

O-038-04

**TRADE MARKS ACT 1994**

**IN THE MATTER OF REGISTRATION NO 2220894  
IN THE NAME OF PARAMOUNT PICTURES CORPORATION  
OF THE TRADE MARK:**

**CHEERS**

**IN CLASSES 9, 38**

**AND THE APPLICATION FOR A DECLARATION OF INVALIDITY  
THERE TO UNDER NO 81072  
BY**

**MILES SAMARATNE**

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**In the matter of registration no 2220894  
in the name of Paramount Pictures Corporation  
of the trade mark:  
CHEERS  
and the application for a declaration of invalidity thereto  
under no 81072  
by Miles Samaratne**

### BACKGROUND

1) On 12 November 2002 Miles Samaratne filed an application to have the above registration declared invalid. The application for registration of the trade mark was filed on 31 January 2000 and was registered on 1 December 2000. It is registered for:

*discs, tapes, cards, cassettes, all being data carriers; telephone cards; blank and pre-recorded magnetic cards; electric apparatus and instruments for storing, transmitting and receiving data;*

*telecommunications services.*

The above goods and services are in classes 9 and 38 respectively of the International Classification of Goods and Services. The registration stands in the name of Paramount Pictures Corporation, which I will refer to as Paramount.

2) Mr Samaratne is the owner of five United Kingdom trade mark applications: **CHEERS AFRICA** (no 2177207), **CHEERS ASIA** (no 2177239), **CHEERS MIDDLE EAST** (no 2177240), **CHEERS INTERNATIONAL** (no 2177241) and **CHEERS EUROPE** (no 2177946). The first four applications were filed on 15 September 1998 and the last application on 22 September 1998. The specifications of the applications include *printed matter* in class 16 of the International Classification of Goods and Services and *phone cards services* and *issue of phone cards services* in class 36 of the International Classification of Goods and Services.

3) Mr Samaratne claims that his trade marks are substantially and predominantly CHEERS and are thus effectively identical to the trade mark of the registration. He claims that *phone cards services* and *issue of phone cards services* are effectively identical to *telecommunication services* and that *printed matter* contains *telephone cards* in class 16 and so *printed matter* is effectively identical to *telephone cards* in class 9. Consequently, the registration should be declared invalid on the basis of section 5(1) or section 5(2)(a) of the Trade Marks Act (1994).

4) Mr Samaratne claims further and in the alternative that his trade marks are very similar to that of the registration and that *phone cards services* and *issue of phone cards services* are effectively identical to or very similar to or associated with *telecommunication*

*services* and the goods in class 9 of the registration. He claims that *printed matter* contains *telephone cards* in class 16 and so *printed matter* is effectively identical or very similar to *telephone cards* in class 9. Mr Samaratne also claims that the other goods of the registration are similar to or associated with the goods and services of his applications. He claims that his applications also include goods in classes 21, 24 and 25 which would be associated, particularly through merchandising or promotion, with the goods and service of the registration. Consequently, the registration should be declared invalid on the basis of section 5(2)(b) of the Act.

5) Mr Samaratne states that he incorporated Cheers International Limited in September 1998. He states that in September 1998 he launched CHEERS AFRICA telephone cards and in June 1999 launched CHEERS ASIA telephone cards. Mr Samaratne claims that a substantial turnover was established under the trade marks CHEERS AFRICA and CHEERS ASIA before January 2000 and that a substantial business was established under CHEERS INTERNATIONAL before January 2000. Mr Samaratne states that in November 1999 the website cheersinternational.com went live to enable customers to buy telephone cards on-line. Mr Samaratne states that these brief particulars indicate the reputation and goodwill subsisting in the names CHEERS INTERNATIONAL, CHEERS ASIA and CHEERS AFRICA, which are all essentially the trade mark CHEERS, in respect of telephone cards and telecommunications services and associated apparatus as of 31 January 2000. Consequently, the registration should be declared invalid on the basis of section 5(4)(a) of the Act.

6) Mr Samaratne request the registration to be declared invalid in its entirety and seeks an award of costs.

7) Paramount filed a counterstatement. It denies the grounds of invalidation. Paramount also states that it has used the trade mark CHEERS in the United Kingdom and retains the right to rely upon the provisions of section 7(1) of the Act if need be. Paramount seeks the dismissal of the application and an award of costs.

8) After the completion of the evidence rounds both sides were advised that it was believed that a decision could be made without recourse to a hearing. However, the sides were advised that they retained their rights to a hearing. Neither side requested a hearing. Mr Samaratne provided written submissions in support of his case.

## **EVIDENCE**

### **Evidence of Mr Samaratne**

9) This consists of a witness statement by Mr Samaratne. Mr Samaratne states that his company Cheers International Limited, which I will refer to as CIL, was incorporated at Companies House in September 1998 and changed its name to CIL on 9 October 1998. Exhibited is a certificate of incorporation and annual reports for the two years to 30 September 1999 and to 30 September 2000. Mr Samaratne states that he is the director of the company and owns all its shares. The annual reports show that the principal activity

of the company is that of telephone card marketing and distribution and that Mr Samaratne was the sole director from 18 September 1998. Mr Samaratne also appears as the sole shareholder.

