TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO 2121905 BY NORTON HEALTHCARE LIMITED

AND

IN THE MATTER OF OPPOSITION THERETO UNDER NO 47861 BY MERCK & CO INC

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by Norton Healthcare Limited

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by Merck & Co Inc

BACKGROUND

On 28 January 1997 Norton Healthcare Limited applied under the Trade Marks Act 1994 to register the trade mark PEPTAC in respect of a specification which reads:

Class 5

Pharmaceutical preparations for the prevention and treatment of gastro-oesophageal disorders.

The application is numbered 2121905.

The application was accepted and published and on 2 December 1997, Merck & Co. Inc., a United States Corporation, filed Notice of Opposition to the application. The grounds of opposition as set out in the accompanying statement of case are, in summary:

(a) under section 5(2)(b) of the Trade Marks Act 1994 in that the opponents are the proprietors of the earlier trade marks PEPCID AC registration number 1547787 and PEPCIDAC registration number 1574921 and that the trade mark the subject of the application is similar to the opponents' earlier trade marks and covers goods which are identical or similar to those for which the earlier trade marks are registered; and

(b) under section 5(4) of the Act having regard to the opponents' reputation and goodwill in the trade mark PEPCID AC.

The applicants filed a counterstatement denying the grounds of opposition. Both sides request an award of costs. The matter came to be heard on 25 September 2000 when the applicants were represented by Mr Henry Carr of Her Majesty's Counsel instructed by Urquhart-Dykes & Lord, the opponents were represented by Mr Mark Platts-Mills of Her Majesty's Counsel instructed by f J Cleveland.

Evidence

Both parties filed evidence in these proceedings and to the extent that it is necessary, I will refer to it as part of my decision.

DECISION

In his opening submissions Mr Platts-Mills indicated that the opponents would not be relying on the ground of opposition under section 5(4) of the Act and I therefore dismiss the opposition insofar as it was based on that ground. The matter therefore falls to be determined under section 5(2)(b) this reads:

> **5.-** (1) .....
>
> (2) A trade mark shall not be registered if because -
>
> (a) ....
>
> (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,
>
> there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

The term "earlier trade mark" is itself defined in Section 6 as follows:

> "6.-(1) In this Act an "earlier trade mark" means -
>
> (a) 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,

Both of the trade marks on which the opponents seek to rely, PEPCIDAC registration number 1547921 and PEPCID AC registration number 1547787 are earlier trade marks as defined in section 6.

I was referred to and take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v. Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1999] E.T.M.R.1 and in *Lloyd Schufabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* [2000] F.S.R. 77. Mr Carr also referred me to the recent judgment of the ECJ in *Marca Mode CV v. Adidas AG* [2000] E.T.M.R. 723.

It is clear from these cases that:-

(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v. Puma AG* page 8, paragraph 22;

(b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v. Puma AG* page 8, paragraph 23, 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 Schufabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* page 84, paragraph 27.

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v. Puma AG* page 8, paragraph 23;

(d) the visual, aural and conceptual similarities of the 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 8, paragraph 23;

(e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* page 7, paragraph 17;

(f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; .*Sabel BV v. Puma AG* page 8, paragraph 24;

(g) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v. Puma AG* page 9, paragraph 26;

(h) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* page 9 paragraph 29.

Mr Hobbs Q.C., sitting as the Appointed Person in *Balmoral Trade Mark* [1998] R.P.C. 297 at page 301, found that section 5(2) raised a single composite question. Adapted to this case it can be stated as follows: are there similarities (in terms of marks and goods) which would combine to create a likelihood of confusion if PEPCIDAC/ PEPCID AC and PEPTAC were used concurrently in relation to the goods for which they are respectively registered and proposed to be registered?

During the course of his submissions Mr Platts-Mills acknowledged that the opponents' best case was in respect of their earlier trade mark PEPCIDAC. All of the opponents' evidence shows use of their other registered trade mark PEPCID AC. However, this is, as he accepted visually quite different from the applicants' trade mark PEPTAC. And, to the extent that this trade mark would be pronounced PEPCID and then the letters A and C, it is also aurally very different. Ghislaine Robson in her first statutory declaration dated 29 July 1998, states, "The product is sold under the name PEPCID AC." Later in her declaration at paragraph 7 she makes the following comment concerning the way in which customers may pronounce the trade mark. She says, "The customer may refer to PEPCID AC or PEPCIDAC depending on how they saw the name". However, in the video of television advertisements for the product exhibited at GR5 to her declaration, the opponents' product is always referred to as PEPCID and then the letters A and C pronounced separately and not as PEPCIDAC; occasionally the product is referred to as PEPCID. The presentation of the trade mark on packaging and promotional literature exhibited at GR1- 4 also shows use of PEPCID AC. This is presented in such a manner that there is a distinction between the PEPCID and AC elements of the mark. This would all, in my view, point to a customer pronouncing the trade mark as PEPCID AC and not PEPCIDAC. Thus, the opponents in these proceedings can be in no better position than with their trade mark PEPCIDAC and therefore, I will consider their objection under section 5(2)(b) based on this trade mark. Although the opponents have not brought forward any use of the trade mark PEPCIDAC, it is a prima facie valid trade mark (see section 72 of the Trade Marks Act 1994) and I must take into account notional and fair use of it (see REACTOR [2000] RPC 285 at page 288).

