TRADE MARKS ACT 1994

IN THE MATTER OF AN APPLICATION UNDER NUMBER 11005 BY SMARTE IMMUNOSYSTEMS LTD FOR A DECLARATION OF INVALIDITY IN RESPECT OF TRADE MARK NUMBER 1481338 IN THE NAME OF TANGERINE HOLDINGS LTD

TRADE MARKS ACT 1994

**IN THE MATTER OF an application
under number 11005 by Smarte Immunosystems Ltd
for a Declaration of Invalidity in respect of
trade mark number 1481338
in the name of Tangerine Holdings Ltd**

DECISION

Trade mark No. 1481338 is in respect of the mark DARIGARD and was registered in Class 31 in respect of:

> Animal feedstuffs included in Class 31.

The registration is effective from 1 November 1991 and currently stands in the name of Tangerine Holdings Ltd.

By an application dated 9 August 1999, Smarte Immunosystems Ltd (previously Smarte International Inc.) applied for the registration to be declared invalid on the following grounds:

> **Under Section 3(6)** because the application to register the mark was made in bad faith.

The registered proprietor filed a counterstatement in which they deny the grounds on which the application has been made. The registered proprietor and the applicants for revocation both ask for an award of costs in their favour.

Both sides have filed evidence in these proceedings. The matter came to be heard on 18 June 2001, when the applicants were represented by Mr Ben Mooneapillay, of Clifford Chance, their trade mark attorneys, and the registered proprietors by Mr Alan Haythornthwaite of Tangerine Holdings limited, the registered proprietors.

Applicant's evidence

This consists of a Statutory Declaration dated 23 May 2000 from Anne Henrietta Smarda, a Director of Smarte Immunosystems Ltd, a position she has held since March 1992. Ms Smarda confirms that the evidence given comes from her personal knowledge and company records to which she has full access.

Mrs Smarda begins saying that during the period 1985 to 1991, Mr Alan Haythornthwaite who traded as Nu-Wave Health Products (the predecessor in title to Tangerine Holdings Ltd) worked as a United Kingdom agent for her company in respect of a large number of products. She refers to exhibit AHS1, that consists of a letter dated 4 July 1991, from Alan Haythornthwaite to Natur's Way Management Co., confirming that from 1985 he had been acting as an agent for Smarte International Inc. in respect of their dried colostrum product. Mrs Smarda goes on to say that Mr Haythornthwaite acknowledges this relationship in a Declaration dated 9 July 1997

submitted in an earlier application for invalidation of the registration that is the subject of these proceedings, a copy of which is shown as exhibit AHS2. In that Declaration Mr Haythornthwaite confirms that from approximately June 1985 to July 1991 he was the UK agent/distributor for Smarte International Inc., and was involved in the marketing of goods under the trade marks COLORON, IMULAC, DCW COLOSTROM, SURE START and ONE SHOT.

Mrs Smarda goes on to refer to exhibit AHS3, which consists of:

- press release dated 4 March 1991 for ONE SHOT colostrom booster, noting Mr Haythornthwaite as representing Smarte International Inc., in the United Kingdom,

- an article from what appears to be the February 1989 edition of a publication called Milling, referring to colostrom whey from Smarte International Inc., noting Mr Haythornthwaite as representing Smarte International Inc., in the United Kingdom. There is no mention of any trade mark.

- an export certificate dated 29 November 1988 relating to the export of a 600 lbs of dry colostrom whey from the United States to Mr Haythornthwaite. There is no mention of any trade mark.

- an import licence dated 19 January 1990 relating to the importation of OVICOL bolus containing colostrom whey for lambs. The licence notes Mr Haythornthwaite as the applicant.

- an extract from Antibiotics UK giving information about COLORON, noting Smarte International Inc., as the manufacturer and Mr Haythornthwaite as the distributor.

