

O-330-04

TRADE MARKS ACT 1994  
IN THE MATTER OF INTERNATIONAL REGISTRATION NO.  
778635  
AND THE REQUEST BY DIE SCHWEIZERISCHE POST  
TO PROTECT A TRADE MARK  
IN CLASSES 16, 20, 35, 36, 38, 39, 41 & 42

AND IN THE MATTER OF OPPOSITION THERETO  
UNDER NUMBER 71025  
BY ROYAL MAIL GROUP PLC

## BACKGROUND

1) On 21 December 2001, Die Schweizerische Post, of Viktoriastrasse 21, CH-3030, Bern, Switzerland, on the basis of an International registration based upon a registration held in Switzerland, requested protection in the United Kingdom of the trade mark MAILSOURCE under the provisions of the Madrid Protocol.

2) The international registration is numbered 778635 and protection was sought for the following:

In Class 16: “Printed matter, including books, journals, brochures, prospectuses and other publications; handbooks in connection with computer programs; stationery goods; writing implements; trays for letters; packing paper; packaging material (paper, cardboard); plastic packaging in the form of envelopes, packets, films; playing cards; postage stamps.”

In Class 20: “Receptacles and containers used for packing, transport and storage, made of plastic, wood and other materials included in this class.”

In Class 35: “Advertising and sales promotion, rental of advertising space; rental of sales premises; marketing, market studies; business organisation and management consulting, business management consulting; personnel consulting; management of customer address files; document reproduction; collection and systematisation of information into a data bank; office functions.”

In Class 36: “Financial affairs and accounting, monetary operations, payment services; cash receipt operations.”

In Class 38: “Telecommunications; transmission of data retrieved from data banks.”

In Class 39: “Delivery, warehousing, packaging, transport and distribution of goods, routing of letters, items of correspondence, as well as other movables such as documents, securities, freight and other goods; transport of movable items such as documents, securities, freight and other goods, by motor car, rail-bound vehicle, boat or aircraft; packaging, shipping and distribution of mail such as documents, securities, freight and other goods; intermediary services in connection with services relating to transport; mail services; storage of movables such as letters, items of correspondence, documents, securities, freight and other goods, rental of warehouses for movables such as documents, securities, freight, other goods and vehicles; rental of storage containers; storage information.”

In Class 41: “Basic and further training services, including in the field of transport, transport of freight and other goods as well as in connection with monetary or financial operations of all kinds; rental of training facilities.”

In Class 42: “Computer programming; planning of solutions for the transport of freight; consulting with respect to data processing; rental of computer software; granting of intellectual property licences and exploiting of patents; consulting in

the field of security; rental of vending machines; printing work; leasing of access time to data banks; providing access time to a data bank for a charge or for free; professional consulting, including in relation to transport logistics and management; legal services.”

3) The United Kingdom Trade Marks Registry considered that the request satisfied the requirements for protection in accordance with Article 3 of the Trade Marks (International Registration) Order 1996 and particulars of the international registration were published in accordance with Article 10.

4) On 24 July 2003 Royal Mail Group Plc of 148 Old Street, London, EC1V 9HQ filed notice of opposition to the conferring of protection on this international registration based on their proprietorship of the mark set out below. The grounds of opposition are in summary:

a) The opponent is the proprietor of the marks detailed below. The opponent has used these marks in the UK since 1987 in relation to mail services, and has acquired a reputation in the services provided under these marks.

Trade Mark	Number	Effective Date	Class	Specification
MAILSORT	1477038	12.09.91	38	Collection and delivery of pre-sorted mail: all for bulk users.
MAILSORT	1499706	08.05.92	39	Collection and delivery of pre-sorted mail: all for bulk users.

b) The opponent contends that the goods and services included in the application’s specification are similar to those for which its marks are registered. In the alternative the goods and services are not similar but use of the mark would take unfair advantage of or be detrimental to the distinctive character or the repute of the opponent’s mark. The opponent contends that its mark has acquired goodwill and reputation in the UK. Therefore, the application offends against sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994.

c) The opponent contends that the mark is descriptive when used in relation to any of the Class 39 services or in relation to any of the remaining goods or services when in the context relating to mail collection and delivery. The opponent contends that when mail is processed on an international scale then mail collected from one postal authority enters another country and is then delivered by the postal authority in that country. Thus the opponent, the UK postal authority, would deliver to the addressee items sourced from Switzerland via Swiss Post. This applies not only to international mail. In certain circumstances the opponent is required to open its network to third party postal operators in the UK, potentially including Swiss Post. Thus, the combination “mailsource” does not lend anything of distinctive character. The mark in suit is descriptive and non-distinctive and offends against sections 3(1)(b) & (c) of the Trade Marks Act 1994.

5) The International Registration holder , Die Schweizerische Post (hereinafter referred to as the applicant) subsequently filed a counterstatement denying the opponent's claims.

6) Only the opponent filed evidence but both sides ask for an award of costs. The matter came to be heard on 5 August 2004 when the applicant was represented by Mr Joye, Counsel to the applicant company. The opponent was represented by Mr Edenborough of Counsel instructed by Messrs Reddie & Grose.

#### OPPONENT'S EVIDENCE

7) The opponent filed a witness statement, dated 2 February 2004, by Linda Ames the Intellectual Property Manager of the opponent company, a position she has held for approximately five years.

