

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2001492 BY
INTERNATIONAL TYRE BRANDS LIMITED TO REGISTER
A SERIES OF MARKS IN CLASSES 12, 36 AND 37**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO 44887
BY AUTO-STOP TYRE AND EXHAUST DISCOUNT CENTRES LIMITED
(FORMERLY UTOPIA ASSOCIATES LIMITED)**

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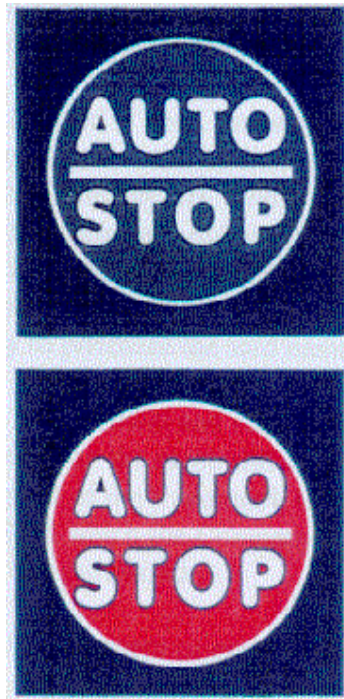
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DECISION

On 15 November 1994 International Tyre Brands Ltd applied to register the following series of two marks:



The second mark in the series is limited to the colours black, white and red.

The following specifications of goods and services have been applied for:-

Class 12

Tyres and remould tyres; tyres for vehicle wheels; inner tubes and covers, all for tyres; rubber patches; rubber patches for vehicle tyres and for tubes; repair outfits for inner tubes; apparatus for inflating tyres; products and apparatus, all for retreading and recapping tyres; wheels;

hubcaps and rims, all for vehicle wheels; parts and fittings for the aforesaid goods.

Class 36

5 Credit, debit, cash and smart cards services; discount cards services; provision of personal identification cards for use in financial transactions; financing of purchases; loan services; issuing statements of account; motor insurance services; information, advisory and consultancy services, all relating to the aforesaid.

10 Class 37

Maintenance, reconstruction and repair of vehicles and of their parts and fittings; maintenance, reconstruction, remanufacturing and repair of tyres, treads and tubes; retreading, repairing and recapping of tyres.

15 The application is numbered 2001492.

On 10 July 1996 Auto-Stop Tyre and Exhaust Discount Centres Ltd (at the time called Utopia Associates Ltd) filed notice of opposition expressed in the following terms:

20 “Autostop Car Care Centres Limited (“The Company”) started in business in approximately 1990 and has operated in the Midlands area in the business of tyre and exhaust and car servicing. The Company has, over the last six years, spent substantial sums of money in promoting the name and Autostop “image” and has established a well known reputation in the Midland area. Indeed, the Applicant is well aware of the use of the name and Autostop’s registered trade marks and has previously been in discussions with the Company to purchase the said name.

25 The Opponent has purchased the goodwill and assets of Autostop and has, in particular, purchased the right to use the name and the unregistered trade marks of the Company and objects to the grant of the trade mark to the Applicant as it will prejudice the substantial goodwill which the Company has established in the Midland area and which the Opponent has purchased.

30 Further, it is the intention of the Opponent to expand the Autostop business nationwide.”

35 The applicants filed a counterstatement denying the allegations in the grounds of opposition and putting the opponents to strict proof of the statements made in paragraph 1 of the statement. Neither side has asked for a hearing. I, therefore, base this decision on the papers filed.