Mrs Smarda recounts a joint venture entered into in June 1991 with Hoffman AG (trading as Hokovit AG), an animal foodstuffs manufacturer, whereby Mr Haythornthwaite would buy products including one named by her company as DAIRY GUARD. She refers to exhibits AHS4, which consists of an undated information leaflet relating to animal foodstuffs, inter alia, for dairy cattle under the name DAIRY GUARD, and to exhibit AHS5 which consists of a fax letter dated 22 July 1991 from Mr Haythornthwaite's company in which he suggests amendment to an agreement by the addition of a clause relating to use of, inter alia, Smarte's trade names in the United Kingdom, although there is no mention of DAIRY GUARD.

Mrs Smarda says that Mr Haythornthwaite was aware of her company's trade mark DAIRY GUARD in the United States and Canada and had devised the trade mark DARIGARD from this mark, a fact that this is acknowledged by Mr Haythornthwaite in his Declaration shown as exhibit AHS2, but he goes on to say that to the best of his knowledge there had never been any promotion or sales of this product in the United Kingdom prior to November 1991 when he filed his application. He also says that the trade mark DARIGARD is, to a degree, an abbreviation and or mis-spelling of the words DAIRY GUARD, but goes on to give reasons why they would be pronounced differently, which Mrs Smarda says the registrar found unconvincing.

Ms Smarda says that Mr Haythornthwaite continued to act as an agent for her company in respect of the DAIRY GUARD product up to the date on which the application was filed. She refers to exhibit AHS6 which consists of a memo dated 31 December 1991 from Mr Haythornthwaite to Hokovit AG requesting the delivery of 1000kg of DAIRY GUARD "for marketing by JJS" which Mrs Smarda explains is Joe Smarda, a Director of her company, and to exhibit AHS7 which consists of a copy of a letter dated 9 January 1998 from Hokovit confirming delivery of DAIRY GUARD to Mr Haythornthwaite in January 1992.

Mrs Smarda says that Mr Haythornthwaite acknowledges that the trade mark DAIRY GUARD, and consequently, the phonetic equivalent DARIGARD belong to her company. She denies that her company gave permission to register the name, saying that Mr Haythornthwaite acted in bad faith in applying to register the trade mark.

Registered proprietors evidence

This consists of a Statutory Declaration dated 7 July 2000 from Alan Haythornthwaite. Mr Haythornthwaite says that he is retired but acts as a consultant to Tangerine Holdings Limited, the registered proprietors by virtue of an assignment dated 15 July 1997.

Mr Haythornthwaite says that he has little to add to the facts set out in his Statutory Declaration of 9 July 1997 filed in the earlier proceedings and exhibited at AHS2 by Mrs Smarda, and he requests that that Declaration be considered again as he has no need to vary anything set forth therein. The contents of that Declaration (minus the exhibits which have not be re-exhibited) are as follows:

- Mr Haythornthwaite is a Director of Farmsense Limited, formerly called Nu-Wave Health Products Limited,

- from approximately June 1985 to July 1991 he was the UK agent/distributor for various products (no mention of DAIRY GUARD) marketed by Smarte International Inc., a company run by Mr Joe Smarda and his wife Anne Smarda,

- after July 1991 Nu-Wave Health Products Limited obtained the products directly from the manufacturer, with Smarte International Inc., continuing to act as a consultant. A letter dated 25 July 1991 is referred to as an exhibit.

- Mr Haythornthwaite says that he commissioned a trade mark search in September 1991 which revealed that none of the trade marks used by Smarte International Inc., had been registered in the United Kingdom. He says that Mr Smarda gave his consent to Nu-Wave Health Products Limited registering these names, and that at the end of 1991 he made several applications to register trade marks, including DARIGARD.

- Mr Haythornthwaite confirms that he was aware that DAIRY GUARD is a brand used by Smarte International Inc., in the United States and Canada, but that to the best of his knowledge there has never been any promotion or sales of this product

in the United Kingdom while he was acting as agent, nor prior to the application in suit being filed.