8) Ms Ames states that the assets of The Post Office were transferred to Consignia plc on 25 March 2001; the company name was changed to its current format in November 2002. She states that the mark MAILSORT has been used by the opponent and its predecessors since 1987, being the name of the service for business users who pre-sort their mail before it is entered into the opponent's network. Ms Ames states that it has been used in relation to the mail service and associated goods, including databases, software and printed material, and services, including consultancy relating to mail and software testing.

9) Ms Ames states that the MAILSORT service is designed to work particularly with computer-managed bulk mail which can be sorted, she states, using the MAILSORT software and MAILSORT database. She states that the service is used by all sorts of businesses, even those whose mailings are not large enough to use the service directly can do so via agencies and mailing houses. Ms Ames states that currently there are 12,000 customers who use MAILSORT. She provides the following turnover figures:

Year	Turnover £Millions	Number of units (million)
1996/1997	944	5254
1997/1998	1047	5849
1998/1999	1112	6216
1999/2000	1205	6802

10) Ms Ames states that the MAILSORT service is specifically relevant to companies who are involved in direct marketing and it is licensed to third parties. Attached to her statement and referred to, are the following exhibits which are marked as sections of a folder:

- Section 1.1 of the exhibit folder contains two declarations which I will detail later.
- Section 1.2 of the folder consists of a brochure entitled "MAILSORT" dated 1990, including testimonials from Truprint, Barclays and Norwich Union.

- Section 2 includes sample material which is from the period 1996 – 2001 which shows use of the opponent’s mark for postal services and related computer software.
- Section 3 includes extracts from websites of three companies who refer to the MAILSORT service under license which are dated prior to the relevant date.
- Section 4.2 of the exhibit consists of copies from the internet which Ms Ames claims shows how the word “mailsource” is used today as a generic term for tracing the original sender and proliferator of emails, particularly junk emails or SPAM. However, it is clear that some of these are from users in countries other than the UK. As for the rest their country of origin is unclear, and also many are dated after the relevant date. They do show that the term “mailsource” appears to be commonly used to describe an attachment to an email which identifies its source prior to it being opened.

11) I shall now detail the declarations of Peter Wigglesworth dated 27 March 1992 and 29 September 1993 which were included in Section 1.1 of the exhibit folder to Ms Ames statement. Mr Wigglesworth, the Head of Marketing of Royal Mail Streamline part of The Post Office, claims that the mark MAILSORT has been used by the opponent since 1987 on a wide range of goods and services. However, the attached exhibits show use of the mark MAILSORT in relation to postal services and computer software only.

12) That concludes my review of the evidence. I now turn to the decision.

## DECISION

13) I shall deal firstly with the ground of opposition under section 5(2)(b) which reads:

“5.-(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.”

14) An “earlier trade mark” is defined in section 6, the relevant parts of which state:

“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,”

15) The opponent is relying on two UK Trade Marks 1477038 and 1499706 both for the word MAILSORT registered with effect from 12 September 1991 and 8 May 1992 respectively. Both are plainly “earlier trade marks”.

16) 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-Meyer Inc.* [1999] E.T.M.R. 1, *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *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*;

(b) the matter must be judged through the eyes of the average consumer, of the goods / services in question; *Sabel Bv v Puma AG*, 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 B.V.*;

(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*;

(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*;

(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-Meyer Inc.*;

(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*;

(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*;

(h) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode CV v Adidas AG*;

(i) 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-Meyer Inc.*

17) In essence the test under section 5(2)(b) is whether there are similarities in marks and goods and/or services which would combine to create a likelihood of confusion. In my consideration of whether there are similarities sufficient to show a likelihood of

confusion I am guided by the judgements of the European Court of Justice mentioned above. The likelihood of confusion must be appreciated globally and I need to address the degree of visual, aural and conceptual similarity between the marks, evaluating the importance to be attached to those different elements taking into account the degree of similarity in the goods and/or services, the category of goods and/or services in question and how they are marketed. Furthermore, I must compare the mark applied for and the opponent's registration on the basis of their inherent characteristics assuming normal and fair use of the marks on a full range of the goods and services covered within the respective specifications.

18) As both of the opponent's trade marks are for the same word, MAILSORT, I will refer to them as a single entity during the comparisons. I first compare the goods of the two parties. For ease of reference these are:

Opponent's services	Applicant's goods and services
Class 38: Collection and delivery of pre-sorted mail: all for bulk users.	Class 16: Printed matter, including books, journals, brochures, prospectuses and other publications; handbooks in connection with computer programs; stationery goods; writing implements; trays for letters; packing paper; packaging material (paper, cardboard); plastic packaging in the form of envelopes, packets, films; playing cards; postage stamps.
	Class 20: Receptacles and containers used for packing, transport and storage, made of plastic, wood and other materials included in this class.
	Class 35: Advertising and sales promotion, rental of advertising space; rental of sales premises; marketing, market studies; business organisation and management consulting, business management consulting; personnel consulting; management of customer address files; document reproduction; collection and systematisation of information into a data bank; office functions.
Class 39: Collection and delivery of pre-sorted mail: all for bulk users.	Class 36: Financial affairs and accounting, monetary operations, payment services; cash receipt operations.
	Class 38: Telecommunications; transmission of data retrieved from data banks.
	In Class 39: Delivery, warehousing, packaging, transport and distribution of goods, routing of letters, items of correspondence, as well as other movables such as documents, securities, freight and other goods; transport of movable items such as documents, securities, freight and other goods, by motor car, rail-bound vehicle, boat or aircraft; packaging, shipping and distribution of mail such as documents, securities, freight and other goods; intermediary services in connection with services relating to transport; mail services; storage of movables such as letters, items of correspondence, documents, securities, freight and other goods, rental of warehouses for movables such as documents, securities, freight, other goods and vehicles; rental of storage containers; storage information.
	In Class 41: Basic and further training services, including in the field of transport, transport of freight and other goods as well as in connection with monetary or financial operations of all kinds; rental of training facilities.
	Class 42: Computer programming; planning of solutions for the transport of freight; consulting with respect to data processing; rental of computer software; granting of intellectual property licences and exploiting of patents;

	consulting in the field of security; rental of vending machines; printing work; leasing of access time to data banks; providing access time to a data bank for a charge or for free; professional consulting, including in relation to transport logistics and management; legal services.
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19) At the hearing Mr Edenborough contended:

“The first way to address that is with respect to my core collection and delivery of mailed items in classes 38 and 39 that would hit any mail services in those classes. The next point is that with respect to the class 16 and 20 items I say that those are in essence a physical manifestation by which these services can be provided and so somebody seeing an envelope stamped or a container stamped with “MAILSOURCE”, when used in the context of mail services, would relate that to the underlying services.

Then we come to things that are slightly further apart. For example, class 36: monetary operations, financial affairs and accounting. Prima facie one would say that is quite distinct, but if there were financial transactions occurring in relation to the underlying mail services, then, again, that is just the provision of a service which is probably evidenced by some sort of docket or receipt that might in turn be stamped with the trade mark. The financial service would be perceived as being so closely related to the provision of the real service, the mail service, that it will be similar in that way. That would also deal with some of the parts of class 38 for example, the transmission of data, because nowadays not only does one deal in essence, with hard copy mail, but, of course, we have electronic mail. The boundaries between one and the other are evaporating before our eyes really. You could say that certain bits, for example, financial affairs and accounting is such a broad specification that it would cover, or potentially cover, the provision of hire purchase services for use in agricultural machinery or plant, using plant in its technical sense.

Sir, that cannot be similar to financial services that have been used in the provision of mail services. To that extent 5(2)(b) cannot work because of the greater penumbra of some of these very broad specifications. It will be for the core elements. When I say core, I mean the ones that relate to the postal services, the mail services.”

20) In comparing the goods and services of the two parties I take into account the factors referred to in the opinion of the Advocate General in *Canon*; page 127, paragraphs 45-48. In its judgement, the ECJ stated at paragraph 23:

“23. In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their end users and their method of use and whether they are in competition with each other or are complementary.”

21) I also take into account the comments of Jacob J. in *Avnet Incorporated v. Isoact Ltd* [1998] FSR 16 where he said:



“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.”

22) Despite Mr Edenborough’s eloquence I do not entirely accept his contentions regarding the similarity of his clients’ services with most of the various goods and services of the applicant. In the absence of detailed arguments against each aspect of the specification I must determine which have a connection to mail services. To my mind certain of the applicant’s goods and services are somewhat debatable. However, with the exception of the items listed below I believe that the whole of the specifications for Classes 16, 20, 35, 36, 38, 41 & 42 fall into the category of clearly not similar.

a) In Class 16: “Packaging in the form of envelopes, packets”. Whilst letters are traditionally placed in envelopes it does not follow that one would expect the service provider to also be the manufacturer of the materials used in writing a letter. Otherwise paper, ink, envelopes, pens etc would all be caught under this section. These goods cannot be regarded as similar.

b) In Class 20: “Receptacles and containers used for packing, transport and storage, made of plastic, wood and other materials included in this class.” I accept that bulk mail will, for ease of handling, be placed in some type of receptacle. Again, however, though this might have the mark MAILSORT stamped on it, the average consumer would not expect it to have been manufactured by the opponent, any more than promotional T-shirts or pens.

c) In Class 35: “Collection and systematisation of information into a data bank” and in Class 38: “Transmission of data retrieved from data banks.” Mr Edenborough made reference to electronic mail and stated that the boundaries between this and “hard copy mail” are “evaporating before our eyes”. To my mind, whilst both are forms of communication this does not make them similar, any more than if comparing them to carrier pigeons.

d) In Class 36: “Financial affairs and accounting; monetary operations” It was contended that if these were “occurring in relation to the underlying mail services” they would be viewed as similar as documents involved might carry the opponent’s trade mark. Virtually every company in the world undertakes financial transactions but this does not mean that they offer these services or that consumers would expect them to be offered.

23) I now turn to the Class 39 services included in the applicant’s specification. The opponent collects and delivers bulk mail. Whilst it will, as a consequence of this activity, briefly store such items it does not offer a storage or warehouse service. Therefore the following are not similar to the opponent’s services.

“Warehousing; intermediary services in connection with services relating to transport; storage of movables such as letters, items of correspondence, documents, securities, freight and other goods, rental of warehouses for

movables such as documents, securities, freight, other goods and vehicles; rental of storage containers; storage information.”