The two trade marks to be considered are:

Opponents' trade mark	Applicants' trade mark
PEPCIDAC	**PEPTAC**
Class 5 Medical, pharmaceutical, veterinary and sanitary preparations; plasters and dressings; all included in Class 5	**Class 5** Pharmaceutical preparations for the prevention and treatment of gastro-oesophageal disorders.

Mr Platts-Mills submitted that the goods for which the applicants seek protection fall within those in the opponents' specification. That is right and I did not understand Mr Carr to argue against that submission. The matter therefore falls to be determined on a comparison of the two trade marks. This is a global appreciation having regard to the various factors as set out above.

Despite the fact that the evidence and the submissions of learned counsel suggested that the respective trade marks are used only on a limited range of goods (pharmaceutical preparations for the relief of indigestion etc) the respective specifications of goods have not been so limited. Therefore my deliberations must be in relation to the full width of the respective specifications.

At first sight the two trade marks have certain visual similarities; PEPCIDAC and PEPTAC have the same prefix PEP and suffix AC. In my view this visual similarity is reinforced by the

aural similarity between the two marks. Whilst the trade marks must be considered as a whole, it is well established that the start of a trade mark is more important than the ending which tend to become slurred . This was confirmed in *London Lubricants Limited's Application* (1925) 42 RPC 264 at page 279, lines 36-40, and I see no reason why the same should not be true under the 1994 Act. Where the two trade marks share a similar prefix and suffix the likelihood of confusion is in my view reinforced. I also take account of the guidance given in *Canon* such that a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods. Here the goods on which the applicants seek protection are covered by the opponents' prior registration and therefore the same goods may be involved.

However, in considering whether there is a likelihood of confusion, I must judge the matter through the eyes of the average consumer. The applicants' evidence consisted of a single statutory declaration by Mr Nicholas Foster, the Sales and Marketing Director of Norton Healthcare. In his declaration Mr Foster referred to a trade mark search report prepared by the applicants' representatives. He also referred to an extract from the December 1998 Chemist and Druggist price list. The report and drug lists were exhibited at NF2 & NP3. Based on the report Mr Foster argued that PEP and TAC were commonly used on a number of products in class 5. Mr Platts-Mills subjected this report to careful analysis and he was able to point out that the vast majority of the trade marks referred to in this report covered goods removed from the opponents' and applicants' area of interest. In effect the opponents were left only with the use of PEPTO-BISMOL and PEPTIMAX as shown in the Chemist and Druggist price list in support of their view that PEP and TAC were common prefixes and suffixes in the area of pharmaceuticals for the control of excess acid, or relief of symptoms from such.

Nevertheless, it was Mr Carr's submission that the trade marks PEPCIDAC and PEPCID AC were to a degree descriptive of the products covered in the specification. He referred to Exhibit GR1 to Ms Robson's declaration which consists of a booklet entitled "PEPCID AC Acid Control - Product Monograph". He took me to a summary on page 22 of the booklet and noted that PEPCID AC was for the "effective relief of heartburn, dyspepsia and excess acid". In his submission the opponents' trade marks were of "low imaginative content" and that this would suggest a narrow scope of protection and weigh against any likelihood of confusion. In support he took me to an extract from *Sabel v Puma* at page 8 paragraph 24 were it states:

> "It is therefore not impossible that the conceptual similarity resulting from the fact that two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, either *per se* or because of the reputation it enjoys with the public."

Thus, he argued that where you have marks with analogous semantic content, there were two ways in which a likelihood of confusion may arise and that the opponents' trade marks satisfied neither of the tests. Both were descriptive of the product and so did not have a particularly distinctive character, PEPCIDAC was not in use and the opponents had, he argued, shown only modest use of PEPCID AC and so it could not be said to enjoy a reputation with the public. As I am not considering PEPCID AC I will not deal with this last point. In addition, Mr Carr took me to the use of PEPTO-BISMOL and PEPTIMAX as shown in exhibit NF3 above, and to the use of these trade marks alongside the opponents'

trade mark PEPCID AC and the applicants' trade mark PEPTAC. He suggested that the presence of these products alongside one another suggested that the public were already accustomed to making distinctions between various 'PEP' marks and that other traders may wish to use the prefix PEP.