- he refers to two labels exhibited as AHS5 to an Affidavit by Mrs Smarda, saying that there is no evidence of sales or promotion of this product.

- Mr Haythornthwaite says that he coined the mark DARIGARD, which is, to a degree an abbreviation and or mis-spelling of the words DAIRY GUARD, but goes on to give reasons why they would be pronounced differently, and in any event, is used in respect of a different foodstuff,

- Mr Haythornthwaite says that in November 1996 he commissioned trade mark searches in the United States and Canada to find out whether DAIRY GUARD or DARIGARD had been registered by Smarte International Inc., referring to exhibit AH1 which he says consists of the results of the search, and which revealed no such registrations.

Mr Haythornthwaite says that he clearly recalls that around September 1991 Mr Smarda agreed that he could register, in the United Kingdom, the trade marks used by Smarte International Inc., and that as Mrs Smarda did not take part in the conversation she is not in a position to deny that the conversation took place. He says that, with the exception of exhibit AHS6, the documents exhibited by Mrs Smarda had been presented in the earlier proceedings, noting that none originate from Smarte Immunosystems Limited. He comments on the business practices of Mr and Mrs Smarda.

Mr Haythornthwaite says that he has already acknowledged his role as United Kingdom commercial agent for Smarte International Inc., during the period 1985 to 1991, and that the agency was by verbal agreement. He says there was no written termination of the agreement but in his mind he considered it to have ended around July 1991 when his company made arrangements to obtain supplies directly from the manufacturer, as confirmed in his letter of 22 July 1991 (exhibit AHS5).

Mr Haythornthwaite confirms that he was aware of a product sold by Smarte International Inc., in Canada, under the name DAIRY GUARD, but that he was not aware of that company's trade mark registration until details were exhibited by Mrs Smarda as AHS3. He notes the date of the registration is 23 July 1993 and reiterates that during his time as the United Kingdom agent he did not promote or arrange sales of this product, but was aware that Mr Smarda had made arrangements in 1991 with Hofman AG for the manufacture of the product. He says that his company had purchased a small supply of DAIRY GUARD in January 1992 from the same source for use by Mr Smarda, but had found the arrangements for supply directly from the United States manufacturer to be satisfactory.

Mr Haythornthwaite notes that the brochure from Hofman AG shown as exhibit AHS4 is undated and has no indication of its circulation. He says that as far as he is aware, Hofman AG have not promoted or sold DAIRY GUARD or any other product associated with Smarte Immunosystems Limited in the United Kingdom. Mr Haythornthwaite mentions that in the earlier proceedings his company's ownership of the registration was upheld.

Applicants' evidence in reply

This consists of an Affidavit dated 24 October 2000 from Anne Henrietta Smarda.

Mrs Smarda refers to Mr Haythornthwaite's Declaration of 7 July 2000, and his request that his earlier Declaration be taken into account. Ms Smarda similarly requests that her Affidavit dated 15 January 1998 filed in the earlier proceedings and shown as exhibit AHS1 also be taken into account. The contents of that Affidavit, minus the exhibits which have not be re-exhibited, are as follows

- Joe Smarda did not say that her company could not afford to register their trade marks in the United Kingdom, did not request or licence Mr Haythornthwaite to register them, and intended to retain the goodwill in DAIRY GUARD and other trade marks,

- her company did discuss trade mark registration with Mr Haythornthwaite and had confirmed that they would apply for registration of their trade marks,

- trade mark searches commissioned in the United Kingdom in 1992 revealed that Mr Haythornthwaite had already applied for DARIGARD,

- her company had sold and promoted products in the United Kingdom under the trade mark DAIRY GUARD, referring to exhibit AHS1 which is described as a brochure from Hofman AG,

- in June 1991 her company entered into a joint venture with Hofman AG, trading as Hokovit, in which it was agreed that Mr Haythornthwaite would buy products from Hofman AG, which he did in July-August 1991, and thereafter from another supplier.