40 I should say at this point that this opposition which is proceeding under the 1994 Act was lodged at the Same time as opposition to another application by the same applicants filed under the Trade Marks Act 1938. In view of the fact that different Acts were involved it would not have been possible to consolidate the separate actions even if the parties had been agreeable. However the grounds have been expressed in similar terms in each case. It will

immediately be apparent that this creates something of a problem as the applicants have failed to link their objections to any particular Section of the respective Acts. I have considered whether in these circumstances I should, even at this late stage, remit the matter back to the parties for clarification. I have decided not to do so because it is at least clear from the grounds as framed that the opponents are replying on their or their predecessors in business' use and goodwill in relation to a business conducted under the name Autostop. The opponents do not lay claim to or have not referred to any earlier trade marks which might underpin an objection under Section 5(1), 5(2) or 5(3) of the Trade Marks Act 1994. It is however reasonable to infer that so far as this application is concerned their objection falls to be considered under Section 5(4)(a) of the Act to the extent that use of the mark applied for is liable to be prevented by the law of passing off having regard to the opponents' common law rights. I intend to proceed on that basis.

The evidence filed in this case is in substance the same as that filed in relation to the separate action under the 1938 Act and is as follows.

Opponents' Evidence

The opponents filed a statutory declaration by Andrew George Burgess, their Managing Director. The substance of his declaration is as follows:

“2. On 10th July 1996, my Company purchased the assets and the goodwill in the business of Auto Stop Car Care Centres Limited. My Company subsequently changed its name from Utopia Associates Limited to Auto-Stop Tyre & Exhaust Discount Centres Limited on 29 July 1996. There is now produced and shown to me market Exhibit AGB1, a copy of the Sale and Purchase Agreement, dated 10th July 1996 pertaining thereto and a copy of the Certificate of Change of Name.

3. The Company Auto Stop Car Care Centres Limited was incorporated on 13th November 1990 and I understand began using the Trade Mark AUTO-STOP from that date in relation to the sale of car parts and provision of car repairing and servicing and continued to do so until we purchased the business as a going concern from the Liquidator. There is now produced and shown to me marked Exhibit AGB2 a copy of the Certificate of Incorporation of Auto Stop Car Care Centres Limited. There is now produced and shown to me Exhibit AGB3 literature showing the nature of the goods and services in relation to which the Trade Mark AUTO-STOP has been used.

4. When my Company purchased the assets and goodwill of Auto Stop Car Care Services Limited, we continued to run the business under the name Auto-Stop Tyre & Exhaust Discount Centres Limited and continued to provide the same range of goods and services. There is now produced and shown to me marked Exhibit AGB4 copies of my Company's current literature showing use of the name AUTO-STOP.

5. Set out below are approximate turnover figures taken from the Company accounts of Auto Stop Car Care Centres Limited relating to the sale of goods and provision of services under the Trade Mark AUTO-STOP from November 1990 to December 1994, which illustrate that there was significant use of the Mark by our predecessors in

title prior to the date of Application of 1589591, namely 28th October 1994.

	Year	Turnover
5	Year ended 30/11/91	£347,000
	Year ended 30/11/92	£573,000
	Year ended 31/12/93	£562,000
	Year ended 31/12/94	£437,000
10	Year ended 31/12/95	£345,000

6. The goods and services bearing the Trade Mark AUTO-STOP have been widely advertised and promoted over the last six years by various means. Both my Company and our predecessors in title have advertised in the local press, in particular the Shropshire Star (advertisements are now placed weekly) Telford Journal and Newport Advertiser; we have both distributed sales literature as shown in Exhibits AGB3 and AGB4; we have both advertised in Yellow Pages and the Thompson Directory; we have both advertised regularly on Beacon Radio. Our predecessors in title also distributed 20,000 keyrings featuring the Trade Mark and sponsored the local golf club "The Shropshire". My Company has also advertised at the Telford Multi-Screen cinema, with 240 advertisements appearing a week and my Company is currently organising a 90,000 leaflet drop.

7. The Company accounts of our predecessors in title show that on average approximately £24,000 was spent per annum in the first three years from 1990 to 1993 on advertising and promoting goods and services provided under the Mark AUTO-STOP. This does not take into account salaries paid to staff in charge of advertising and sales. My Company now spends on average £40,000 per annum on advertising goods and services bearing the Trade Mark.

