted that the hearing officer had wrongly failed to recognise that damage resulting from Diegeo's loss of control over the marks, including erosion of distinctiveness of the marks, was sufficient damage to sustain a passing off action, as shown by the following passage from McAlpine at [20] which the hearing officer himself quoted at para.128 of the decision:

“When it comes to considering damage, the law is not so naïve as to confine the damage to directly provable losses of sales, or ‘direct sale for sale substitution’. The law recognises that damage from wrongful association can be wider than that. Thus in *Ewing v Buttercup Margarine Ltd (1917)* 34 R.P.C. 232 Warrington L.J. said:

‘To induce the belief that my business is a branch of another man's business may do that other man damage in all kinds of ways. The quality of the goods I sell; the kind of business I do; the credit or otherwise which I might enjoy. All those things may immensely injure the other man, who is assumed wrongly to be associated with me.’

In so saying, he was not limiting the kinds of potential damage to those listed by him. Rather, he was indicating that the subtleties of the effect of passing off extend into effects that are more subtle than merely sales lost to a passing off competitor. In *Associated Newspapers Ltd v Express Newspapers* [2003] F.S.R. 909 at 929 Laddie J. cited this passage, referred to other cases and went on to say:

‘In all these cases [that is to say, the Clock Ltd case referred to above and *Harrods v Harrodian School* [1996] R.P.C. 679], direct sale for sale substitution is unlikely or impossible. Nevertheless the damage to the claimant can be substantial and invidious since the defendant's activities may remove from the claimant his ability to control and develop as he wishes the reputation in his mark. Thus, for a long time, the common law has protected a trader from the risk of false

association as it has against the risk of more conventional goods for goods confusion.’

The same judge expressed himself more picturesquely, but equally helpfully, in *Irvine v Talksport Ltd* [2002] 1 W.L.R. 2355 at 2366. Having pointed out the more familiar, and easier, case of a defendant selling inferior goods in substitution for the claimant's and the consequential damage, he went on to say:

‘But goodwill will be protected even if there is no immediate damage in the above sense. For example, it has long been recognised that a defendant cannot avoid a finding of passing off by showing that his goods or services are of as good or better quality than the claimant's. In such a case, although the defendant may not damage the goodwill as such, what he does is damage the value of the goodwill to the claimant because, instead of benefiting from exclusive rights to his property, the latter now finds that someone else is squatting on it. It is for the owner of goodwill to maintain, raise or lower the quality of his reputation or decide who, if anyone, can use it alongside him. The ability to do that is compromised if another can use the reputation or goodwill without his permission and as he likes. Thus Fortnum and Mason is no more entitled to use the name FW Woolworth than FW Woolworth is entitled to use the name Fortnum and Mason ...’ ‘The law will vindicate the claimant's exclusive right to the reputation or goodwill. It will not allow others so to use goodwill as to reduce, blur or diminish its exclusivity.’ (at 2368)

In *Taittinger SA v Allbev Ltd* [1994] 4 All ER 75 at 88, Peter Gibson L.J. acknowledged that:

‘Erosion of the distinctiveness of the name champagne in this country is a form of damage to the goodwill of the business of the champagne houses.’ The same view was expressed by Sir Thomas Bingham MR at 93.”

11) To illustrate the point further, I note that in *WS Foster & Son Limited v Brooks Brothers UK Limited* [2013] EWPC 18, Mr Recorder Iain Purvis QC stated:

“Damage

55 Although proof of damage is an essential requirement of passing off cases, it will generally be presumed where a misrepresentation leading to

a likelihood of deception has been established, since such deception will be likely to lead to loss of sales and/or more general damage to the exclusivity of the Claimant's unregistered mark. Mr Aikens accepted that if there was a misrepresentation in the present case, then he had no separate case on damage. I hold that damage is inevitable, at least in the sense recognised in *Sir Robert McAlpine v Alfred McAlpine [2004] RPC 36* at 49 (the 'blurring, diminishing or erosion' of the distinctiveness of the mark)."

The relevant date

12) Matters must be judged at a particular point(s) in time. In *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Joined Cases T-114/07 and T-115/07 the General Court stated:

"50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non registered national mark before the date of filing, in this case 11 March 2000."