10) Mr Samaratne states that CIL is a digital telecommunications company and a telecommunications provider. He states that CIL is licensed by the Department of Trade and Industry and regulated by OFTEL. Mr Samaratne states that CIL is a member of the European Competitive Telecommunications Association and the Pacific Telecommunications Council. Mr Samaratne states that over 30,000 shops in the United Kingdom stock CIL's phone cards and about two million people use these phone cards every year in the United Kingdom.

11) Mr Samaratne states that he purchases telephone time in blocks from telecommunications suppliers. This telephone time can be accessed by a customer of his by inputting a special code on a telephone keypad when a call is made. These codes are printed on cards, each card enabling access to a particular quantity of time. The cards are sold to the public at fixed prices. Mr Samaratne exhibits a poster which advertises, amongst other things, a special offer for the period 15 September to 15 October 1999. The poster is boldly headed on both sides CHEERS ASIA !!! Despite the title, the poster includes details of call costs for many non-Asian countries, including the United Kingdom. The poster advertises that the cards are available in denominations of £5, £10, £20, £50 and £100. Mr Samaratne exhibits at MS3 a contract between himself and IDT Corporation. As this contract contains commercially sensitive price information it has been granted confidentiality under rule 51 of the Trade Marks Rules 2000. The document is confidential to the registrar, Paramount and Paramount's legal advisers. The commercially sensitive elements of the contract do not touch upon the issues in this case. From the document it appears that the actual telecommunication service is supplied by IDT and that Mr Samaratne is a distributor of the cards that IDT supplies him. The cards supplied by Mr Samaratne give access to telephone services supplied by IDT.

12) Mr Samaratne states that there are essentially two types of phone cards. One is the magnetic phone card. This card has a magnetic strip or chip and is used in telephones which have been especially adapted for such cards. It serves as an alternative to coins, to enable the owner of the card to make a telephone call. The other type of card does not have a magnetic strip, these are cards that have simply been printed with certain information. He exhibits examples of two of his own cards, which are the second type of card. One card bears the title CHEERS ASIA !!! PHONECARDS and the other CHEERS AFRICA!!! PHONECARDS. Neither bear any other indicators of origin. Instead of the magnetic strip the cards bear a unique identification number which allows the caller to access pre-paid time for telephone calls.

13) Mr Samaratne states that both types of phone cards can be typically bought from newsagents/tobacconists and are sold side by side. He states that both types of card typically retail at five pounds. Mr Samaratne states that in 2001 and 2002 CIL was an authorised distributor of BT phone cards, which are magnetic, as well as being a supplier

of CHEERS phone cards, which are printed. The cards were sold side by side, in competition with one another.

14) Mr Samaratne states that his first two own brand phone cards were CHEERS AFRICA and CHEERS ASIA. He states that total turnover figures under these trade marks, for the relevant period, were as follows:

October 1998 – September 1999	£9,280,189
October 1999 – January 2000	£2,427,332

He estimates that since his launch between seventy and eighty per cent of the phone cards sold have been for five pounds. If Mr Samaratne's estimates are correct this would mean the above figures represent the sale of more than 1,630,000 phone cards.

15) Mr Samaratne states that in September 1998 he launched the telephone card CHEERS AFRICA. This card can be used for calls throughout the world, however, it has particularly attractive rates for calls to certain African countries. In January 1999 he expanded his business to outside of London. Mr Samaratne states that in February 1999 CHEERS AFRICA had become the market leader in phone cards. In June 1999 he launched CHEERS ASIA; in this case the card has particularly low cost calls to certain Asian countries. In November 1999 Mr Samaratne created the first e-commerce website in the United Kingdom to provide virtual phone cards or e-phone cards, cheersinternational.com. The website enables customers to buy a phone card on-line with a credit card. Exhibited are the screens created by the web designer. These show use of CHEERS INTERNATIONAL LTD, CHEERS AFRICA, CHEERS ASIA and CHEERS MIDDLE EAST. The letters TM appear after the word CHEERS in the majority of cases. Mr Samaratne states that he registered a variety of CHEERS domain names. He exhibits details of these registrations, which are in the name of Cheers International or CIL.

16) Mr Samaratne states that in November 1999 the Department of Trade and Industry granted an ISVR licence to CIL and he added mobile top-up vouchers to the range of products.