8. It is hereby confirmed that my Company and its predecessors in title have sold goods and provided services bearing the Trade Mark AUTO-STOP from the Telford premises to customers from Wolverhampton, Telford, Newport, Shrewsbury, Bridgnorth, Much Wenlock, Church Stretton, Eccleshall and Wellington."

35 **Applicants' Evidence**

The applicants filed statutory declarations as follows:

	Martin Lawrence Wood	-	dated 6 October 1997
40	Robert Lionel Cook	-	dated 7 October 1997
	Philip John Dongworth	-	dated 9 June 1998
	David William Stirk	-	dated 9 June 1998
	Stephen Jeffrey Hill	-	dated 8 June 1998
	Peter Gardner	-	dated 4 March 1999
45	Leslie Collins	-	dated 30 June 1999

Mr Wood is the applicants' Managing Director. He says that the opponents first used the

trade mark AUTOSTOP in the United Kingdom in 1995 in respect of a franchised dealer network and associated services and has used the mark continuously since that date. He lists the range of goods and services concerned (car parts and machinery, car repair and servicing etc) and the turnover and advertising figures. I do not propose to record details of the opponents' use as of their own admission use commenced after the material date in these proceedings. Suffice to say that on the evidence it is a business of considerable size. Exhibits MLW1 to MLW6 have been supplied by way of substantiation of the underlying claims. I should record also that contained within this material are print-outs of various registrations/applications standing in the name of the opponents.

In relation to the opponents' case he comments as follows:

“With reference to the Statutory Declaration submitted by Andrew George Burgess, Managing Director of Auto-Stop Tyre & Exhaust Discount Centres Limited, I make no comment on the validity of the purported use of the AUTO-STOP by that company or their predecessors in title. However, it is clear from the foregoing that International Tyre hold the earlier trade mark rights to AUTOSTOP and also have substantial common law rights. The annual turnover figures quoted by the Managing Director of Auto-Stop Tyre & Exhaust Discount Centres Limited are insignificant when compared to the motor trade industry as a whole and indeed when set against the turnover figures quoted on behalf of International Tyre at paragraphs 4 and 5 above. The same comments would apply to the figure quoted by the Managing Director of Auto-Stop Tyre & Exhaust Discount Centres with reference to advertising and promotion. The figure is very low when compared to promotional expenses in the trade as a whole and the figures set out on behalf of International Tyre at paragraph 6 above. Additionally the Statutory Declaration and exhibits filed on behalf of Auto-Stop Tyre and Exhaust Discount Centres Limited indicate that any use of AUTO-STOP by the Opponents has been on an extremely limited range of products and on an extremely localised basis - no use having apparently taken place outside the Telford area.

By virtue of the extensive use and promotion of the products and services under the AUTOSTOP Trade Mark by International Tyre and their earlier Trade Mark rights, I believe that the Trade Mark AUTOSTOP has become distinctive of International Tyre. There is no reason why the limited use of AUTO-STOP purported to be shown on behalf of Auto-Stop Tyre & Exhaust Discount Centres should prevent International Tyre's application from proceeding to registration. I respectfully request the Registrar to dismiss the Opposition.”

Mr Cook is the principal of Robert Cook associates an organisation offering legal and commercial services specialising in intellectual property matters. His declaration is a lengthy one dealing with the trading activities of Auto Stop Tyre & Exhaust Discount Centres and contains within the supporting exhibits a supplemental updating report compiled in September/October 1997. As Mr Cook's investigations first began in October 1996 and relate in the main to corporate changes after the material date in the proceedings I do not need to offer a full review of his declaration. The main points seem to me to be;

S

5 S efforts to contact Auto Stop Tyre & Exhaust Discount Centres T/A as AUTOSTOP were unsuccessful. However, Mr Cook traced a company called Nationwide Car Care Centres and learned that it formerly traded as Autostop Car Care Centres Ltd (Company No. 2557726) I take this to be the company, the assets and goodwill of which were purchased by Mr Burgess' company.

