

O-097-15

**TRADE MARKS ACT 1994**

**CONSOLIDATED PROCEEDINGS BETWEEN**

**SPITALGATE DEALER SERVICES LIMITED, THE COLT CAR COMPANY  
LIMITED & SHOGUN FINANCE LIMITED**

**AND**

**UK INSURANCE LIMITED**

**CONCERNING TRADE MARK APPLICATIONS FOR THE MARKS:**

**DRIVE SURE/Drive Sure/DriveSure**

## **Background and pleadings**

1. Application 3009750 was filed by UK Insurance Limited (“UIL”) on 12 June 2013. The application is for a series of two trade marks: **DRIVE SURE** and **Drive Sure**. UIL seeks registration of these marks for the following goods and services:

**Class 9:** Telematics and telemetry apparatus, instruments and installations; electronic apparatus for telemetry; computer software for telematics applications for mobile and static devices; electronic transmitters and receivers; telematics devices for insurance, insurance evaluation and insurance services; telematics apparatus for the provision of monitoring and alerting services in relation to motor insurance.

**Class 35:** Provision of electronic computerised information services regarding actual use of vehicles related to the insurance of vehicles; telematics subscription services; advisory, consultancy and information services, all relating to the aforesaid services.

**Class 36:** Insurance services.

**Class 38:** Telematics services; data transmission services over telematics networks; telematics communication services; advisory, consultancy and information services, all relating to the aforesaid services.

2. The application was published for opposition purposes on 13 September 2013. It was subsequently opposed, jointly, by Spitalgate Dealer Services Limited (“Spitalgate”), The Colt Car Company Limited (“Colt”) & Shogun Finance Limited (“Shogun”). When I refer to these parties collectively, I will refer to them as “the joint opponents”. The joint opponents case is under section 5(4)(a) of the Trade Marks Act 1994 (“the Act”), a claim founded on the law of passing-off. The claim is based on the use, since 2011, of the sign **DRIVESURE** and, since 2012, of the sign **DRIVESURE ESSENTIAL**. Both signs are claimed to have been used in relation to insurance services.

3. Application 3012358 was filed by Spitalgate on 2 July 2013. The application is for a series of two trade marks: **DRIVESURE** and **DriveSure**. Spitalgate seeks registration of these marks for the following services:

**Class 36:** Insurance services; vehicle insurance services; key protection insurance; insurance services for automotive repair and maintenance

4. The mark was published for opposition purposes on 4 October 2013. It was subsequently opposed by UIL. UIL’s opposition is under sections 5(1), 5(2)(a) and 5(2)(b) of the Act, both grounds being based on earlier mark 3009750 as above.

5. Spitalgate filed a counterstatement defending its application. In its notice of defence it states:

“The applicant is the proprietor of earlier rights in unregistered trade marks which have been used from a date earlier than the filing date relied upon by

the opponent in the opposition. The applicant is the proprietor of the earlier rights in relation to DRIVESURE, DriveSure and DriveSure Essential and has opposed the right on which the opponent relies on in its objection to application 3012358. The applicant expects to succeed in its opposition to the right relied upon in the subject opposition. The opponent has made no claim to use prior to the date of filing of the application and therefore successful opposition to the opponent's application will dispose of the opposition."

6. UIL filed a counterstatement defending its application. It simply denies the joint opponents' ground of opposition.

7. The proceedings were consolidated. UIL and the joint opponents filed evidence. A hearing then took place before me on 30 January 2014, with the joint opponents represented by Mr Thomas Elias, of counsel, instructed by HGF Limited. UIL was represented by Mr Philip Harris, also of counsel, instructed by Sipara Limited.

### **The evidence**

#### *The joint opponents' evidence*

8. A witness statement has been provided by Mr Robin Edmunds, who is the company secretary of both Colt and Spitalgate. He begins by setting out the relationship between the joint opponents and other associated companies. In short, Colt is the sole importer and distributor in the UK of MITSUBISHI motor cars. Spitalgate is Colt's sibling company (both are wholly owned subsidiaries of Mitsubishi Corporation). Shogun is a joint venture company controlled by Colt on the one hand and Lloyds Banking Group on the other. Spitalgate filed application 3012358 in line with the group's ownership conventions.

