

## O-215-03

**TRADE MARKS ACT 1994**

**IN THE MATTER OF TRADE MARK  
APPLICATION No. 2240731  
IN THE NAME OF ANDREW CHARLES FREEMAN**

**AND IN THE MATTER OF OPPOSITION THERETO  
UNDER No. 51838  
BY EUROPEAN BATTERY COMPANY LIMITED**

**AND IN THE MATTER OF AN APPEAL BY THE APPLICANT  
TO THE APPOINTED PERSON  
AGAINST THE DECISION OF DR. W. J. TROTT  
DATED 11 OCTOBER 2002**

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### DECISION

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#### **Background**

1. By an application dated 27 July 2000, Andrew Charles Freeman (“the Applicant”) applied to register the trade mark EBC in respect of the following goods:

Class 1

Brake fluid; clutch fluid

Class 7

Parts and fittings included in Class 7 for motorcycles and motor land vehicles; parts and fittings included in Class 7 for engines for motorcycles and motor land vehicles

Class 9

Electrical and electronic parts and fittings for motorcycles and motor land vehicles; protective helmets; protective clothing; protective footwear; batteries

Class 12

Parts and fittings included in Class 12 for motorcycles and motor land vehicles; parts and fittings included in Class 12 for engines for motorcycles and motor land vehicles

The number of the Application is 2240731.

2. The Applicant is the owner of a previous registration for EBC in Class 12. Trade Mark No. 1199861 was registered under the old law in respect of brakes for use with motorcycles and with cars on the basis of evidence of distinctiveness with a filing date of 15 July 1983.
3. Following publication, on 12 December 2000, the European Battery Company Limited (“the Opponents”) opposed Application No. 2240731. The grounds of opposition were in summary:
  - (a) The mark applied for was incapable of distinguishing within the meaning of sections 1(1) and 3(1)(a) of the Trade Marks Act 1994 (“TMA”).
  - (b) EBC was devoid of any distinctive character for the goods concerned under section 3(1)(b) of the TMA.
  - (c) Insofar as the Applicant placed any reliance on use of his previous registration, Application No. 2240731 would be of such a nature to deceive the public as to the nature, kind or intended purpose of the goods, which are other than brakes or brake parts contrary to section 3(3)(b) of the TMA.
  - (d) Application No. 2240731 was applied for in bad faith contrary to section 3(6) of the TMA.
  - (e) By reason of the Opponents’ earlier right, use of EBC in the United Kingdom for batteries and like goods was liable to be prevented by the law of passing off contrary to section 5(4)(a) of the TMA.

### **The Hearing Officer’s decision**

4. Both sides filed evidence and written submissions but were content for the Hearing Officer to decide the opposition on the papers without recourse to a hearing. In a written decision issued on 11 October 2002, the Hearing Officer dismissed the opposition on absolute grounds but upheld the Opponents’ objection under section 5(4)(a) of the TMA. He allowed the application to proceed subject to the Applicant amending his specification as follows:

#### Class 1

Brake fluid; clutch fluid

#### Class 7

Parts and fittings included in Class 7 for motorcycles and motor land vehicles; parts and fittings included in Class 7 for engines for motorcycles and motor land vehicles; all excluding batteries

#### Class 9

Electrical and electronic parts and fittings for motorcycles and motor land vehicles; protective helmets; protective clothing; protective footwear; all excluding batteries

### Class 12

Parts and fittings included in Class 12 for motorcycles and motor land vehicles; parts and fittings included in Class 12 for engines for motorcycles and motor land vehicles; all excluding batteries

No costs were awarded to either party since the Hearing Officer regarded the matter as a “score draw”.