S at the date of Mr Cook's enquiries Auto Stop Car Care Centres was in liquidation

10 S Mr Cook says that "Our conclusions based upon our initial enquiries were that there was clear evidence of use of the trade mark AUTO STOP by Mr Keith Kendall (a Director of Auto Stop Car Care Centres Ltd) during the previous five years. However the use of the mark appeared to be by Company No. 2557726 and the relevant company was in liquidation and awaiting
15 dissolution."

S a subsequent visit to the trading estate where the opponents are based revealed a different company (Shropshire Autocare Ltd) operating from the address. A member of staff on site claimed that 'Autostop does not exist anymore'. No
20 evidence of goods or services being sold under the mark AUTOSTOP or AUTO-STOP were found.

S a number of the further conditions Mr Cook seeks to draw seem to me to be of doubtful relevance or insufficiently substantiated.
25

Messrs Dongworth, Stirk and Hill are from companies which are approved franchisees of the applicants. They attest to their authorised use of the mark AUTOSTOP and give examples of advertising. Their view is that use of the mark by third parties would deceive and cause
30 confusion.

Mr Gardner is the editor of Tyres & Accessories magazine. He says he is familiar with the applicants and associates AUTOSTOP with them. He confirms that use began early in 1995.

35 Mr Collins is Company Secretary of Continental Tyre Group Ltd, a supplier to the motor accessories sector. Like Mr Gardner he confirms he is familiar with the applicants, associates AUTOSTOP with them and places first use in 1995.

That completes my review of the evidence.

40 Section 5(4)(a) reads:

"5.-(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented -

45 (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."

5

The necessary elements of an action for passing off in terms of goodwill, misrepresentation and damage, were set out by Geoffrey Hobbs QC in WILD CHILD trade mark 1998 RPC 455. I do not propose to repeat the very full guidance provided but it can be found in that decision commencing at page 460 line 5 to page 461 line 22.

10

In brief the necessary elements are said to be as follows:

S that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

15

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

20

S that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

I have treated the related action between the parties (opposition No 44888) as falling under Section 11 of the 1938 Act. In relation to the established test (BALI) under that Section I found that the opponents had established priority of user for their mark for a range of car parts and car care services etc. Furthermore I held that they were successful in that opposition having regard to the nature of the services the applicants intended to offer.

25

The opponents rely on the same use to underpin this action under Section 5(4)(a). Use may or may not create, or be synonymous with, goodwill. It is the latter that the opponents need to establish for present purposes. The opponents' claims are set out in the evidence and are corroborated by the company reports and accounts filed as exhibits (RLC5) to Mr Cook's declaration. The directors' reports (typically) say that "the company's principal activities are that of suppliers and fitters of vehicle tyres and exhausts and motor vehicle services and repairers". Notes to the Accounts in turn say that "the turnover and profit before taxation is attributable to the principal activities of the company and is all derived from the United Kingdom". The turnover figures quoted correspond to those contained in Mr Burgess' declaration.

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Mr Wood's criticisms of this evidence go not so much to the fact of use as the scale and nature of that use (and, perhaps, the consequences in law). I am satisfied on the evidence before me that the opponents' predecessors in business (Autostop Car Care Centres Ltd) had a business of some substance albeit that it was limited in geographical terms to an area of the West Midlands. The assets and goodwill of that business passed to the opponents. The first leg of the passing off test is thus made out.

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The second matter I have to consider is whether use of mark applied for would constitute a misrepresentation. The application is for a series of marks consisting essentially of the words AUTO STOP presented on separate lines, with a dividing line between them and the whole contained within a circle. The second mark in the series is limited to the colours black, and red. The first mark is not limited as to colour. Section 41(2) provides that:

"(2) A series of trade marks means a number of trade marks which resemble each other as to their material particulars and differ only as to matters of a non-distinctive character not substantially affecting the identity of the trade mark."