I agree with Mr Carr's statement of the law, however, here were are not dealing with a case where it is necessary to consider whether there is only a conceptual similarity between the trade marks resulting from an analogous semantic content. In the instant case there are, in my view, clear visual and aural similarities between the two trade marks. And if the applicants were seeking to show through their evidence, that the use of PEP was descriptive or semi-descriptive, in relation to pharmaceutical products in the antacid field, their evidence failed to prove such as point. Further, the two products on which Mr Carr sought to rely, PEPTO-BISMOL and PEPTIMAX, are shown as POM, that is prescription only medicine. This might well reduce the likelihood of confusion between these and PEPCIDAC or PEPCID AC trade marks which are registered for a wide range of products not sold in such a restricted way. In addition, it is my view that the similarities between PEPCIDAC and PEPTAC are much more pronounced than any similarity of PEPCIDAC with PEPTO-BISMOL or PEPTIMAX.

In seeking to show that there was no likelihood of confusion, Mr Carr specifically referred to the method by which both the applicants' and the opponents' products are sold to the public. The applicants' evidence suggested that their product was only available via prescription. In particular, Mr Foster states in paragraph 10 of his declaration, "Norton's PEPTAC product was launched on 1 September 1998 as a prescription only medicine." However, Ms Ghislaine in her second statutory declaration dated 17 March 1999 at exhibit GR1 and indeed Mr Foster's own declaration at exhibit NF3 produced various extracts from the Chemist & Druggist Monthly Price list in which the applicants' product was shown as PO, which stands for "GSL licensed for sale through pharmacies only" and not prescription only.

Mr Carr sought to argue that the intervention of a qualified pharmacist in the process of purchasing one of these products would militate against the likelihood of confusion. However, I disagree. These are relatively inexpensive over the counter products, a customer might see the product behind the counter and ask for it or may go into the pharmacy and request it. As mentioned earlier, however, neither of the specifications of the trade marks restrict their use to prescription only products (or indeed to products for the relief of indigestion). Having considered all the material factors, evidence and submissions I have come to the view that if the trade marks PEPCIDAC and PEPTAC were both used on the goods covered by the respective specifications there would, in my view, be a real likelihood of confusion. Taking into account imperfect recollection the likelihood of confusion would be all the stronger.

There is another point with which I should deal. The applicants' evidence refers to the fact that the Medicines Control Agency (MCA) granted a variation on the marketing authorisation to allow Norton to market a preparation for prevention or treatment of gastro-oesophageal disorders under the trade mark PEPTAC. At NF1 Mr Foster exhibits a copy of a letter confirming the grant of this variation. Mr Foster in his evidence states:

> "The MCA carry out an independent investigation to determine the availability of any new pharmaceutical product name. In my experience this investigation can be more

> stringent that the examination by the Trade Marks Registry.....I believe that the approval for the mark PEPTAC by both the Trade Marks Registry and the Medicines Control Agency demonstrates that there is no likelihood of confusion with either of the opponents' marks PEPCIDAC and PEPCID AC...."

At the hearing Mr Platts-Mills suggested that I should take no account of the fact that the MCA had allowed the variation to the marketing authorisation. As he pointed out, it may well be that the MCA only considered the trade mark that the opponents use, that is PEPCID AC and not PEPCIDAC. Whatever the MCA's position I take no account of the decision. The MCA and the Patent Office have two separate functions and apply different legislation. The decision of one cannot have a direct bearing on the decision of the other.

The final point with which I should deal is the applicants' assertion that there has been no evidence of confusion brought forward by the opponents. Mr Platts-Mills dealt with this on two fronts. Firstly, the opponents admit that the trade mark in use is PEPCID AC and not PEPCIDAC so it is not surprising that there has been no evidence on confusion between PEPTAC and PEPCIDAC. Secondly, the level of use shown in the applicants' evidence is low, some 30,000 bottles at the date of Mr Foster's declaration, 14 December 1998. Given these modest figures it was, in Mr Platts-Mills submission, not surprising that there was no evidence of confusion in the market place. As the trade mark PEPCIDAC is not in use, I must, and did in reaching my view consider notional and fair use of the trade mark on the goods for which it is registered.

Taking account of all the above I find that there exists a real likelihood of confusion and that the application should be refused under the provisions of section 5(2)(b). In the light of my finding in respect of the likelihood of confusion between PEPCIDAC and PEPTAC I need not go on to consider the opponents' other trade mark PEPCID AC. But given the differences mentioned earlier the result may not have been the same.

The opponents have been successful and are therefore entitled to a contribution towards their costs. I order the applicants pay the opponents the sum of £850. 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 20 day of December 2000

M KNIGHT
For the Registrar
the Comptroller-General