### The appeal

5. On 8 November 2002, the Applicant filed notice of appeal to an Appointed Person under section 76 of the TMA against the Hearing Officer’s decision under section 5(4)(a). On 9 April 2003, I heard a request by the Applicant under section 76(3) to transfer the appeal to the High Court. I refused the request for the reasons detailed in my decision dated 30 April 2003. The appeal came to be heard before me on 25 June 2003. At that hearing, Mr. Daniel Alexander of Queen’s Counsel represented the Applicant. Mr. T. Gregory of T. M. Gregory & Co. appeared on behalf of the Opponents.
6. Mr. Alexander noted that my role on appeal was one of review. I should be reluctant to interfere in the absence of a distinct and material error of principle, which I should not find merely in a belief that the Hearing Officer’s decision could have been better expressed (*REEF Trade Mark* [2003] RPC 101 per Robert Walker L.J. at 109 – 110). Mr. Alexander contended that the Hearing Officer fell into error by failing to determine as a separate element of passing off, the likelihood of misrepresentation in this case. He also criticised the Hearing Officer for setting an insufficiently high threshold of trade for goodwill and reputation.

### Error of principle

7. The Hearing Officer clearly appreciated the ingredients of passing off. He directed himself by reference to the speech of Lord Oliver in *Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] RPC 341 at 460 and concluded:

“There are thus three fundamental hurdles which a claimant must clear if they are to prove passing off on behalf of a defendant – that, at the relevant date (the date of application: 27<sup>th</sup> July 2000), (i) the claimant had acquired goodwill under their mark, (ii) that use of the mark would amount to a misrepresentation likely to lead to confusion as to the origin of their goods/services; and (iii) that such confusion is likely to cause real damage to the claimant’s goodwill (see Geoffrey Hobbs QC sitting as the Appointed Person in the *Wild Child* case [1998] 14 RPC 455 in which he gave a summary of the law of passing off)”.
8. However, Mr. Alexander takes issue with the following passage in the Hearing Officer’s decision (at para. 41):

“It seems to me that the opponents must win on this matter if they can establish a goodwill under their mark; the marks are identical and so

are the goods at issue (I consider only batteries, as the opponents' evidence applies to these products alone); misrepresentation and damage must follow the confirmation of goodwill. ...”

Mr. Alexander says that while misrepresentation and damage may follow where goodwill is established and the respective marks and goods are the same that is not always the case. Here, the assumption led the Hearing Officer to ignore the Applicant's previous registration and use of EBC (albeit mainly in connection with brakes and brake parts), which factors were relevant to whether a misrepresentation would be made if the Applicant extended his trade.

9. I believe Mr. Alexander is justified in his criticism. The Hearing Officer gave no separate consideration to misrepresentation and this was not simply a matter of expression in his decision. I proceed, therefore, to look at the evidence afresh.

### **Goodwill and reputation**

10. The Opponents' evidence comprised a statutory declaration by Robert Ralston Fulton Owens who is a Director of the Opponents, dated 16 July 2001 and witness statements from members of the trade who are customers of the Opponents as follows:
  - (a) Davy Levine, Managing Director, Hi-Level Enterprises Limited, wholesale distributors in the UK for replacement/aftermarket motorcycle parts, dated 14 September 2001.
  - (b) Trevor Paul Thomas, Owner, T.T. Autos t/a Valley Batteries, dealers in batteries for motorcycles and other vehicles, dated 17 September 2001.
  - (c) Dean William Marlow, Managing Director, Batteries Direct (UK Golf) Limited, suppliers of batteries for golf carts and trolleys, mobility vehicles and motorcycles direct to the end user and also to wholesalers and retailers, dated 3 September 2001.
  - (d) John Bilton, Director, Capitol Batteries Limited, manufacturers of traction batteries and suppliers of batteries for smaller applications, e.g., floor cleaning machines, wheelchairs, golf carts and trolleys and at one time motorcycles, dated 14 September 2001.
  - (e) Alan Gray, Director, Manbat Limited, suppliers of automotive, mobility and traction batteries mainly wholesale but also retail, dated 10 September 2001.
  - (f) Cyril Betts, Proprietor, Powerton Batteries, suppliers of batteries for power and starter applications (including motorcycles) wholesale to the trade and direct to the public, dated 18 September 2001.