The Registry's position as set out in Chapter 6 of the Work Manual is that:

"In most trade marks with colour, colour tends to be a subordinate feature of the mark. Accordingly, variations in colour, or the presence of colour in one mark (whether reflected in a colour claim or limitation) but not another, will not usually substantially alter the identities of the marks."

Whilst I do not ignore the presentational aspects of the series of marks applied for I have no doubt that they are not such as to significantly affect customer perception of the marks which will be seen and referred to as AUTO STOP. Given also that the goods and services in Classes 12 and 37 are effectively the same as those offered by the opponents it must follow that confusion leading to misrepresentation will occur if the applicants' operate in the same geographical area of trade. It is also clear from the applicants' own evidence that the Class 36 services are ancillary to, and to be provided within the context of, a car care business. For reasons, therefore, which I have explained more fully in relation to the separate application in Class 36 (the subject of opposition No 44888) my above conclusion as to misrepresentation applies equally to the Class 36 services.

It follows also given the identity or near identity of the parties' respective marks and substantial overlap of goods and services that damage (the third leg of the test) is likely to occur either in terms of diversion of trade or otherwise as a result of customers thinking that the applicants' business is that of the opponents.

It is nevertheless part of the applicants' position that the opponents' trade is small in national terms and has since 1995 been swamped by their own use. The applicants claim that theirs is a national trade though I note that they too are based in the West Midlands and two of the three franchisees who have filed declarations are also from that general area. It is not clear therefore to what extent their wider ambitions have been realised though it is certainly a business of some considerable size. However their use did not commence until 1995, that is to say after the material date in these proceedings by which time the opponents had a significant level of local trade. These circumstances are not dissimilar to those in *Chelsea Man Menswear Ltd v Chelsea Girl Ltd*, 1987 RPC 189. The Court of Appeal in that case had to consider what relief should be available to a plaintiff who had modest sales in comparison with the defendants who were a national business wishing to extend their trade under a conflicting mark. The headnotes record the Courts findings as follows:-

"(1) A plaintiff who had established a cause of action in passing off could obtain relief by way of injunction extending beyond the boundaries of the particular areas in which he had proved the existence of his reputation and goodwill. (p.203)

5 Ewing v Buttercup Margarine Co Ltd [1917] 2 Ch. 1 and Brestian v Try [1958] R.P.C. 161, applied.

10 (2) The defendants did not merely intend to open one or two shops in isolated parts of the country far removed from the three proposed restricted areas. On the contrary, they were intending to open a chain of shops up and down the country. Since the intended use by the defendants of the name CHELSEA MAN was nationwide, prima facie the plaintiffs were entitled to ask for a nationwide injunction. (pp. 204-205)

15 (3) The court was not satisfied that an injunction circumscribed to the areas which the defendants proposed would suffice to give the plaintiffs the relief to which they were entitled even if it were to be assumed that the plaintiffs would not extend their trading activities outside the proposed areas and that the risk of confusion among suppliers was not a factor which the court ought to take into account. (p. 205)

20 (4) There was no reason in fact or law why the court, in considering the proper form of relief, should treat the plaintiffs as having a business the boundaries of which would necessarily be confined to the three proposed areas in the future. (pp. 204-205)."

25 I should say that although the opponents have said in their ground of opposition that it is their intention to expand the Autostop business nationwide there is no evidence to indicate that they had done so by the material date. On the other hand the applicants for their part, faced with the opponents' earlier right, could have sought to exercise their prerogative under Section 13 of the Act by agreeing that the rights conferred by the registration should be subject to a specified territorial limitation. They have not done so. I, therefore, find that the Section
30 5(4)(a) ground has been made out.

35 As the opposition has been successful the opponents are entitled to a contribution towards their costs. I order the applicants to pay them the sum of £635. This sum to be paid within one month of the expiry of the appeal period or within one month of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 12 day of April 2000

40

45 **M REYNOLDS**
For the Registrar
the Comptroller General