- Hofman AG promoted the trade mark and supplied Mr Haythornthwaite with 1000kg of DAIRY GUARD, referring to exhibit AHS2,

- the trade mark searches commissioned by Mr Haythornthwaite did not reveal her company's registration for DAIRY GUARD in Canada, referring to exhibit AHS3 said to be registration documents.

That concludes my review of the evidence insofar as it is relevant to these proceedings.

Decision

The application is based on an allegation of bad faith under Section 3(6). That section reads as follows:

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

The applicant's objection is founded on their belief that the registered proprietor's mark is so similar to the mark used by them that they consider it to be their mark, and that in applying to register their mark the registered proprietors had acted in bad faith. The first matter which needs to be determined is the similarity (or otherwise) of the respective marks, for if they are not the same, or at the very least similar, there can be no foundation to the claim that the application was made in bad faith.

Similarity of the marks?

Whilst it is well established that for the purpose of comparison, marks must be considered as a whole, the European Court of Justice in Sabel v Puma C251/95 said:

> "That global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components."

Therefore, the correct approach is to keep the mind fixed on the impression of the mark in its entirety, but with an eye on the significance and effect that each element brings to that impression.

It is in their appearance that the differences are most apparent, most noticeably because DAIRY GUARD is made up of two, ordinary English words, whereas DARIGARD is presented as one word, which is most likely to be seen as an invented word. When spoken there will be a good deal of phonetic similarity, although I would agree with Mr Haythornthwaite that DARIGARD is likely to be pronounced as DARRY (as in the name Harry) GUARD, but is still close enough for one to be misheard and mistaken for the other.

The meaning of DAIRY GUARD when used in relation to the goods in question may not be that apparent, but it nonetheless conveys the idea of something that protects and that is for use in connection with dairies, dairy cows or dairy products. Even though Mr Haythornthwaite admits that DAIRY GUARD was the inspiration for the mark, this connection is unlikely to be seen even by those used to looking at the derivation of trade marks. I would say that to the consumer of the goods in question the mark will have no meaning, and consequently, there will be no conceptual similarity in their minds.

To the relevant consumer the word DAIRY indicates the area of use of the goods, and to that extent could be said to be of most significance. If the mark DARIGARD contains the word DAIRY, it is, in my view, disguised to the extent that it is unlikely to be recognised, and as a whole I would say no one component of DARIGARD could be said to be any more distinctive or dominant than another.

Taking all of the above into account, I come to the view that the marks DAIRY GUARD and DARIGARD are not similar, and consequently, I do not see how there can be a finding of bad faith.

However, in case I am found to be wrong I will go on to consider the matter of proprietorship. It seems to me that where a claim to be the proprietor of a mark is challenged, it is appropriate

to consider the guidance of the decision of the Court of Appeal in the Al Bassam trade mark case [1995] RPC 511, in which Morritt L.J. made the following observations:
at page 522 line 6 et seq:

> "Accordingly, it is necessary to start with the common law principles applicable to questions of ownership of unregistered marks. These are not in doubt and may be shortly stated. First the owner of a mark which had been used in conjunction with goods was he who first used it. Thus in Nicholson & Sons Ltd's application (1931) 48 RPC 227 at page 253 Lawrence LJ
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> "The case to which I have referred (and there are others to the like effect) show that it is firmly established at the time when the Act of 1875 was passed that a trader acquired a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and of the extent of his trade and that such right of property would be protected by injunction restraining any other person from using the mark."

and at page 522 line 40 et seq:

> "In my view it is plain that the proprietor is he who satisfies the principles of the common law to which I have referred. Accordingly in the case of a used mark, as in this case, the owner or proprietor is he who first used it is relation to goods for the purpose indicated in the definition of trade mark contained in Section 68 which I have already quoted.