9. Mr Edmunds' evidence is mainly about the use that has been made of the sign DriveSure, which is the name of an insurance product which has been offered in connection with the sale of vehicles in Mitsubishi dealerships. He refers to what he describes as a "pilot exercise". This took place between 1 November 2011 and 30 June 2012 in 26 Mitsubishi dealerships. Brochures were provided to the dealers to promote the product to customers. The product insures against the cost of minor bodywork damage which Mr Edmunds says is called "SMART Repair Cover", with other options being available separately, such as interior repair, repair/replacement of tyres, alloy wheel repair, MOT repair, misfuelling and key protection. The product was available in conjunction with the sale of new and used vehicles. Mr Edmunds states that it was promoted by way of point of sale materials, customer brochures and by word of mouth/presentations via sales people. Exhibits RE1-5 relate to the product as follows:

- Exhibit RE1 consists of a brochure supplied to customers by the dealers. It is clearly headed DriveSure. The trade mark MITSUBISHI MOTORS appears opposite. There are frequent references to DriveSure throughout the document. The front page contains the rubric "The smart way to keep your vehicle looking good". The add-ons referred to by Mr Edmunds are referred to in the brochure. There is no date on this document.

- Exhibit RE2 consists of policy summary. It is in the form of a “Key Facts” document commonly seen in the financial field. It is headed “DriveSure Policy summary”. It includes the insured aspects referred to by Mr Edmunds. It carries a date of 22 September 2011.
- Exhibit RE3 contains the policy document itself. Although there are frequent references to Smart Repair (and the other insured aspects referred to by Mr Edmunds) the document does not contain the words DriveSure. There is no date on this document.
- Exhibit RE4 contains an extract from the “Micro-site” housed on Colt’s intranet. It is a guide to assist dealers in obtaining quotes and setting up policies. The sign Drivesure is used upon it.
- Exhibit RE5 contains the “dealer presenter” materials which were used by dealers to discuss the product with customers. DriveSure is displayed in the heading of each of the 8 pages (the MITSUBISHI MOTORS trade mark is, again, opposite). It contains various pieces of information about the product.

10. Mr Edmunds states that although the product was widely offered (via 26 dealers) only one policy was sold during the pilot exercise.

11. On 1 July 2012 a revised insurance product was launched, this time throughout the whole of the Mitsubishi dealer network. The number of dealers fluctuates, but it currently stands at 115. The name of the insurance product is now DriveSure Essential. The product insures against interior repair, misfuelling and key protection. It consists of free cover available to customers who purchase any make of used vehicle on finance. It was promoted by dealers by similar methods to those in the pilot exercise. Exhibits RE6 – RE10 relate to the product as follows:

- Exhibit RE6 contains a brochure supplied to customers. It is headed DriveSure Essential (the Mitsubishi Motors trade mark is, again, opposite). The cover contains the rubric “The smart way to protect your used vehicle”. The cover indicates that it is “Free Cover”. The brochure explains that the free cover (for used vehicles purchased on finance) is for interior repair, misfuelling and key protection. The free cover is for 12 months only. There is no date on this document.
- Exhibit RE7 contains a user guide (for dealers) for registering the product on behalf of customers. The front page includes the text “DriveSure Essential Registration”. Screen-shots of the registration system are provided headed DriveSure Essentials”. There is a “last saved” date of 5 July 2012.
- Exhibit RE8 contains a policy document. It is headed “DriveSure Essential Interior Repair, Miss-Fuelling and Key Protection Cover”. It contains various pieces of information about the policy. The cover ends after 12 months.
- Exhibit RE9 contains a policy summary, in the Key Facts style. It is headed “DriveSure Essential – Interior Repair, Miss-fuelling and Key Protection Cover”.

- Exhibit RE10 contains a communication launch bulletin issued to dealers on 2 July 2012. It is headed DRIVESURE ESSENTIAL. The bulletin explains the benefits of the free cover, including that it would normally retail at £120. It is described as providing "...your sales team with the perfect opportunity to discuss finance on every used vehicle sale".

12. Between 4 July 2012 and 30 June 2013, 836 policies were taken out. A redacted schedule of those policies is provided in Exhibit RE11. The policies cover a range of used vehicles, a range of dealer locations and a range of dates (within the period specified). At the end of June 2013 the product was temporarily suspended in preparation for a new launch. However, as the cover lasts for 12 months, claims can continue up until 24 June 2014, for the last vehicles which took up the free cover.