11. The Hearing Officer conducted a very careful examination of the Opponents' evidence relating to goodwill and reputation. He correctly identified from Mr. Owen's declaration that the Opponents had only been trading for a short period of time before 27 July 2000. He also correctly discounted Mr. Owen's evidence relating to preparations made by the Opponents for the commencement of their trading activities. These included negotiations with the Yacht Battery Co. Ltd. in Taiwan for the supply of suitable batteries under the EBC brand and the design by Marker & Mouse, a design company, of promotional materials bearing the mark EBC including packaging for the batteries. The preparations are documented in Mr. Owen's evidence and would appear to have been finalised around end-March 2000. There is exhibited at RRFO5 a fax letter from Yacht Battery Co. Ltd. dated 12 June 2000 together with a pro-forma invoice relating to the shipments of batteries to Felixstowe, the first of such shipments to arrive on June 28 2000. The pro-forma invoice states that the batteries are "EBC Brand" and although individual quantities, unit prices and amounts are redacted it is evident that the total shipment contained 23,772 separate batteries, of 82 different models, at a total cost of US\$184,812.24.
  
12. The Hearing Officer identified that the only "hard" evidence of trading in the UK by the Opponents under the EBC mark before the relevant date consisted of a series of invoices sent by the Opponents to Hi-Level Enterprises Ltd. of Doncaster (RRFO6 and DL001). According to Mr. Owen, Hi-Level bought the whole of the shipments of batteries referred to in paragraph 11 above. Mr. Levine's statement confirms Mr. Owen's belief that Hi-Level is one of the largest wholesaler of batteries for motorcycles and specialist vehicles in the UK. Mr. Alexander suggested that Mr. Levine was a personal acquaintance of Mr. Owen. There is no indication of that in the evidence and even if he was, I fail to see what difference it makes. As Mr. Gregory says, trade took place between the two companies, Hi-Level and the Opponents. The first of the invoices in question is dated 3 July 2000 and is for batteries in the total amount of £31,180.25 ("Container 1"). The first invoice was paid by Hi-Level on 11 July 2000. The second invoice is dated 11 July 2000, relates to batteries in the total amount of £41,869.51 ("Container 2") and was settled by Hi-Level on 24 July 2000. Invoice number 3 is dated 19 July 2003, lists batteries in the amount of £39,228.38 ("Container 3") and was paid by Hi-Level on 14 August 2003. Invoices 4 and 5 are dated 26 July 2000 and are for batteries in the total amount of £38,284.70 ("Container 4, Part 1 and Part 2"). Invoices 4 and 5 were paid by Hi-Level on 22 August 2000. The exhibited invoices therefore evidence trade before the relevant date in the amount of £150,562.84. All prices are exclusive of VAT.
  
13. In view of the preparations described at paragraph 11 above, the Hearing Officer regarded the trading process with Hi-Level as culminating in the invoices of July 2000 but commencing before that date. I believe that was a reasonable assumption for the Hearing Officer to make on the evidence before him.

14. The Hearing Officer recognised that the evidence of Messrs. Thomas, Marlow, Bilton, Gray and Betts provided limited assistance to the Opponents. The Hearing Officer took the following to be relevant:

“50. In the Witness Statement of Mr. Thomas, he states:

“I have been asked a series of questions about the battery market, and in particular about my knowledge of the battery market prior to 27<sup>th</sup> July 2000. I have been asked if I am aware of batteries marketed under the trade name EBC. I currently buy batteries with this label from the European Battery Company, represented by Bob Owens.

I was first offered ‘EBC’ batteries in late May or early June 2000. This was by Bob Owens, who I believe was already trading as European Battery Company/EBC at that time.”

51. Mr. Marlow states:

“I have been asked what the letters ‘EBC’ mean to me. This brings to mind the European Battery Company and their ‘EBC’ batteries ...

I have been asked when I first became aware of these batteries and of European Battery Company. I cannot be sure of the exact date, but I believe that I first heard that European Battery Company were offering mobility and motorcycle batteries, using the trade name EBC, some time between March and May 2000.

Our contacts with European Battery Company led to Batteries Direct entering the motorcycle battery market. According to my calendar, my first order of motorcycle batteries was placed following meetings with Bob Owens of European Battery Company on 3<sup>d</sup> and 11<sup>th</sup> August 2000.”

The orders were, of course after the relevant date, but very close to it: as before, it is reasonable to assume that the trading process had begun before the orders were placed.