24) It follows that, in my opinion, the following are similar to the opponent’s Class 38 and 39 services:

“Delivery; packaging, transport and distribution of goods, routing of letters, items of correspondence, as well as other movables such as documents, securities, freight and other goods; transport of movable items such as documents, securities, freight and other goods, by motor car, rail-bound vehicle, boat or aircraft; packaging, shipping and distribution of mail such as documents, securities, freight and other goods; mail services.”

25) I now turn to consider the applicant’s trade mark, MAILSOURCE, and the opponent’s mark, MAILSORT.

26) Clearly the marks share the first six letters. Whilst there are slight visual differences in the endings of both marks, the aural differences are marginal. I believe that most consumers would see both marks as the word MAIL with the word SOURCE and SORT added respectively. Thus the first part of each mark would be pronounced the same. The second syllable of each mark “SOUR” and “SOR” would be pronounced similarly. The third syllable of the applicant’s mark gives a soft ending compared to the somewhat clipped and hard ending of the opponent’s mark.

27) Conceptually, they both convey a meaning of something connected with mail.

28) It is accepted that the beginnings of words are more important than endings and that the ends of words are often slurred (*Tripcastroid*). I must also take into account the dictum of imperfect recollection. To my mind the similarities more than outweigh the differences.

29) Both sides accepted that the average consumer was not the general public but the business user. Indeed, Mr Joye for the applicant described his services thus: “We have a job, inhouse post. It goes to a big company. We do the postal services for a big company like banks and insurances.” To my mind, the services on offer by both parties would be used and ordered by professional people, probably after a number of meetings to discuss the precise requirements of the client. Such postal services are not, I would suggest, chosen without some consideration. The average consumer of such products would, in my opinion, exercise some care in the selection.

30) I also have to consider whether the opponent’s marks have a particularly distinctive character either arising from the inherent characteristics of the marks or because of the use made of them. The opponent accepted that its mark was not inherently distinctive, however, it has made considerable use of its mark and has a turnover averaging over a £1 billion for the four years prior to the relevant date. Given that its services are aimed only at companies which send out large volumes of mail this has to be considered as significant. The evidence also included as part of a brochure, testimonials from three leading companies. The opponent can claim that its mark has a highly distinctive character as a result of use.

31) Taking account of all of the above when considering the marks globally, I believe that there is a likelihood of consumers being confused into believing that the services included in Class 39 and listed at paragraph 24 provided by the applicant are those of the opponent or provided by some undertaking linked to them. I do not believe that the other goods and services included in the applicant's specification would be viewed by the average consumer as being economically linked to the opponent. The opposition under section 5(2)(b) therefore succeeds only in relation to the Class 39 services identified in paragraph 24 above.

32) I now turn to consider the ground of opposition under section 5(4)(a) which reads:

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

- (a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.”

33) In deciding whether the mark in question “MAILSOURCE” offends against this section, 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:

“The question raised by the Grounds of Opposition is whether normal and fair use of the designation WILD CHILD for the purposes of distinguishing the goods of interest to the Applicant from those of other undertakings (see Section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see Art.4(4)(b) of the Directive and Section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the Applicant in accordance with the law of passing off.

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 *Even Warnik BV - v - J. Townend & Sons (Hull) Ltd* [1979] AC 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 the 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.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of "passing off", and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.'

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.’’

34) The date at which the matter must be judged is not entirely clear from Section 5(4)(a) of the Act. This provision is clearly intended to implement Article 4(4)(b) of Directive 89/104/EEC. It is now well settled that it is appropriate to look to the wording of the Directive in order to settle matters of doubt arising from the wording of equivalent provisions of the Act. It is clear from Article 4(4)(b) that the earlier right had to have been “acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed....”. The relevant date is therefore 21 December 2001, the date of the application.

35) With these considerations in mind I turn to assess the evidence filed on the behalf of the parties in the present proceedings as set out earlier in this decision, and the arguments put forward at the hearing.

36) The opponent has shown that it has both goodwill and reputation as the provider of bulk postal services to companies. Its turnover and the testimonials from large business users show that the mark is well known and has generated goodwill. They have over 12,000 customers all of whom are companies which generate large volumes of mail. It is not clear what percentage of the bulk user market the opponent has but with an average turnover of more than £1 billion it clearly controls a significant amount of the market. The opponent also licences its mark to third parties.

37) The evidence shows that the opponent has used its MAILSORT mark in relation to the collection and delivery of post, computer systems including software and hardware relating to postal services and also forms involved in the provision of the postal service.

38) I have found earlier that the marks of the two parties are similar and that when used on similar services in Class 39 would cause confusion. Therefore, it follows that use of the applicant’s mark on goods or services in which the opponent has goodwill is likely to lead the public to believe that the goods or services offered by the applicant are goods or services of the opponent, and thus there will be a misrepresentation and consequently damage.

39) Use of the applicant’s mark on the following services would cause a misrepresentation:

In Class 39: “Delivery, packaging, transport and distribution of goods, routing of letters, items of correspondence, as well as other movables such as documents, securities, freight and other goods; transport of movable items such as documents, securities, freight and other goods, by motor car, rail-bound

vehicle, boat or aircraft; packaging, shipping and distribution of mail such as documents, securities, freight and other goods; mail services.”