13. The new launch took place on 1 October 2013. However, as this was after the relevant date I will provide only a brief overview. The new product is called DriveSure Asset Protection. It was launched throughout the whole of the dealer network. The product no longer appears to be free. It no longer covers the type of items the previous two policies covered. It is now more to do with protecting the customer in the event of a vehicle being written-off, with the cover paying out any difference between the value an insurer provides and the current market value of the car. This is sometime referred to as GAP cover. Various brochures/policy documents in a similar style to those summarised earlier are provided. In the six months to 31 March 2014, 1510 policies were sold.

14. Mr Edmunds explains that the joint opponents were provided with information about how UIL is to use its mark. The use is by Churchill (part of the Direct Line group, which is underwritten by UIL). DriveSure is to be used in connection with a telematics box which feeds data to the insurer about the customer's driving habits. This allows for the possibility of reduced premiums, presumably for safe drivers. Mr Edmunds notes that UIL was to use the mark just for the box, but he highlights the text in the provided information:

"..once we develop a new product if you choose to buy it then your premiums may be affected by how you drive. However, you have the option to remain on your existing product with the unit turned off."

15. Mr Edmunds states that the telematics box is an integral part of the insurance scheme and the goods in class 9 are directly related to insurance products. He adds that the services applied for in class 35 are closely related to insurance services per se, that the services in class 36 are identical and the services in class 38 relate to the transmission of the box's data and is, therefore, closely related.

16. Mr Edmunds states that the class 9 goods are likely to be fitted to vehicles sold by authorised dealers because most new vehicles are sold with a warranty, a warranty which can be invalidated if the vehicle is not serviced and maintained. Furthermore, he states that customers must have valid insurance cover before they can take a vehicle away, so a customer may be liaising with both service providers (the cover provided by the joint opponents and the cover provided by traditional car insurance) at the same time and that this could cause confusion.

### *UIL's evidence*

17. A witness statement has been provided by Mr Mark Evans, UIL's marketing director. His evidence is to provide facts and figures about the car insurance market in the UK. It is not necessary to summarise this in detail. It goes without saying that the market for car insurance in the UK is massive. Some of the main facts are that:

- In 2012 there were around 31 million cars on the road.
- In 2012, of the 26.4 million households in the UK, around 19.6 had motor insurance with around 23.3 million private cars and 3.7 million commercial vehicles being insured.
- UIL owns a number of insurance brands including Direct Line, Churchill and Green Flag.
- From tables of top insurers, Direct Line is the top selling brand with over 4 million policies.
- The market advertises significantly, with £144 million being spent in 2012/2013. Direct Line tops the chart on advertising, Churchill is 5<sup>th</sup>.

### *The Joint opponents' reply evidence*

18. Mr Edmunds provides a second witness statement to show that motor vehicle manufacturers offer insurance of one kind or another including: Ford (car insurance), Vauxhall (one year free car insurance), Volkswagen (an insurance product that works alongside a main policy to ensure that repairs are carried out by Volkswagen technicians), Peugeot (free 7 day and annual motor insurance), BMW (car insurance, travel insurance, warranty insurance, emergency assistance, cosmetic repair insurance) and Land Rover (insurance & GAP cover).

## **The opposition to UIL's trade mark application**

### **Section 5(4)(a) – passing off**

19. Section 5(4)(a) of the Act reads:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

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

(b)...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

20. Halsbury's Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 provides the following analysis of the law of passing-off. The analysis is based on guidance given in the speeches in the House of Lords in *Reckitt & Colman*

*Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731. It is (with footnotes omitted) as follows:

“The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

(1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House’s previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of passing off, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.”

21. Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

“To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

### **The relevant date**

22. Whether there has been passing-off must be judged at a particular point (or points) in time. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC, sitting as the Appointed Person, stated:

“39. In *Last Minute*, the General Court....said:

‘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.’