17) Mr Samaratne states that between July 1999 and June 2000 CHEERS AFRICA was advertised in the easyEverything Internet shop in Trafalgar Square, as one of the six hotlinks of the desktops and also as a banner. In September 1999 direct advertising for CHEERS ASIA was carried out. Leaflets were put through letterboxes in various parts of London including Southall, Tooting, Balham, Ealing and the East End of London. Mr Samaratne states that also in that month CHEERS AFRICA was advertised in the "Evening Standard". In October and November 1999 leaflets for CHEERS AFRICA were placed in student halls of residence and in leaflet racks at the entrances of various universities. Advertisements for CHEERS AFRICA were placed in the 1999-2000 student yearly wall-planners for Oxford University, Oxford Brookes University and the University of London. Between December 1999 and March 2000, CHEERS AFRICA and CHEERS ASIA posters were distributed outside major West End tube stations such

as Victoria, Tottenham Court Road and Oxford Street. Posters for CHEERS AFRICA and CHEERS ASIA were also placed in tube trains; with 125 on the District Line, 50 on the Piccadilly Line and 25 on the Bakerloo Line. Various posters and other promotional material for CHEERS AFRICA and CHEERS ASIA are exhibited. Some of this material can be identified as emanating prior to the relevant date, from details relating to offers and/or publication dates. An example of the latter is a poster for CHEERS AFRICA which shows a publication date of October 1999. This poster, like various other material, has written in small print © Cheers International 1999 and also, in larger print, has the web address of cheersinternational.com.

18) Mr Samaratne states that promotional costs for the year ending 30 September 1999 were £29,283 and the development and promotional costs of the website were £17,767. The promotional costs for the year 1 October 1999 to 30 September 2000 were £33,636 and the website promotional costs were £12,424. The design cost, for the designing of posters and phone cards, in the year was £19,019.

19) Mr Samaratne exhibits a Royal Mail despatch book showing despatch receipts for phone cards supplied to customers between 15 March 1999 and 15 April 1999. This shows details of packages sent throughout the country by CIL. Also exhibited are copies of invoices from CIL. There is a very large number of invoices. Virtually all of the invoices can be identified as emanating from prior to 31 January 2000. The vast majority can be identified as being for CHEERS AFRICA and/or CHEERS ASIA. Certain of the invoices do include goods under other names such as: Cool Max Voda Phone, One-To-One, America First, On Line, Apollo 1<sup>st</sup> National, Alpha, Euroland, Go Banana, One Shot, 5 Star, however, these represent a very small part.

20) Mr Samaratne exhibits witness statements dated between October and November 2002. The witness statements are by Anton Lane, a graphic designer, Roy Smith, a director of Expo UK Ltd (a company that deals with electronic security systems), Robert Price, an accountant, David Fine, a sales manager of Uneek Office Supplies Ltd, Jo Guadagno a property manager of Romulus Investments Ltd, Simon Ellard, a sales manager of Cunningham Graphics. All these witnesses state that they know of Mr Samaratne's involvement with CHEERS telephone card. Each one of these witnesses finishes his statement with the following words:

“I know CHEERS telephone cards well and in the field of telephone cards, I recognise CHEERS as the trade mark of Miles Samaratne. I would be astonished to see a CHEERS telephone card from another source, because of the extensive use solely by Miles Samaratne of CHEERS upon such goods.”

Not only is the wording exactly the same, so is the punctuation and use of the upper case. One other witness statement is from Anthony de Bruxelles who describes himself as both a distributor and a user of telephone cards. Mr de Bruxelles states that in his business he sells telephone cards from numerous sources. Mr de Bruxelles ends his statement with the following paragraph:

“I have stocked telephone cards with the mark CHEERS upon them, such as CHEERS ASIA and CHEERS AFRICA, since at least October 1998. I know CHEERS telephone cards well and in the field of telephone cards, I recognise CHEERS as the trade marks of Miles Samaratne.”

### **Evidence of Paramount**

21) This consists of witness statements by Stephen Richard James and Michelena Hallie.

### **Evidence of Stephen Richard James**

22) Mr James is a trade mark attorney whose firm represents Paramount. For the most part Mr James’s statement represents submission and/or a critique of the evidence of Mr Samaratne rather than evidence of fact. Those parts of his statement which do not represent evidence of fact I will say no more about; although I take on board the submissions that Mr James makes in reaching my decision. What can be considered as evidence of fact is as follows:

- An exhibit from New Zealand for collectors’ packs of phone cards which relate to American television series. One of the cards is for the television series “Cheers”.
- An exhibit of copies of articles from publications referring to the Cheers bar and restaurant in London. All the articles emanate from late 1997 and early 1998. The premises seems to have opened for business in the Autumn of 1997. The business is a theme restaurant, the theme being the “Cheers” television series. One article states:

“Its name suggests that it’s the latest in a chain of identical restaurants dotted around the globe. But, although there are plans afoot to open further versions around the world, Cheers London is at present the only one existence (sic).”

According to a piece from Deloitte & Touche the restaurant made a “soft opening” in late August 1997, with a full scale publicity launch on 23 September. The last article relating to the restaurant appears to be from “The Licensee & Morning Advertiser” of 12 January 1998.