In his Declaration of 9 July 1997, Mr Haythornthwaite says that he was aware that the applicants used the trade mark DAIRY GUARD in the United States and Canada, but that to the best of his knowledge there had never been any promotion or sales of this product in the United Kingdom prior to the filing of the application to register DARIGARD. Exhibit AH6 consists of a memo in which Mr Haythornthwaite made arrangements for a delivery of DAIRY GUARD from Hokovit AG for use in a marketing exercise in the United Kingdom by Mr Smarda, and is the only evidence that seems to relate to use of DAIRY GUARD in the United Kingdom by the applicants. The memo refers to an order for 1000kg of DAIRY GUARD placed with Hoffman AG on Mr Smarda's behalf, but there is no evidence that it was ever fulfilled, and even if it was, if and how the product was disposed of. As was said in the Nodoz trade mark case (1962 RPC 1) when a single act is relied upon, the onus on the evidence to establish user is far stronger, and for the reasons given, I consider Mr Haythornthwaite is quite right when he says that there is no evidence that Smarte International Inc., have ever marketed or sold any goods in the United Kingdom under the trade mark DAIRY GUARD.

The memo, dated 31 December 1991, states that the order is placed with the agreement of Mr Smarda, from which it is reasonable to assume that some discussion is likely to have taken place prior to the date of the memo. But it cannot be certain that this would have been at or before the relevant date, and consequently, that Mr Haythornthwaite had prior knowledge that the applicants intended to use DAIRY GUARD in the United Kingdom.

An agreement dated July 1991 is shown as exhibit AHS5, and although only noted as being a draft, it still gives a clear indication of the knowledge and intentions of Mr Haythornthwaite

around that time. Appendix 1 of the agreement lists a range of products along with the name under which they were to be sold in the United Kingdom, several of which Mr Haythornthwaite declares to be the self same names of the products marketed and sold by Smarte International Inc., up to July 1991, a time when he was acting as UK agent/distributor for that company. Mr Haythornthwaite himself suggested an amendment to the Agreement by which a clause would be inserted regarding the use, and to respect the trade marks, inter alia, of Smarte International Inc., in the United Kingdom, but there is no specific mention of DAIRY GUARD.

It would seem that up until September 1991, Mr Haythornthwaite appears to have been under the impression that Smarte International Inc., had registered their trade marks in the United Kingdom, but on conducting a trade mark search, discovered that this was not in fact the case. He says that Mr Smarda admitted this and gave permission for him to apply to register several of his company's trade marks, which he says he did "towards the end of 1991" which the dates show in fact, to be at the beginning of November, at best no more than 8 weeks later.

I do not know whether Mr Haythornthwaite had the consent of Smarte International Inc., to make the applications to register the trade marks; there is no conclusive evidence either way. I am a little puzzled why, if he believed that he had permission, he elected to register a mark based upon DAIRY GUARD rather than that mark itself, when, in respect of the other trade marks that he registered he felt perfectly at liberty to use the actual name used by Smarte International Inc., It may well be that as shown in the memo referred to above, Mr Haythornthwaite knew that Smarte International Inc., were looking to use DAIRY GUARD themselves in the United Kingdom, but there is insufficient evidence to elevate this beyond mere speculation.

Taking all of the above into account, it seems that at some time the applicants were making preparations to promote goods under the trade mark DAIRY GUARD in the United Kingdom, but there is nothing to establish whether this resulted in anything beyond intent. Setting aside my views with regard to the similarities of the mark registered by Mr Haythornthwaite and the trade mark DAIRY GUARD, I do not see on what basis I can find that the applicants have established proprietorship of DAIRY GUARD in the United Kingdom, and consequently, that the ground under Section 3(6) fails on all counts.

The application for invalidation having failed, the registered proprietors are entitled to a contribution towards their costs. I therefore order the applicants pay the registered proprietors the sum of £635, this to be paid within seven days of the expiry of the period allowed for filing an appeal or, in the event of an unsuccessful appeal, within seven days of this decision becoming final.

Dated this 01 Day of February 2002

Mike Foley
For the registrar
The Comptroller-General