52. The evidence of Mr. Bilton is similar: his first purchase was in September 2000, but he met with Mr. Owens, of the opponents, ‘to discuss buying ... batteries’ in (probably) June 2000.

53. As for Mr. Gray, he was aware of the opponents in April 2000, ‘... and was given details of their product range and a copy of their price list’. This bespeaks activity that is, in my view, beyond that of simply preparation for trade: the opponents were clearly in position to enter into contractual relationships with potential clients. The evidence of Mr. Betts is similar. [Mr. Betts additionally states that he probably

placed his first order for EBC batteries in August 2000, because August is when the battery season starts.]

54. Finally, I note that the applicant has not challenged the accounts given by the opponents and their witnesses.”

The above represents, in my view, a fair summary of the contributions made by Messrs. Thomas, Marlow, Bilton, Gray and Betts to the Opponents’ 5(4)(a) case.

15. The invoice and witness evidence led the Hearing Officer to conclude:

“The relevant public in this matter I assume to be traders who wish to sell on battery products to other traders and the public in general. I have found that there is evidence to the effect of a development of goodwill amongst the first of these constituencies, as of the relevant date ...”

16. The Opponents relied on the interim injunction cases of *Stannard v. Reay* [1967] FSR 140 and *Globelegance v. Sarkissian* [1974] RPC 603 in support of their submission that goodwill can be built up for a new business within a relatively short period of time. In *Stannard v. Reay*, Buckley J. held that three weeks trading and takings of around £400 (at 1966 prices) sufficed to establish goodwill in the name MR. CHIPPY for a mobile fish and chip business. In *Globelegance v. Sarkissian* although the claimant enjoyed a substantial reputation abroad in the fashion house VALENTINO, only men’s ties and dress patterns to one department store had been sold under the mark in the UK. That sufficed to prevent use in the UK of VALENTINO in relation to men and ladies’ wear. As Mr. Alexander observed, in passing off each case must be determined on its own facts. Nevertheless, in his submission the present case was more akin to *Hart v. Relentless Records Ltd.* [2002] EWHC 1984 (Ch), 4 October 2002. However, in *Hart*, the claimant had never traded. It had merely sent out four promotional tracks (likened to mail shots), which were never commercially taken up. In those circumstances, Jacob J. concluded that the claimant had established minimal goodwill in the RELENTLESS record label. The Hearing Officer accepted that promotional activity alone would not have sufficed to establish passing off in this case.

17. On balance, I believe that the Hearing Officer was justified in coming to view that the Opponents had succeeded in showing some goodwill under the EBC mark in relation to the Opponents’ battery business. However, as Mr. Alexander says, that was not the end of the matter. The Hearing Officer should have gone on to consider whether on the totality of the evidence use by the Applicant of EBC on batteries would result in a misrepresentation likely to deceive. I turn, therefore, to consider the rest of the evidence.

## Misrepresentation

18. The Applicant's evidence comprised a witness statement by Andrew Charles Freeman dated 9 January 2002. (The witness statement of Jennifer Jane Elisabeth Rowley is irrelevant to this appeal.) Mr. Freeman is the Managing Director of Freeman Automotive (UK) Ltd., which he refers to as "my Company". He states that he has been associated with the company in that position since January 1983 "when my Company was incorporated as a limited Company". At paragraph 4, Mr. Freeman says:

"I have been in business since at least 1979. My earlier UK trade mark registration 1199861 EBC [in respect of brakes for use with motorcycles and with cars] was accepted by the UK Trade Marks Registry on the basis of evidence of continuous use of that trade mark by me since January 1979. Since that date, my company was incorporated as a limited company in 1983 and my business has developed and grown. As part of the ongoing development of my business I do have plans to expand the use of the mark EBC to include use in relation to batteries and other motorcycle related products. As a preliminary to this development I caused the present trade mark application to be filed in order to protect my activities both now and in the future."

That is the total sum of evidence adduced by the Applicant regarding his use of the mark EBC before the relevant date. The reason, according to Mr. Alexander, is that the Opponents had already supplied this in their evidence filed in support of the opposition.