### **Evidence of Michelena Hallie**

23) Ms Hallie is the vice-president of Paramount. Ms Hallie states that Paramount is a leading producer and distributor of feature films and television programmes. She states that Paramount licenses to third parties the rights to use the names of its feature films and television programmes, as well as names and images of its characters, for a wide variety of merchandise and services. Ms Hallie states that one of Paramount’s most successful television series is entitled CHEERS. She states that the Cheers Series was first broadcast in the United States in 1982. Channel Four Television Company Limited was first given the right to the broadcast the Cheers Series in the United Kingdom in 1983.

Ms Hallie gives no viewing figures but notes that in November 1996 Jeremy Isaacs, Channel Four's first chief executive, was reported to have said:

“There was sufficient stuff that I could claim was distinctive that would really deliver a sizable and adequate audience.”

The article, and not Mr Isaacs, then states that this included “U.S. imports like *Hill Street Blues*, *Cheers* and *I Love Lucy*.” Ms Hallie states that the success and popularity of the Cheers Series can be seen from the fact that repeats continue to be broadcast in the United Kingdom.

24) Ms Hallie states that the visual representation of the title of the Cheers Series depicts CHEERS in a stylised manner. She exhibits a copy of this representation. Ms Hallie states that CHEERS has been used in respect of recorded video tapes and DVDs. She states that Paramount has also licensed the use of CHEERS in respect of the provision of food and drink and by means of CHEERS named and themed restaurants and bars as well as in respect of merchandise.

25) Ms Hallie states that Paramount entered an agreement with a company called Cheers UK Limited in February 1996. Ms Hallie states that she does not wish to file a copy of the agreement for reasons of confidentiality. I note that Ms Hallie does not state that she cannot file a copy of the agreement but does not wish to do so. She states that the agreement gave the licensee the right to use the trade mark CHEERS and CHEERS (stylised) in respect of the above services and merchandise such as clothing bags, mugs, glasses, aprons, towels, books, mirrors, key charms, buttons, pennants, stickers, ashtrays, lighters and pins. Ms Hallie states that the CHEERS themed restaurant opened in 1997 in Regent Street, London and has been in continuous trade since then. She exhibits pictures of certain of the goods sold at the restaurant; these are, as far as I can see, t-shirts, sweat shirts, bomber jackets, holdalls, polo shirts, baseball caps. CHEERS is also shown appearing on beer mats, tins of nuts, bottles and glasses. In all cases CHEERS seems to appear in a stylised form and with the exception of the nuts with LONDON written underneath. Ms Hallie states that Paramount has licensed the use of CHEERS in respect of telephone cards but not in the United Kingdom. She exhibits the same material, from New Zealand, that Mr James did. The CHEERS card appears with the trade mark of Telecom New Zealand upon it.

#### **Evidence in reply for Mr Samaratne**

26) This consists of a witness statement by Catherine Ann Wolfe. Ms Wolfe is a trade mark attorney whose firm represents Mr Samaratne in this case. Most of what Ms Wolfe says can be characterised as submission and/or a critique of the evidence of Paramount and not evidence of fact. I will say no more about these parts of her statement; although I bear in mind her comments in reaching my decision.

27) Ms Wolfe states that on 3 February 2003 two trade mark registrations, nos 1305616 and 1305618, of Paramount were revoked in their entirety on the basis of five years non-



use. The decisions are currently under appeal. Ms Wolfe states that the revoked registrations cover various merchandising goods such as jackets, sweaters, aprons, t-shirts, sweatshirts, hats, menus, napkins, coasters, posters and printed matter.

28) Ms Wolfe states that the promotional costs for 1 October 1999 to 31 January 2000 would be approximately one third of the total, that is, a little in excess of £11,000.

## **DECISION**

29) Section 47 of the Act reads:

“47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) The registration of a trade mark may be declared invalid on the ground -

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(3) An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court, except that -

- (a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and
- (b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(4) In the case of bad faith in the registration of a trade mark, the registrar himself may apply to the court for a declaration of the invalidity of the registration.

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made:

Provided that this shall not affect transactions past and closed.”

30) I also need to consider section 48(1) of the Trade Marks Act 1994 which states:

“Where the proprietor of an earlier trade mark or other earlier right has acquiesced for a continuous period of five years in the use of a registered trade mark in the United Kingdom, being aware of that use, there shall cease to be any entitlement on the basis of that earlier trade mark or other right-

- (a) to apply for a declaration that the registration of the later trade mark is invalid, or
- (b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used,

unless the registration of the later trade mark was applied for in bad faith.”

As Paramount’s trade mark has not been registered for five years section 48(1) of the Act does not come into play.

### **Grounds of invalidation under sections 5(1) and 5(2) of the Act**

31) Sections 5(1) and 5(2) of the Act read as follows:

“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.”