In Class: 42: “Computer programming; rental of computer software.” Where related to postal services.

40) The ground of opposition under section 5(4)(a) is therefore partly successful.

41) I now turn to the ground under section 5(3) which reads:

“5.(3) A trade mark which -

- (a) is identical with or similar to an earlier trade mark, and
- (b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is protected,

shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark, in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

42) In *General Motors Corporation v. Yplon SA* Case C-375/97 the European Court of Justice established the parameters for claiming a reputation in relation to Section 5(3):

“Article 5(2) of the First Council Directive (89/104/EEC) of 21 December 1988 to approximate the laws of the Member States relating to trade marks is to be interpreted as meaning that, in order to enjoy protection extending to non-similar products or services, a registered trade mark must be known by a significant part of the public concerned by the products or services which it covers. In the Benelux territory, it is sufficient for the registered trade mark to be known by a significant part of the public concerned in a substantial part of that territory, which part may consist of a part of one of the countries composing that territory.”

43) To succeed under this ground the opponent must show that it enjoys a reputation in the earlier right. I have found earlier in this decision that the opponent has such a reputation in its trade mark. The opponent thus qualifies for the first requirement of Section 5(3).

44) I look to the comments of Mr Thorley Q.C. (Sitting as a deputy judge of the High Court) in *Pfizer Ltd v Eurofood Link (UK) Limited* [2001] FSR 3 where he held:

“ H17(9). To show infringement under section 10(3) it was necessary for the trade mark proprietor to prove the required reputation and then to satisfy the Court that the defendant's use of the sign was without due cause and took unfair advantage of, or was detrimental to, the distinctive character or repute of the trade mark. (paras 31 and 32).”

45) The applicant has not shown evidence that it has used the mark, nor has any explanation of how the name came to be adopted been given. In contrast the opponent has used its mark for nearly fourteen years. Although evidence of use for the whole of this period was not filed the applicant did not challenge the issue at the hearing. In these circumstances I have no hesitation in reaching the conclusion that, if Royal Mail Group plc can otherwise succeed in its claim under 5(3) Die Schweizerische Post can obtain no assistance from the words “without due cause” in this section.

46) Although not referred to I take note of the judgement of the ECJ in Case 292/00 *Daividoff & Cie SA v Gofkid Ltd*. The effect of this decision is that similar goods and services can be relied upon under Section 5(3). The opponent’s case appears to be that use of the mark in suit will result in members of the public associating the goods and services of the applicant with those of the opponent, and that this use would lead to dilution of their mark.

47) Mr Edenborough contended that there was a clear linkage between the parties as the opponent is Royal Mail and the applicant is Swiss Post both of whom are involved in postal or mail services. He described the opponent’s mark as “a sensitive flower” that had acquired distinctiveness through use but that the value of Royal Mail’s brand would be diluted by use of the applicant’s mark. He described it thus:

“but it could easily have the distinctiveness nibbled away at the edges and the presence of a similar mark like MAILSOURCE to MAILSORT erodes at the edges the distinctiveness. Therefore any sort of nefarious activities would be detrimental to the distinctive character of the mark.”

48) In *Oasis Stores Ltd’s* trade mark application [1998] RPC 631 the Hearing Officer commented that:

“Any use of the same or a similar mark for dissimilar goods or services is liable, to some extent, to dilute the distinctiveness of the earlier mark. The provision is clearly not intended to have the sweeping effect of preventing the registration of any mark which is the same as, or similar to, a trade mark with a reputation. It therefore appears to be a matter of degree. In considering detriment under this heading it appears to me to be appropriate to consider:

1. The inherent distinctiveness of the earlier mark;
2. The extent of the reputation that the earlier mark enjoys;
3. The range of goods or services for which the earlier mark enjoys a reputation;
4. The uniqueness or otherwise of the mark in the market place;
5. Whether the respective goods/services, although dissimilar, are in some way related or likely to be sold through the same outlets;

6. Whether the earlier trade mark will be any less distinctive for the goods/services for which it has a reputation than it was before.”

49) Applying these considerations to the instant case, it is acknowledged by the opponent that the mark is not inherently strong, indeed it is inherently weak. It has a considerable reputation amongst businesses who send out large volumes of mail, but this reputation relates only to the field of collection and distribution of bulk mail and associated computer services. There is no evidence that the mark is unique, and whilst some of the applicant’s services are similar the majority of its goods and services are not related or likely to be provided through the same outlets. Clearly, if the applicant uses its similar mark on similar services to those of the opponent then the opponent’s mark will be less distinctive for the services for which it has a reputation than it was before. The converse is equally true.

50) In my view, anyone who encountered the applicant’s mark being used on goods or services unrelated to postal services and associated computer services would not make an association with the opponent’s mark. Even if I am wrong on this and they did make an association I am not convinced that their willingness to utilise the opponent’s services would be in any way affected by an adverse experience in relation to the applicant’s goods and services. There would therefore be no possibility of damage to the opponent if the applicant’s mark is used on anything other than postal services and associated computer services.