13) The relevant date at which the opponent must establish that its business had goodwill, and that the use of the applicant's marks were liable to be prevented under the law of passing-off, is **2 May 2013**. In some cases it may be necessary to consider the position at an earlier date(s), if, for example, the applicant had used its mark prior to the relevant date, considering itself to be, for example, a senior or concurrent use. However, no such claim is made in these proceedings so this is not an issue here.

Does the opponent possess goodwill associated with the sign SYN-AKE?

14) This is a clear evidential issue, so I need to consider the contents of Mr Goldring's witness statement. Mr Goldring states that the opponent is in the business of the "production, distribution and sale of chemical products, cosmetic products and pharmaceutical products for use in the United Kingdom and throughout the world." SYN-AKE is one of the signs it uses as part of its business, along with other SYN prefixed marks. When SYN-AKE (and other SYN prefixed signs) is used, an ® symbol is used after the SYN element.

15) Put simply, SYN-AKE is a polypeptide chemical product used as the active ingredient in anti-wrinkle/aging creams, lotions and similar preparations. The opponent adopted the mark in 2006. At this time the business was in the hands of a company called Pentafarm, but Mr Goldring states that the opponent acquired Pentafarm in 2007. Exhibit SYN 3 is a 2007 press release about the acquisition, the opponent purchased 100% of Pentafarm's shares. A brochure about SYN-AKE is shown in Exhibit SYN 2 explaining the benefits of this active ingredient. The only date on the brochure is an indication that the product won a Swiss Technology Award in 2006. Exhibit SYN 4 contains various other brochures and leaflets. They focus mainly on SYN-AKE, but some of the other SYN prefixed products are mentioned. Not all can be dated, but some have a copyright date of 2009. Whilst the name of Pentafarm is often included in the leaflets, the opponent is also named.

16) In terms of UK sales, these are primarily made to its distributor Azelis Life Sciences Limited ("Azelis"). Sales figures are provided in Exhibit SYN 5. There are some inconsistencies in the exhibit. For example, in 2012 the sales of Syn-Ake is said to be 249KG, with the sales to Azelis also being 249KG. So, all of the sales were to Azelis. However, there is then a table of 10 customers who Mr Goldring states were supplied directly, with their sales equating to 248kg. Having assessed the table and figures provided, the most logical explanation is that the 10 customers are in fact those who Azelis supplied. The position I take is as follows:

2010: 213kg of product sold to Azelis – there is no information as to whether this represents all of the goods sold.

2011: 65kg of product, all sold to Azelis for onward distribution.

2012: 249kg of product, all sold to Azelis for onward distribution.

2013: 285kg of product, most (233kg) sold to Azelis for onward distribution, but some (52kg) sold direct to other customers in the UK.

17) Exhibit SYN 7 contains sample invoices issued between 2010 and the relevant date. There are six in total. All except one is issued by the opponent to Azelis. The other is issued to S. Black Limited, although I note that this company has the same address as Azelis. Mr Goldring explains that only a small amount of the Syn-Ake product is used in the finished lotions and serums which is why the amounts sold may not seem high. The current price per kilogram of Syn-Ake is over €300 per kg.

18) Mr Goldring states that SYN-AKE is used in many different skin care products and that the makers of such products all obtain SYN-AKE from the opponent. Most of them use SYN-AKE on the packaging and labelling of the finished products. Exhibit SYN 7 contains examples of such use in the UK. A

good many examples are provided. Whilst they cannot necessarily be dated before the relevant date, the number of them suggests that this is likely to have been the position before the relevant date also. SYN-AKE is referred to, effectively, as the active ingredient in the product. In many cases (but not all) the ® symbol is used, most often after SYN. A number of license agreements are also provided (Exhibit SYN 9) which permit licensees to use SYN-AKE and other marks on the finished products in order to indicate the active ingredient. It is part of the agreements that the ® symbol is used after the SYN element. Various press articles are also provided about the product, mostly in an editorial manner. Some highlight the proprietary nature of the product, others do not. The product is often compared to the well-known (proprietary) product Botox.

19) The rest of Mr Goldring's evidence is more by way of submission. He states that given the use of the mark, the applicant must have known of it and has applied for the mark knowing that it was being used extensively by someone else. He states that the applicant is an individual with no evidence of any connection to a business manufacturing cosmetics and therefore there is no *bona fide* intention to use the mark. He states that the lack of any responses to various letters and requests sent to the applicant and the general apathy to the proceedings is further evidence of bad faith.