32) The term ‘earlier trade mark’ is defined in section 6 of the Act as follows:

“a registered trade mark, international trade mark (UK) or Community trade mark which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks.”

The trade marks upon which Mr Samaratne relies are applications, not registrations. Therefore, I have to take into account section 6(2) of the Act which states:

“References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered.”

33) Sections 5(1) and 5(2)(a) of the Act both depend on the respective trade marks being identical. In *LTJ Diffusion SA v. Sadas Vertbaudet SA* [2003] ETMR 83 the European Court of Justice stated:

“Article 5(1)(a) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that a sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer.”

The trade marks upon which Mr Samaratne relies are: CHEERS EUROPE, CHEERS INTERNATIONAL, CHEERS MIDDLE EAST, CHEERS ASIA, and CHEERS AFRICA. Mr Samaratne argues that these trade marks are identical to CHEERS as the “non-CHEERS” element of his trade marks are non-distinctive and descriptive. That an element might be non-distinctive does not mean that it is so insignificant that it will go unnoticed by an average consumer. I consider that the average consumer will notice the difference between eg CHEERS and CHEERS AFRICA. The word AFRICA will not go unnoticed, even if the goods are related to Africa. It is of course the case that the goods and services of Mr Samaratne’s applications are not limited to any geographical area, so further undermining his case. He also states and shows that his telephone cards can be used for numerous countries even if they are labelled CHEERS AFRICA or CHEERS ASIA.

**34) I do not consider that the respective trade marks are identical and so the grounds for invalidation under sections 5(1) and 5(2)(a) are dismissed.**

35) One of the conditions of Section 5(2)(b) is similarity of the trade marks, not identity. In determining the question under section 5(2)(b), I take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v Puma AG*

[1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* [2000] FSR 77.

36) Owing to the specifications and the nature of the trade marks, I do not consider that it matters a great deal which of Mr Samaratne's trade marks I compare to that of Paramount. However, as CHEERS ASIA and CHEERS AFRICA have both been used I will compare CHEERS with the former trade mark, CHEERS ASIA.

37) The average consumer normally perceives a trade mark as a whole and does not proceed to analyse its various details (*Sabel BV v Puma AG* page 224). The visual, aural and conceptual similarities of the trade marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components (*Sabel BV v Puma AG* page 224). I take into account the matter must be judged through the eyes of the average consumer of the goods/services in question (*Sabel BV v Puma AG* page 224) 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 (*Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* page 84, paragraph 27).

38) The word CHEERS has no allusion or relationship as far as I am aware, and as far as the evidence shows, to the goods and services of Mr Samaratne's trade mark. ASIA is a clear geographical term. As such I consider that it will be seen as indicating some geographical or cultural quality of the CHEERS mark. Consequently, I am of the view that the distinctive and dominant element component of Mr Samaratne's trade mark is the word CHEERS; the word that is all there is in the trade mark of Paramount. Mr Hobbs QC, sitting as the appointed person, in *Torremar* [2003] RPC 4 stated:

“At this point it is necessary to observe that marks which converge upon a particular mode or element of expression may or may not be found upon due consideration to be distinctively similar. The position varies according to the propensity of the particular mode or element of expression to be perceived, in the context of the marks as a whole, as origin specific (see, for example, *Wagamama Ltd v City Centre Restaurants Plc* [1995] FSR 713) or origin neutral (see, for example, *The European Ltd v The Economist Newspaper Ltd* [1988] FSR 283).”

**I am of the view that the respective trade marks are distinctively similar. Indeed, owing to the nature of the word ASIA, distinctive to a high degree. I consider that the same would apply in relation to all of the trade marks of Mr Samaratne.**

39) The similarity of the respective trade marks will amount to nothing if the respective goods and/or services are not similar. In *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281, Jacob J considered that the following should be taken into account when assessing the similarity of goods and/or services:

“(a) The respective uses of the respective goods or services;

- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.”

40) In *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, the European Court of Justice held in relation to the assessment of the similarity of goods and services that the following factors, inter alia, should be taken into account: their nature, their end users and their method of use and whether they are in competition with each other or are complementary. I do not consider that there is any dissonance between the two tests. However, taking into account the judgment of the European Court of Justice, I may need to consider whether the goods and services are complementary.

41) Neuberger J in *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another* [2000] FSR 267 stated:

“I should add that I see no reason to give the word "cosmetics" and "toilet preparations" or any other word found in Schedule 4 to the Trade Mark Regulations 1994 anything other than their natural meaning, subject, of course, to the normal and necessary principle that the words must be construed by reference to their context. In particular, I see no reason to give the words an unnaturally narrow meaning simply because registration under the 1994 Act bestows a monopoly on the proprietor.”

I will give the words in the specifications their natural meaning, but within the context that they appear in a specification derived from the International Classification of Goods and Services. I also bear in mind the comments of Jacob J in *British Sugar Plc v James Robertson & Sons Ltd* where he stated:

“When it comes to construing a word used in a trade mark specification, one is concerned with how the product is, as a practical matter, regarded for the purposes of trade. After all a trade mark specification is concerned with use in trade.”