51) Thus the ground of opposition succeeds only in relation to the following services:

In Class 39 “Delivery, packaging, transport and distribution of goods, routing of letters, items of correspondence, as well as other movables such as documents, securities, freight and other goods; transport of movable items such as documents, securities, freight and other goods, by motor car, rail-bound vehicle, boat or aircraft; packaging, shipping and distribution of mail such as documents, securities, freight and other goods; mail services.”

In Class: 42: “Computer programming; rental of computer software.” Where related to postal services.

52) I now turn to consider the grounds of opposition under Section 3(1) which reads:

“3.-(1) The following shall not be registered -

- (a) ....
- (b) trade marks which are devoid of any distinctive character,
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,
- (d) .....



Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

53) It is clear from the views expressed by the European Court of Justice in *Companyline* [2003] E.T.M.R. 20 and the High Court in *Have a Break* [2002] EWHC 2533 (Ch) that Section 3(1)(b) has separate and independent scope from Section 3(1)(c). Therefore, I have to consider each section separately.

54) I therefore move to consider the ground of opposition under Section 3(1)(b). When considering the opposition under this section I adopt the approach taken by the European Court of Justice in its judgment in *Joined Cases C-53/01 to C-55/01 Linde AG, Windward Industries Inc. and Radio Uhren AG* (8 April 2003) at paragraphs 37, 39-41 and 47 which state:

“37. It must first of all be observed that Article 2 of the Directive provides that any sign may constitute a trade mark provided that it is, first, capable of being represented graphically and, second, capable of distinguishing the goods and services of one undertaking from those of other undertakings.

.....

39. Next, pursuant to the rule in Article 3(1)(b) of the Directive, trade marks which are devoid of distinctive character are not to be registered or if registered are liable to be declared invalid.

40. For a mark to possess distinctive character within the meaning of that provision it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from products of other undertakings (see *Philips* [2002] ECR I-5475, paragraph 35).

41. In addition, a trade mark’s distinctiveness must be assessed by reference to, first, the goods or services in respect of which registration is sought and, second, the perception of the relevant persons, namely the consumers of the goods or services. According to the Court’s case-law, that means the presumed expectations of an average consumer of the category of goods or services in question, who is reasonably well informed and reasonably observant and circumspect (see *Case C-210/96 Gut Springenheide and Tusky* [1998] ECR I-4657, paragraph 31, and *Philips*, paragraph 63).

47. As paragraph 40 of this judgment makes clear, distinctive character means, for all trade marks, that the mark must be capable of identifying the product as originating from a particular undertaking, and thus distinguishing it from those of other undertakings.”

55) It is clear from the above that I must assess the mark’s distinctiveness in relation to the goods for which the applicant seeks registration. I must also take into account

the perception of the relevant consumer of the goods. At the hearing Mr Edenborough contended:

“MAILSOURCE is a mark of very low distinctive character. We would say of no distinctive character. There is no graphical element there that could potentially add to its distinctive character. The terms themselves individually are of no particular distinctiveness. Mail for mail services clearly cannot be distinctive. Source, we would say also has no distinctiveness when you consider that it is basically to do with outsourcing mail and those sort of things. When you join them together to form a portmanteau word, again, first of all, they are being joined in their normal lexical way, MAILSOURCE. It is not some source mail or dry baby, baby-dry. There is actually nothing there that is unusual in the joining of the two words together. There is nothing lexically inventive about it. The mere fact that the word itself, MAILSOURCE, does not appear in a dictionary is actually irrelevant because the mere fact that a new word might have been coined is not of itself sufficient to give it a distinctiveness. I rely upon the line of authorities in Henkel-type cases. I realise, of course, those are 3-D shape marks for soap tablets and there is the prejudice of the ECJ and the discourse against shape marks per se, but following the essential gist there where they are actually saying just because a soap tablet might be new in its colouring, or its formation or whatever, is not sufficient to confer distinctive character. You need more than that. You need something that can actually function as a trade mark that the customers can rely upon, can use, take as a handle, so that the mark will function as a trade mark. The mere fact that the word itself is new, is not sufficient for that to actually occur.”

And:

“In this case, in my submission, it is fairly clear that the proposed mark would not be used as a trade mark upon such goods in class 16 or 20 as a trade mark. It would more be stamped upon, for example, the printed matter or the receptacle so that those items, those goods, can then be the physical entity by which the services are proffered, the services being the core services of outsourcing mail sourcing services. In some senses these products are very closely related to the way in which the services would be delivered. That is way in which when you saw the mark upon those goods, you would be thinking not so much of the goods directly, but they would be linked to the services, which are the core underlying services in relation to which this mark will be used. Therefore it is that way in which the mark will be understood and therefore you would have the lack of distinctiveness with respect to those particular products..... The application is being made by Swiss Post and so therefore it is reasonably fair to conclude that it is going to be used in relation to postal services. It is not, for example, a mark that is being applied for by a papermaking company from Scandinavia, in which case certain other underlying assumptions might come into play. In this particular case, the applicant is Swiss Post. It would therefore be reasonable and, in my submission, quite proper for you to conclude that it will be used in relation to postal services, mail services in a broad brush sense. In that sense, you have some evidence on which to rely.”