40. Paragraph 51 of that judgment and the context in which the decision was made on the facts could therefore be interpreted as saying that events prior to the filing date were irrelevant to whether, at that date, the use of the mark applied for was liable to be prevented for the purpose of Article 8(4) of the CTM Regulation. Indeed, in a recent case before the Registrar, *J Sainsbury plc v. Active: 4Life Ltd* O-393-10 [2011] ETMR 36 it was argued that *Last Minute* had effected a fundamental change in the approach required before the Registrar to the date for assessment in a s.5(4)(a) case. In my view, that would be to read too much into paragraph [51] of *Last Minute* and neither party has advanced that radical argument in this case. If the General Court had meant to say that the relevant authority should take no account of well-



established principles of English law in deciding whether use of a mark could be prevented at the application date, it would have said so in clear terms. It is unlikely that this is what the General Court can have meant in the light of its observation a few paragraphs earlier at [49] that account had to be taken of national case law and judicial authorities. In my judgment, the better interpretation of *Last Minute*, is that the General Court was doing no more than emphasising that, in an Article 8(4) case, the *prima facie* date for determination of the opponent's goodwill was the date of the application. Thus interpreted, the approach of the General Court is no different from that of Floyd J in *Minimax*. However, given the consensus between the parties in this case, which I believe to be correct, that a date prior to the application date is relevant, it is not necessary to express a concluded view on that issue here.

41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs QC sitting as the Appointed Person in *Croom's TM* [2005] RPC 2 at [46] (omitting case references):

- (a) The right to protection conferred upon senior users at common law;
- (b) The common law rule that the legitimacy of the junior user's mark in issue must normally be determined as of the date of its inception;
- (c) The potential for co-existence to be permitted in accordance with equitable principles.

42. As to (b), it is well-established in English law in cases going back 30 years that the date for assessing whether a claimant has sufficient goodwill to maintain an action for passing off is the time of the first actual or threatened act of passing off: *J.C. Penney Inc. v. Penneys Ltd.* [1975] FSR 367; *Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd* [1981] RPC 429 (PC); *Barnsley Brewery Company Ltd. v. RBNB* [1997] FSR 462; *Inter Lotto (UK) Ltd. v. Camelot Group plc* [2003] EWCA Civ 1132 [2004] 1 WLR 955: "date of commencement of the conduct complained of". If there was no right to prevent passing off at that date, ordinarily there will be no right to do so at the later date of application.

43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

'Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.'

23. The filing date of the subject trade mark is 12 June 2013. Whilst there is evidence to show how UIL is using the mark, there is nothing to show when such use began or the extent of such use. There is, therefore, no pre-filing use to consider. Accordingly, the matter need only be assessed as of 12 June 2013.

### **Was there goodwill at the relevant date?**

24. In *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL) the following was stated in respect of goodwill:

“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. It is the one thing which distinguishes an old-established business from a new business at its first start.”

25. No doubt the joint opponents (or at least Colt, the UK distributor) have a goodwill associated with the sale of motor vehicles through its reasonably large dealer network. The exact number of dealers is not clear. It was 115 when Mr Edmunds gave his evidence, but I doubt it would have been materially different at the relevant date. However, this is not a case of a claimed goodwill in relation to the sale of motor vehicles, but a claimed goodwill in the provision of insurance products. Before moving to consider whether goodwill has been established, I reject a submission made by Mr Harris that there are ownership difficulties with regards to any goodwill. He highlighted that on the brochures etc an entity called Inter Partner Assistance SA was identified as the actual insurer and, thus, would own any goodwill. However, this, to my mind, is simply an indication that another party is underwriting the insurance, something common in the industry. It does not prevent the joint opponents from being able to rely on the use made.

26. What business there has been in relation to insurance products took place in two distinct periods: i) an eight month pilot period in 26 dealers which resulted in the sale of one policy, and, ii) a twelve month period throughout the whole of the dealer network which resulted in 836 policies being taken out (the policy was provided free of charge for customers purchasing a vehicle on finance).

27. Mr Harris submitted that such use was trivial within the context of the huge UK market for car insurance products and, further, that such use was not bringing custom forth in the sense that no one was going to the dealers to obtain an insurance product, it was simply given away free when another product was sold (a vehicle) and then only when the vehicle was sold on finance. Mr Harris also made a number of points as to the significance that the word DRIVE SURE would have had on members of the public and the degree to which the sign itself was promoted by the dealers –I will come back to these points shortly. Mr Elias submitted that even though only one sale had been made in the pilot period, this still contributed to the business and that, when the 836 policies taken out in the second period were considered, a protectable goodwill had been established by the relevant date. He also submitted that the size of the market was not relevant to the question so long as a more than trivial level of goodwill had been established.

28. In *Hart v Relentless Records* [2003] FSR 36, Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge’s finding). Again that shows one is looking for more than a minimal reputation.”