42) I take on board the class in which the goods or services are placed is relevant in determining the nature of the goods and services (see *Altecnic Ltd's Trade Mark Application* [2002] RPC 34). In relation to the comparison of services I firmly bear in mind the comments of Jacob J in *Avnet Incorporated v Isoact Ltd* [1998] FSR 16:

“In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase.”

43) In his evidence for Paramount Mr James refers to the Trade Marks Registry’s cross search list. This is a list to aid examiners in their work, that is all it is. I consider the matter from the basis of the case law and the facts of the particular case.

44) The goods and services of the registration are:

*discs, tapes, cards, cassettes, all being data carriers; telephone cards; blank and pre-recorded magnetic cards; electric apparatus and instruments for storing, transmitting and receiving data;*

*telecommunications services.*

Mr Samaratne puts forward as his strongest case the comparison of its *phone card services* and *printed matter* of his applications with the goods of the registration. He makes a claim to the relevance of goods in classes 21, 24 and 25 as they might be used for merchandising and promotion purposes. The fact that a product might be used for merchandising does not make it similar to another product. Similarity rests with the nature of the goods and services. Mr Samaratne also mentions *manuals* and *greetings cards* in his claim to similarity.

45) In considering the goods and services of the applications and the registration I also keep in mind the words of Aldous LJ in *Thomson Holidays Ltd v Norwegian Cruise Line Ltd* [2003] RPC 32:

“In my view that task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use. The court, when deciding whether there is confusion under section 10(2), adopts the attitude of the average reasonably informed consumer of the products. If the test of infringement is to be applied by the court having adopted the attitude of such a person, then I believe it appropriate that the court should do the same when deciding what is the fair way to describe the use that a proprietor has made of his mark. Thus the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use.”

46) Mr Samaratne argues that *printed matter* of his applications will include *telephone cards* which do not bear magnetic strips; the sorts of cards that he sells under his trade marks. I consider that any normal reading of the words *printed matter* will see it as referring to such things as books and magazines. I do not consider that normal usage in trade will include *telephone cards*. Ms Wolfe, for Mr Samaratne, states that certain greeting cards include telephone cards. She puts in no evidence to this effect. Even if

this is the case it does not mean that a greeting card is similar to a telephone card. I consider that her claim is optimistic in the extreme. There is nothing in the class 16 specifications of the application which I consider can be considered similar to the *telephone cards* of the registration. The claims of Mr Samaratne are, I am afraid, based on stretching and torturing language in a way that is completely opposed to normal meaning and usage.

47) The *phone card services* of the application are limited to those services which are appropriate to class 36. In the terms of Mr Samaratne's specifications, issuing of tokens of value which give access to telecommunications services. The specification of the registration in class 9 includes *cards being data carriers, telephone cards and pre-recorded magnetic cards*. All of these either describe *telephone cards* or could include *telephone cards*. Mr Samaratne's applications include the *issue of phone cards*. Indeed, that is what he does. Without the *phone cards* his business and his specification has no meaning. (Although I note that he has expanded into virtual phone cards.) *Telephone cards* and their issue and supply are inextricably linked. One is the physical representation of the service that is provided. I do not have the least doubt that *cards being data carriers, telephone cards and pre-recorded magnetic cards* are highly similar to *phone card services* and *issue of phone card services*.

48) The purpose of the *phone card services* is to allow someone to telephone, to make use of telecommunication services. Again there is an inextricable link. The *phone card service* has no purpose without the *telecommunication services*. The users of both services are the same, the person who wishes to communicate by telephone. The end purpose is the same, the communication by telephone. For the *phone card services* to have any purpose and or effect, the supplier must have made arrangements with a telecommunications operator to accept the *phone card services*. Without the *telecommunications services* there is no point in the *phone card services*. I do not have the least doubt that *telecommunications services* are similar to a high degree to *phone card services* and *issue of phone cards services*.

49) The registration in class 9 also includes *discs, tapes, cassettes, all being data carriers; electric apparatus and instruments for storing, transmitting and receiving data* which Ms Wolfe makes somewhat vague claims as to being similar to the goods and services of Mr Samaratne's applications. I cannot see, in a normal interpretation of the goods and services of Mr Samaratne, that these goods coincide in any relevant and realistic fashion with his goods and services.