56) The essential function of a trade mark is to identify the commercial origin of a product so as to enable the consumer who purchased it to either make a subsequent purchase of the product if it proves satisfactory or to avoid the product in future if the experience is unsatisfactory. Mr Edenborough invites me to consider the mark in suit as non-distinctive when applied to mail or postal services and allied goods. He did not clearly identify those aspects of the applicant's specification which fell into this category, rather he asked me to apply a broad brush approach on the basis that the applicant is Swiss Post and so their specification must perforce revolve around the provision of mail services.

57) I think I should be slow to adopt this reasoning. Whilst the core business of the applicant would be the provision of mail services it does not follow that they cannot diversify. I am also always slightly uneasy in adopting a broad brush approach preferring a careful analysis of a specification akin to that carried out at paragraphs 22 and 23. However, although at these paragraphs I considered which aspects of the specification were similar to the postal services offered by the opponent I cannot rely upon the findings in considering whether use of the mark in suit would, in the eyes of the average consumer for the particular goods or services, serve as a badge of origin or be regarded as non-distinctive.

58) The mark consists of two well known dictionary words, MAIL and SOURCE conjoined. It is well settled that the test for distinctiveness of a trade mark must be judged against the mark as a whole. Clearly the individual words have distinct meanings and in conjoining the words their individual identity is not lost. To my mind the term mail source is not the natural way of describing where mail comes from or the source of ones mail.

59) Regarding the goods in Classes 16 and 20 Mr Edenborough contended that the mark in suit when used on such items would be seen as non-distinctive as the goods would be involved in the physical process of postal delivery. I agree that many of the items included in these classes such as envelopes, packets, stationery goods, trays for letters and various receptacles and containers would all be used in the actual process of postal delivery. However, this does not mean that use of the mark in suit would be non-distinctive. If one saw MAILSOURCE stamped on an envelope lying in a similarly stamped letter tray what would the average consumer make of it? To my mind, they would not see the term as descriptive. One does not have a source of mail or mail source tray one has an "in" tray. Use of the mark in suit on all of the goods in these classes would, in my opinion, be seen as an indication of origin as it is distinctive when used on such goods.

60) Even when used on postal delivery services included in Class 39 the mark to my mind would be seen as allusive but distinctive. In my opinion, the average consumer would see the mark as being origin specific and would attach trade mark significance to the mark for all the goods and services specified. The opposition under Section 3(1)(b) fails.

61) I next consider the position under Section 3(1)(c). In considering this ground I look to the guidance given by the European Court of Justice in relation to Article 7(1)(c) of Council Regulation 40/94 on the Community Trade Mark in *Baby-Dry* [2001] ETMR 75. Article 7(1)(c) is equivalent to Section 3(1)(c) of the Trade Marks

Act 1994. The findings of the Court are set out in paragraph 35 et seq of the judgement. Paragraphs 37, 39 and 40 serve to illustrate the approach adopted by the Court.

“37. It is clear from those two provisions taken together that the purpose of the prohibition of registration of purely descriptive signs or indications as trade marks is, as both Proctor & Gamble and the OHIM acknowledge, to prevent registration as trade marks signs or indications which, because they are no different from the usual way of designating the relevant goods or services or their characteristics, could not fulfil the function of identifying the undertaking that markets them and are thus devoid of the distinctive character needed for that function.

39. The signs and indications referred to in Article 7(1)(c) of Regulation No 40/94 are thus only those which may serve in normal usage from a consumer’s point of view to designate, either directly or by reference to one of their essential characteristics, goods or services such as those in respect of which registration is sought. Furthermore, a mark composed of signs or indications satisfying that definition should not be refused registration unless it comprises no other signs or indications and, in addition, the purely descriptive signs or indications of which it is composed are not presented or configured in a manner that distinguishes the resultant whole from the usual way of designating the goods or services concerned or their essential characteristics.

40. As regards marks composed of words, such as the mark at issue here, descriptiveness must be determined not only in relation to each word taken separately but also in relation to the whole which they form. Any perceptible difference between the combination of words submitted for registration and the terms used in the common parlance of the relevant class of consumers is apt to confer distinctive character on the word combination enabling it to be registered as a trade mark.”

62) I also take into account the comments of Advocate General Jacobs in the *Doublemint* case, dated 10 April 2003, where he said:

“91. That last consideration leads me to the question of the extent to which Article 7(1)(c) of the Trade Mark Regulation must be interpreted in the light of the aim referred to in the *Windsurfing Chiemsee* judgment, namely that descriptive signs and indications should be freely available to be used by all traders in relation to the relevant goods.

92. In my opinion in *Baby-Dry*, (39) I took the approach that in the scheme of the Community Trade Mark Regulation a trade mark could include signs or indications designating product characteristics but could not consist exclusively of them. By virtue of Article 12(b), the trade mark cannot prevent other traders from using such signs for descriptive purposes. The aim of Article 7(1)(c) is to avoid the registration of descriptive brand names for which no protection could be available rather than to prevent any monopolising of ordinary descriptive terms. A very similar view was taken by the Court at paragraph 37 of its judgment.

93. In the present case, both the Office and the United Kingdom Government have expressed reservations about that approach, which has also been criticised in the literature. (40) It appears, they have pointed out, to represent a departure from the Courts statement in *Windsurfing Chiemsee* that Article 7(1)(c) of the Trade Marks Directive “pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the categories of goods or services in respect of which registration is applied for may be freely used by all and that Article 6(1)(b) (which corresponds to Article 12(b) of the Regulation) does not have a decisive bearing on that interpretation”.