29. However, a small business which has more than a trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its reputation may be small. In *Stacey v 2020 Communications* [1991] FSR 49, Millett J. stated that:

“There is also evidence that Mr. Stacey has an established reputation, although it may be on a small scale, in the name, and that that reputation preceded that of the defendant. There is, therefore, a serious question to be tried, and I have to dispose of this motion on the basis of the balance of convenience.”

See also: *Stannard v Reay* [1967] FSR 140 (HC); *Teleworks v Telework Group* [2002] RPC 27 (HC); *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590 (COA)

30. In terms of the size of the market, I do not agree with Mr Elias that the size of the market is wholly irrelevant. The size of the market allows one to gauge the triviality, or otherwise, of a business being conducted. For example, the sale of one or two products in a very small market may be sufficient to establish goodwill of more than a trivial nature, but the sale of the same number of products in a huge market will not qualify. In this case, I consider that the number of policies taken out (837 in total) is of such a low number (even taken account Mr Elias’ revenue approximation based upon the claim in the communication bulletin that each policy is worth £120) that it should be regarded as trivial. This finding is re-enforced by Mr Harris’ second point that the provision of free cover when the customer buys a vehicle on finance is not forming part of the attractive force that is bringing in custom. This is particularly apposite when one bears in mind that by the time the customer agrees to take out the free cover, the customer has already selected the vehicle (the primary choice and why the customer is there) and then selected a finance option (the second choice, one of the options the customer will be aware of when visiting the dealer).

That he then agrees to take out a free insurance product is of limited significance and, further, is not the reason why the customer has been attracted to the trader.

31. There are, though, further problems with the joint opponents' position. Even if the level and nature of use represented a business with more than a trivial goodwill, it would clearly be only a small goodwill. For any goodwill to be relevant in a claim to passing-off, the sign relied upon must be distinctive of the plaintiff<sup>1</sup>, the joint opponents in these proceedings. The small goodwill relied upon suffers from a number of difficulties in this regard. Mr Harris submitted that the evidence of Mr Edmunds lacked clarity in terms of what was being done in the dealerships to promote the insurance product and the sign used in relation to it. He noted that it was not explained how many brochures were actually given out to customers and potential customers. Mr Elias submitted that Mr Edmunds' evidence was clear in that brochures were distributed and that the presenter materials were used by sales people in the dealerships. He highlighted the evidence in Exhibit RE10, the communication launch bulletin, in which the dealers were informed of the new DRIVESURE ESSENTIAL product and encouraged to make use of it, albeit as a tool to introduce financing options into the discussion. I agree with Mr Harris to a degree. There is nothing to suggest that the insurance product was heavily promoted by the dealers. As he rightly says, it is not known how many brochures were even produced let alone distributed. I have no doubt that the product was "sold" during the course of discussions, but with what force is not clear. There also seems to be a somewhat inconsistent degree of "selling". This is evidenced from the fact that the policies which were taken out have a degree of skew towards certain of the dealers. Mr Harris made this submission to argue that if there was goodwill then it represented pockets of local goodwill. Whilst I do not accept his point on local goodwill<sup>2</sup>, his point nonetheless highlights that the product was perhaps pushed more by certain dealers than others.

32. The sign being distinctive of the joint opponents is affected by the fact that even for those customers who took out a policy, their resonance with the sign will be very limited. Whilst there is no prohibition on the law of passing-off being relied upon by a trader who provides things for free, the fact that the cover was free means that the customer may not have paid a terrific amount of attention to it. This is compounded by the fact that the customer, in the short space of time between the start of use (of the second product) and the relevant date, is highly unlikely to have purchased more than one vehicle, so the free cover would only ever be taken once. In my view, most customers will not even remember what the product was called. There is greater potential for customers with the free cover to remember the name if they subsequently go on to make a claim, but no figures are given in respect of claims made. If the name is not remembered then the sign is not distinctive of the joint opponents.

33. The propositions I have outlined can be tested by considering the test for misrepresentation which was outlined by Morritt L.J. in *Neutrogena Corporation and Another v Golden Limited and Another*, 1996] RPC 473:

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<sup>1</sup> See, for example, *AG Spalding & Bros v AW Gamage Ltd* [1915] 32 RPC (HOL) & *T Oertli, AG v EJ Bowman (London) Ltd* (No.3) [1959] RPC 1 (HOL)

<sup>2</sup> Just three locations were sufficient in the *Chelsea Man* case.