**50) To summarise my findings, I consider that cards being data carriers, telephone cards, pre-recorded magnetic cards and telecommunications services of the registration are highly similar to the goods of the earlier applications.**

51) The success of Mr Samaratne's claim lies with his *phone card services*. The cheapest value for these cards is £5, so some care is likely to be taken in the purchase. Added to this is that care will also be taken as the purchaser will want to be sure that the card is fit for the purpose that he or she wants. So I am of the view that a reasonably careful

decision will be made in the purchase. However careful the purchasing decision is likely to be I cannot see that it will militate against finding that there is a likelihood of confusion. In reaching this conclusion I take into account the vagaries of imperfect recollection and the distinctiveness of the earlier trade mark. The distinctiveness or otherwise of the earlier trade mark is of importance as there is a greater likelihood of confusion where the earlier trade mark has a particularly distinctive character, either per se or because of the use that has been made of it (*Sabel BV v Puma AG*). The distinctive character of a trade mark can be appraised only, first, by reference to the goods or services in respect of which registration is sought and, secondly, by reference to the way it is perceived by the relevant public (European Court of First Instance Case T-79/00 *Rewe Zentral v OHIM (LITE)*). In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgement of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49). I consider that the trade marks of Mr Samaratne have a higher capacity to distinguish his services from those of other undertakings. The European Court of Justice held that a lesser degree of similarity between trade marks may be offset by a greater degree of similarity between goods, and vice versa (*Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*). In this case highly similar goods and/or services are involved, and highly similar trade marks are involved. Mr Samaratne's position is strengthened from both ends of the equation. I also consider that his case is strengthened by the explosion of companies supplying various telecommunication services. The average consumer simply knows that such companies supply a telecommunications service, he or she does not know who supplies the infrastructure or whether a third party supplies the telephone time.

**52) I find that, subject to one or more of the applications of Mr Samaratne being registered in respect of phone card services and/or issue of phone cards services, that the registration is to be cancelled in respect of cards being data carriers, telephone cards, pre-recorded magnetic cards and telecommunications services. In accordance with section 47(6), the registration in respect of these goods and services will be deemed never to have been made if one or more of Mr Samaratne's applications is registered for the relevant services.**

#### **Passing-off – section 5(4)(a) objection**

53) I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC in the *Wild Child case* [1998] 14 RPC 455. In that decision Mr Hobbs stated that:

"A helpful summary of the elements of an action for passing off can be found in Halsbury's Laws of England 4th Edition Vol 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc* [1990] RPC 341 and *Erven*



Warnink BV v J Townend & Sons (Hull) Ltd [1979] ACT 731 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 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."

.....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.””

54) It is well established that the relevant date for passing-off is the date of the behaviour complained of (see *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2003] EWCA Civ 1132. Section 5(4)(a) is derived from article 4(4)(b) of First Council Directive 89/104 of December 21, 1998 which states:

“rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark”.

So the relevant date cannot be later than the date of application.

55) In this case there is no evidence of use of the trade mark of Paramount for the goods and services for which it is registered in the United Kingdom prior to the date of the filing of the application for registration. Certainly, and more importantly, there is not the slightest indication of use in the telecommunications sphere, which is central to the issues in this case. Consequently, I consider that the relevant date must be the date of the application for registration, 31 January 2000.

56) In *South Cone Inc. v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 Pumfrey J stated:

"There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s 11 of the 1938 Act (see *Smith Hayden (OVAX) (1946) 63 RPC 97* As qualified by *BALI [1969] RPC 472*). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date."

In this case Mr Samaratne has filed evidence of promotion, financial reports, invoices, postage records. The number of invoices, the scale of the postal traffic (the full despatch book is for but one month), the turnover of the business clearly establish that CIL had a protectable goodwill at the relevant date. Mr Samaratne has put in evidence of hard fact, thoroughly supported by exhibits. The evidence shows that this protectable goodwill is associated with the signs CHEERS AFRICA, CHEERS ASIA and CHEERS INTERNATIONAL. Mr Samaratne did put in evidence in the form of witness statements from various persons which I have referred to in paragraph 20 above. Mr Samaratne has

not indicated how these persons were chosen. I think it quite likely that they are people that Mr Samaratne knows personally or through business. With the exception of Mr de Bruxelles they all rehearse the same lines at the end of their statements. Lord Esher MR in *Re Christiansen's Trade Mark* [1886] 3 RPC 54 at 60 stated :

"Now, to my mind, when you have evidence given upon affidavit, and you find a dozen people, or twenty people, all swearing to exactly the same stereotyped affidavit, if I am called upon to act upon their evidence, it immediately makes me suspect that the affidavits are then not their own views of things and that they have adopted the view of somebody who has drawn the whole lot of the affidavits, and they adopt that view as a whole and say 'I think that affidavit right' and they put their names to the bottom."

This clearly applies to Mr Samaratne's witnesses. Their evidence must be dealt with with a good deal of circumspection. There is no evidence that they represent the public at large or the trade. Consequently, I have given their statements very little weight. It certainly has had no effect in my coming to a decision as to the goodwill of CIL. Mr de Bruxelles does use different language. However, all he really confirms is that he is a customer of Mr Samaratne. He certainly cannot speak for the telecommunications industry. Little turns upon this matter; as I have stated above the other evidence of Mr Samaratne does establish a protectable goodwill.