20) Having considered the evidence, I accept that what, on the face, may appear to be small amounts of SYN-AKE being sold is not an real issue. As has been explained by Mr Goldring, the product is the active ingredient used in other products. Even those other products are not sold in huge volume. The opponent has sold primarily to one distributor, but clearly the goods will be sold on to others. I accept that there has also been some, albeit small, amounts of sales direct to other customers. The SYN-AKE name and product is a proprietary one. There is no evidence that the name is the generic name for the polypeptide it consists of, or that this is how it will be perceived. Those in the trade will clearly understand the distinction between proprietary names on the one hand and generic names on the other. I have no hesitation in finding that at the relevant date the opponent enjoyed a reasonably sized goodwill in the sale of active ingredients in the face lotion/creams/serums industry and that SYN-AKE is associated with that goodwill, designating one of the opponent's key products.

21) The words SYN-AKE are also used on finished products to indicate the active ingredient to the end consumer. Some end users will not be particularly familiar with the distinction between proprietary names and generic names, so there is a danger that some will see SYN-AKE merely as the name (in a non-proprietary sense) of an ingredient. However, a good number of the uses shown in evidence indicate that an ® symbol is used after the SYN element. The licenses support that this is how it is meant to be used. I consider that this manner of use will signal to those members of the public who encounter it that SYN-AKE is a product name for a type of active ingredient. It will not be seen as a generic name of the ingredient, it will be seen in a proprietary sense, even by

those people who may not be au fait with such matters. Consequently, the opponent's goodwill is broader than just the trade. Members of the general public will also know of SYN-AKE; it has an attractive force with consumers wishing to buy products with the SYN-AKE product in it.

Misrepresentation

22) Had the goods for which registration is sought been the active ingredient itself, some form of chemical product, then the answer, given the identical/highly similar nature of the applied for marks, would have been exceptionally straightforward. There would be clear misrepresentation and damage. However, the goods in question are these:

Cosmetics; anti-wrinkle serum; anti-wrinkle cream; non-medicated skin care preparations; skin care (cosmetic preparations for -); oils, creams, lotions for care of the skin (other than for medical use); anti-aging creams, lotions, oils and preparations; soaps, essential oils, hair lotions.

23) The above goods are finished products not the active ingredient itself. However, all of the above could contain the active ingredient, even those which it has not currently been used in. Despite the goods being the finished product, I still consider misrepresentation to be made out. In terms of the consumer of the finished product, they will be deceived into believing that the active ingredient in the products that they are buying is the opponent's product. This is a clear and in my view actionable misrepresentation. Furthermore, I also consider it possible that some consumers could see the name as the brand of the product itself and will therefore believe the finished product is from the opponent. It is no stretch to consider that the opponent has branched out from making the ingredient to producing the finished product. Whatever scenario occurs will depend on the exact form of use made, but either way there will be some form of misrepresentation. Similar considerations apply in relation to the trade. For example, some traders may purchase finished products to repackage or simply sell on. A SYN-AKE finished product will be assumed to be a product of the opponent or at least one that contains the opponent's active ingredient.

Damage

24) The misrepresentations described could easily impact upon the opponent's sales. If consumers, or those in the trade, buy the applicant's finished products then there will, in turn, be less demand for its active ingredient. In any event, as stated earlier, damage is much broader than that. In this field a lot depends on the reputation of an active ingredient and the benefits that it brings to the user. Putting this reputation in the hands of another could have a whole host of negative impacts upon the opponent's business. **In view of this, the opposition under section 5(4)(a) succeeds against all of the goods applied for. Given this clear finding, I do not consider it necessary, nor is it procedurally**

economical, to go into the other grounds of opposition. I will though briefly add that I would also have found in favour of the opponent under section 3(6) of the Act. I agree that it is inconceivable that the applicant was unaware of the opponent's active ingredient when he filed the application for registration and to file identical/virtually identical marks in circumstances where there is no pleaded reason for doing suggests nothing other than some form of improper motive.

Costs

25) The opponent having been successful, it is entitled to a contribution towards its costs. My assessment of costs is as follows:

Preparing a statement and considering the other side's statement: £400

Filing evidence: £900

Written submissions: £500

Verinder Singh Sahota is ordered to pay DSM IP Assets B.V. the sum of £1800. 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 27th day of May 2014

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