“There is no dispute as to what the correct legal principle is. As stated by *Lord Oliver of Aylmerton in Reckitt & Colman Products Ltd. v. Borden Inc. [1990] R.P.C. 341 at page 407* the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]”

The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148 . The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd. (1941) 58 R.P.C. 147 at page 175 ;* and *Re Smith Hayden's Application (1945) 63 R.P.C. 97 at page 101.*”

And later in the same judgment:

“... for my part, I think that references, in this context, to “more than *de minimis* ” and “above a trivial level” are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”

34. With no goodwill or only a trivial goodwill then there is no misrepresentation as outlined in the above test. Similarly, if the sign is not distinctive of the joint opponents, or, at the best, only very weakly distinctive of the joint opponents, I do not consider that a substantial number of people will be deceived even if the applied for mark was used in relation to identical services. Mr Elias made the point that a customer who has taken the free cover can only take the car away once adequate car insurance has been obtained and, therefore, the customer may be obtaining car insurance when the joint opponents' product is still fresh in the mind. I have borne the potential for this in mind, but this seems to me to be a fairly remote circumstance and it will not result (if at all) in a substantial number of people being confused. **The opposition fails.**

### **The opposition to Spitalgate's trade mark application**

#### **Section 5(1)/5(2)(a)/5(2)(b) of the Act**

35. Both Counsel focused, rightly in my view, on the first opposition. However, given that UIL's application has survived its opposition, it can therefore be relied upon for the purposes of the second opposition. The second opposition is pleaded under sections 5(1), 5(2)(a) & 5(2)(b) of the Act. The legislation reads:

“5. - (1) A trade mark shall not be registered if it is identical with an earlier trade mark and the goods or services for which the trade mark is applied for are identical with the goods or services for which the earlier trade mark is protected.

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

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

(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.”

### **The marks**

36. Spitalgate’s marks are **DRIVESURE** and **DriveSure**.

37. UIL’s earlier marks are: **DRIVE SURE** and **Drive Sure**

38. The only difference between the marks resides in the space between DRIVE/Drive and SURE/Sure in the respective marks. Even when conjoined, DRIVESURE/DriveSure clearly reads as two words. The difference is in my view so insignificant that it would be a difference unlikely to be noticed by the average consumer and is to be considered identical<sup>3</sup>.

### **The services**

39. Spitalgate wishes to register its marks for the following class 36 services:

**Class 36:** Insurance services; vehicle insurance services; key protection insurance; insurance services for automotive repair and maintenance

40. UIL’s mark covers insurance services at large, a term which encompasses all of the above. The services are identical.

**41. The marks and the services being identical, the requirements of section 5(1) are met. Spitalgate’s application is to be refused under this ground of opposition.**

42. Even if I am found to be wrong on my assessment that the marks are identical, then it is nevertheless clear that they are similar to a very high degree. Under section 5(2)(b) of the Act a likelihood of confusion is required. Guidance on this ground of refusal has been provided by the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria*

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<sup>3</sup> See the decision of the CJEU in *LTJ Diffusion SA v Sadas Vertbaudet SA* (Case C-291/00)

*GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

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

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) 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;

(k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

43. The services are identical and the marks are (at the very least) highly similar. Whilst I accept that the services will be selected with a good deal of care (through both visual and aural means) there is still nothing, in my view, that militates against

such a degree of mark similarity. There is an inevitable likelihood of confusion. **Therefore, if section 5(1) is not correct, the ground under section 5(2)(b) would succeed.**

### **Outcome of consolidated proceedings**

44. Subject to appeal:

- i) The opposition against UIL's application 3009750 fails and it may proceed to registration accordingly.
- ii) The opposition against Spitalgate's application 3012358 succeeds and it is to be refused.

### **Costs**

45. UIL has been successful and is entitled to a contribution towards its costs. I take account of the fact that the proceedings were consolidated which would have achieved some costs savings. I award the sum of £1800 as a contribution towards the cost of the proceedings, calculated as follows:

*Preparing statements and considering the other side's statements*  
£500

*Filing and considering evidence*  
£700

*Attending the hearing*  
£500

*Official fee (for second opposition)*  
£100

**Total**  
**£1800**

46. I therefore order Spitalgate Dealer Services Limited, The Colt Car Company Limited and Shogun Finance Limited, being jointly and severally liable, to pay UK Insurance Limited the sum of £1800. 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 3rd day of March 2015**

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