19. The evidence in question is exhibit TMG2 to the Statutory Declaration of Timothy Mark Gregory dated 18 September 2001, which contains extracts from Freeman Automotive (UK) Ltd.'s catalogues. The catalogues are dated 1990, 1997, 2000 and 2001 and only the first two clearly pre-date 27 July 2000. The striking thing about these catalogues is that generally speaking goods are advertised under the mark EBC BRAKES. The goods concerned are mainly brake parts and brake fluids for motorcycles with associated promotional items like t-shirts, overalls, caps and golf umbrellas. REDLINE clutches are also offered. Mr. Alexander referred me to:
- (a) TMG2, page 4. Under the large bold heading EBC BRAKES accompanied by the strap line "The Ultimate Stopping Power!" it is stated by way of evaluation that: "Over 1 million Motorcyclists now rely on EBC Technology to stop their machines".
  - (b) TMG2, page 8 and 12 (sic – page 26). Page 8 speaks of "Kevin Mitchell Racing on EBC Brakes" followed by "World Leaders in the Brake Market". Page 26 advertises Kevlar Range (British Made) brake pads as: "World's no 1 selling aftermarket brand. EBC's standard pad range is made using Dupont Kevlar fibre". Page 26 appears in the 2000 Catalogue.



- (c) TMG2, page 27 (sic – page 22). Advertising “DOUBLE-H™” PADS” the text states: “New for ’97, EBC offer a limited range of HH friction rated pads in SINTERED METAL to conform with EEC regulations alongside its World No1 selling Premium Kevlar pad range”. The packaging for “DOUBLE-H™ PADS” bears the mark EBC BRAKES.
20. Clearly, it is impossible to ascertain from the catalogue extracts at TMG2 the size or extent of any goodwill enjoyed by the Applicant in relation to his business under the EBC mark at the relevant date. All that can be said with any certainty is that there was use by the Applicant of the EBC mark in connection with brakes for motorcycles and bikes. The applicant has provided no trading figures, invoices, promotional expenditure/materials etc. There is no indication in the Applicant’s evidence of what was filed at the Registry in support of Registration No. 1199861.
21. By contrast, the evidence of the Opponents’ trade witnesses strongly suggests that the brake and battery industries are entirely separate and that there is room for use of EBC within each. Thus, Mr. Levine states:
- “I have been asked what the letters “EBC” mean to me. In the motorcycle trade, this refers to two separate things. One is EBC brakes and the other is EBC batteries. I have been asked whether this leads to any possibility of confusion. Definitely not – the products are chalk and cheese – one starts them, one stops them!
- For batteries, “EBC” refers to European Battery Company and the “EBC” batteries that they sell ...”.
22. In *REEF Trade Mark* [2002] RPC 387 at 400, Pumfrey J. observed:
- “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 ... 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.
- ... Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”
23. I have not found this case easy to determine. In the end, I have come to view that the Hearing Officer was justified in his finding that the Opponent had put forward a prima facie case that EBC was distinctive of the Opponents’ batteries at the relevant date. The Hearing Officer should have gone on to

consider whether the Applicant (or in this case the Applicant and the Opponents) had provided sufficient cogent evidence to satisfy him that it was not shown on the balance of probabilities that if the Applicant used EBC for batteries passing off would occur. In my view, that burden of rebutting the prima facie case was not discharged. I should mention that Mr. Alexander made a belated attack on the Opponents' reasons for choosing the mark EBC. There is nothing in the evidence to substantiate such an attack, which I accordingly find unjustified.

### **Conclusion**

24. In the event, the appeal fails. Application No. 2240731 is allowed to proceed but its specification must be amended in accordance with the Hearing Officer's directions. The Opponents are entitled to an award of costs not only in respect of this appeal but also the unsuccessful application to transfer the appeal to the High Court. I direct that the Applicant pay the Opponents the sum of £1,175 towards the Opponents' costs of this appeal and the application to transfer, to be paid within 7 days.

Professor Ruth Annand, 16 July 2003

Mr. Daniel Alexander QC instructed by A.A. Thornton & Co. appeared as Counsel on behalf of the Applicant

Mr. T. Gregory of T. M. Gregory & Co. appeared on behalf of the Opponents