94. It may be feared that the approach in question is liable to shift the balance of power in favour of a trade mark owner with monopolistic ambitions who may assert, or threaten to assert, his rights against an alleged “infringer who merely seeks to use descriptive terms descriptively and honestly”. In the real world, a defence under Article 12(b) might be worth rather less than its ostensible value in law.

95. That danger cannot be ignored. A trade mark owner wishing to monopolise not only his trade mark but the area around it may threaten unmeritorious proceedings against a competitor, who may capitulate rather than incur the costs of litigation as well as risk an adverse outcome.

96. However, for the reasons already given, I do not think that the *Baby-Dry* case, properly understood, does shift the balance in the way that has been suggested. And the danger mentioned will be obviated if the criterion of “perceptible difference” in paragraph 40 of the *Baby-Dry* judgment is applied as I have suggested above, so that a mark is accepted for registration only when it is apparent to both traders and consumers that as a whole it is not suitable, in the ordinary language of trade, as a designation of characteristics of the product in question.

97. In any event, it seems clear that there was no intention, in the *Baby-Dry* judgment, to depart from the view in *Windsurfing Chiemsee* that it is in the public interest that descriptive signs may be freely used by all. Very recently, in *Linde*, (42) the Court has expressly reaffirmed that position.”

63) This opinion was confirmed by the European Court of Justice in *Doublemint* Case C191-01 (*Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) v Wm Wrigley Jr* [2003] WL101985) which said:

“31. By prohibiting the registration as Community trade marks of such signs and indications, Article 7(1)(c) of Regulation No 40/94 pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the characteristics of goods or services in respect of which registration is sought may be freely used by all. That provision accordingly prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks.”

64) It is clear from the above that I must determine whether, assuming notional and fair use, the marks in suit, will be viewed by the average consumer to directly designate the essential characteristics, “kind” and “intended purpose”, of the goods and services for which registration is sought. Only if the marks are no different from the usual way of designating the relevant goods or their characteristics can it be debarred from registration.

65) The opponent has provided evidence that the term MAILSOURCE is used on the internet as a term for identifying the sender of emails, in particular junk email or SPAM. However, most of the evidence was dated after the relevant date and none was generated in the UK. Whilst the fact that most post date the application is not fatal to the opposition, the opponent’s failure to show that the term is in use in the UK at all is decisive. I accept that terms can quickly become common currency, however, a few isolated instances does not show that the term is in common use anywhere.

66) To my mind the mark in suit could not be said to be the normal way of describing the types of goods and services, or their characteristics, included in the specification. The ground of opposition under Section 3(1)(c) fails.

67) Grounds for refusal exist only in respect of the following services:

In Class 39: “Delivery, packaging, transport and distribution of goods, routing of letters, items of correspondence, as well as other movables such as documents, securities, freight and other goods; transport of movable items such as documents, securities, freight and other goods, by motor car, rail-bound vehicle, boat or aircraft; packaging, shipping and distribution of mail such as documents, securities, freight and other goods; mail services.”

In Class 42: “Computer programming; rental of computer software relating to postal services”.

68) The application will be allowed to proceed to registration if, within one month of the end of the appeal period for this decision, the applicant files a TM21 restricting the specification to the following:

Class 16: Printed matter, including books, journals, brochures, prospectuses and other publications; handbooks in connection with computer programs; stationery goods; writing implements; trays for letters; packing paper; packaging material (paper, cardboard); plastic packaging in the form of envelopes, packets, films; playing cards; postage stamps.

Class 20: Receptacles and containers used for packing, transport and storage, made of plastic, wood and other materials included in this class.

Class 35: Advertising and sales promotion, rental of advertising space; rental of sales premises; marketing, market studies; business organisation and management consulting, business management consulting; personnel consulting; management of customer address files; document reproduction; collection and systematisation of information into a data bank; office functions.

Class 36: Financial affairs and accounting, monetary operations, payment services; cash receipt operations.

Class 38: Telecommunications; transmission of data retrieved from data banks.

In Class 39: Warehousing; intermediary services in connection with services relating to transport; storage of movables such as letters, items of correspondence, documents, securities, freight and other goods, rental of warehouses for movables such as documents, securities, freight, other goods and vehicles; rental of storage containers; storage information.

In Class 41: Basic and further training services, including in the field of transport, transport of freight and other goods as well as in connection with monetary or financial operations of all kinds; rental of training facilities.

Class 42: Computer programming unrelated to the provision of mail services; planning of solutions for the transport of freight; consulting with respect to data processing; rental of computer software unrelated to the provision of mail services; granting of intellectual property licences and exploiting of patents; consulting in the field of security; rental of vending machines; printing work; leasing of access time to data banks; providing access time to a data bank for a charge or for free; professional consulting, including in relation to transport logistics and management; legal services.

69) If the applicant does not file a TM21 restricting the specification as set out above the application will be refused in its entirety.

70) The opposition has only been partly successful in three of the grounds of opposition and has failed under the other two grounds. As the opponent was only partly successful the costs have been reduced. I order the applicant to pay the opponent the sum of £1000. This sum 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 2<sup>nd</sup> day of November 2004

George W Salthouse  
For the Registrar,  
The Comptroller-General