57) Paramount's defence seems to rest with the Cheers series having been a successful television series and one theme restaurant. The evidence from this restaurant is very much second hand. No one from the restaurant has put in evidence. There is no indication of sales or success. However, I consider that the argument of Paramount is a red herring. This case has to be considered in the context of telecommunications services. There is no reason that anyone should associate a television series with telecommunications; even if it was proved that it was a successful series. Even less so when the trade mark under consideration is an ordinary English word in ordinary typeface. I cannot see why or how the average consumer would be triggered into thinking of a television series when dealing with a telecommunications service. Paramount seeks assistance from the existence of a phone card in New Zealand which bears the word CHEERS in stylised form and pictures of some of the characters. It says nothing about the position in the United Kingdom. On the card the trade mark of the telecommunications provider is printed, the CHEERS element is very much decoration. Paramount also puts forward an argument that telephone cards are items that are collected. The first and main point of telephone cards is to access telephone time. Some of them might be collected, this is incidental to the cards. Some people collect beer mats, it does not stop a beer mat being defined by its primary purpose. Through its registration Paramount has set its foot into the telecommunications industry and must accept the consequences that arise from that decision.

58) The business of CIL is telecommunications related. This is what this case rests upon. There is nothing that indicates that CHEERS has ever been used in the United Kingdom with anything remotely related to telecommunications. Paramount has to rest its case on

a television series and one theme restaurant, first hand details of which are noticeable by their absence.

59) CIL's business involves obtaining telephone time from telecommunications suppliers and selling this time on via cards. There are now a profusion of telecommunication companies, the days of the BT monopoly are as long gone as the days of the GPO. The average consumer will not know who supplies the ultimate service. All he or she will know in relation to the services of CIL is that under various CHEERS signs a telecommunications service is supplied. The sellers of the telephone cards will know of CIL, this is also of importance. Passing-off relates just as much to retailers as well as end customers (see *Ewing v Buttercup Margarine Co Ltd* [1917] 34 RPC 232).

60) I consider that there will be deception or confusion if the trade mark CHEERS of Paramount is used in relation to telecommunication related goods and services. CHEERS in various manifestations means the telephone cards and the consequent access to telephone time of CIL. The scope of the passing-off is limited to the sphere in which CIL operates (see *Stringfellow v McCain Foods (G.B.) Ltd.* [1984] RPC 501 and *Harrods v Harroddian School* [1996] RPC 697). It is only in this sphere that CIL's goodwill gives rise to deception, in my view. The scope of the cancellation is that of the finding under section 5(2)(b).

61) Lord Fraser in *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1980] RPC 31 said that the claimant must prove:

“That he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill attaches.”

I consider that Mr Samaratne on behalf of CIL has done this. CIL is likely to suffer damage in the following ways

- Diverting trade from CIL to Paramount.
- Potentially injuring the trade reputation of if there were any failings in the services.
- By the injury which is inherently likely to be suffered by any business when on frequent occasions it is confused by customers or potential customers with a business owned by another proprietor or is wrongly regarded as being connected with that business.

(See *Habib Bank Limited v Habib Bank AG Zurich* [1982] RPC 1)

62) In relation to the passing-off the business is that of CIL. The trade mark applications are in the name of Mr Samaratne. I do not think that anything turns upon this. CIL, through the evidence of Mr Samaratne, has shown that it has a protectable goodwill.

**63) I consider that Mr Samaratne is partially successful in relation to the ground of invalidation under section 5(4)(a) of the Act. The registration is to be cancelled in respect of cards being data carriers, telephone cards, pre-recorded magnetic cards and telecommunications services. In accordance with section 47(6), the registration in respect of these goods and services will be deemed never to have been made. This means that the class 38 specification is to be deleted and the class 9 specification will read:**

*discs, tapes, cassettes, all being data carriers; blank magnetic cards; electric apparatus and instruments for storing, transmitting and receiving data.*

64) Paramount referred to section 7(1) of the Act, the honest concurrent use provision, in its counterstatement. Section 7(1) has no effect on invalidation proceedings. Section 7(1) simply can get an application to publication. It is not a defence. The best that can be said for honest concurrent use is that it can be indicative, in certain circumstances, that there is not likely to be confusion. This case turns on telecommunications and there has been no use in the United Kingdom by Paramount in relation to telecommunications and so claims to honest concurrent use get it nowhere.

**65) The finding under section 5(2)(b) is provisional on the registration of one or more of the applications. However, the finding under section 5(4)(a) has the same effect and is not conditional. Consequently, I see no reason that any period for appeal should be suspended pending the outcome of Mr Samaratne's applications.**

**66) Miles Samaratne having been for the most part successful is entitled to a contribution towards his costs. I order Paramount Pictures Corporation to pay Miles Samaratne the sum of £2150. 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 5<sup>th</sup> day of February 2004**

**David Landau  
For the Registrar  
the Comptroller-General**