

O/297/13

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 2582242
BY SALDON PRODUCTS LIMITED
TO REGISTER THE TRADE MARK**

HILUX

**AND THE OPPOSITION THERETO UNDER NO. 102386
BY LUMINANCE PRO LIGHTING SYSTEMS LIMITED**

Background and the issues in dispute

1. These proceedings concern an application for the trade mark HILUX by Saldon Products Limited (“the applicant”). The application was filed for “lighting apparatus” on 23 May 2011. Following its publication in the *Trade Marks Journal* on 17 June 2011, the application was opposed by Luminance Pro Lighting Limited (“the opponent”) on the ground that registration would be contrary to section 5(4)(a) of the Trade Marks Act 1994 (“the Act”). Section 5(4)(a) states:

“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.”

2. The opponent bases its opposition on the grounds that it has an earlier right in the following sign, which it states was first used on lighting design on 23 November 1999¹ for Rawmarsh Comprehensive School, in Rotherham:



The opponent’s pleadings are worded in such a way as to rely upon both the sign above and the sign HiLux; I will refer to the sign in the singular as the presentation shown above does not affect the case. The opponent states that its brand name, HiLux, has been used throughout the UK on luminaires, lighting columns, lighting switching systems, steel fabrications and “other associated equipment”. It states that lighting products under the HiLux sign are associated with the opponent and have become well known “within the sports lighting industry”. The opponent states that the brand name (i.e. HiLux) carries an associated logo, which is the sign identified above.

3. The applicant filed a counterstatement in which it denies that the opponent’s claimed reputation entitles it to prevent the applicant’s use of its mark under the tort of passing off. It puts the opponent to proof of its claims. The applicant states that it has used the mark HILUX for many years during which time it has not been made aware of any instances of confusion with the opponent. The applicant states that it does not operate within the specialist sports lighting industry, that there is no misrepresentation and therefore no damage to the opponent.

4. Both parties filed evidence and written submissions. I heard their representatives’ oral submissions at a hearing on 15 May 2013 at which the opponent was

¹ The opponent’s evidence shows the date to be 23 November 1998.

represented by Dr Stuart Baran of Counsel, instructed by Mathisen & Macara, and the applicant was represented by Ms Jacqueline Reid of Counsel, instructed by Marks & Clerk LLP. All papers and submissions have been fully considered in reaching this decision.

Evidence

9. The opponent has filed two witness statements from Andrew Zone, who has been the opponent's Operations Manager since 2001. The applicant criticised aspects of Mr Zone's first statement; he filed his second statement in response. Mr Zone states that the opponent has been in the electrical trade since about 1993, being incorporated as a Limited company in 2004. Mr Zone states that, prior to this date, the opponent had been a trading style of a sole proprietor and a partnership. Mr Zone states that the opponent is the owner of the goodwill of the earlier entities. This chain of title is one of the areas disputed by the applicant. The applicant submits that the present opponent cannot be the owner of the original goodwill because (i) there is no evidence of the assignment of any goodwill and (ii) the opponent's predecessor before 2002 was a partnership. In response, Mr Zone's second statement states;

"Partnership status prior to 30 April 2002.

Pro Lighting Systems – Sole trader status from 1 May 2002 to 31 October 2004.

Luminance Pro Lighting Systems Ltd – Limited Company status from 1 November 2004 to date.

The Limited Company is owner of the goodwill of the earlier entities."

Ms Reid, at the hearing, submitted that the second statement said no more than the first.

10. Mr Zone states the opponent's turnover figures for the years 2007 to 2012 (ending on October 31) are:

Year	Turnover (£)
2012	1,079,927.72
2011	916,944.99
2010	1,013,344.44
2009	932,556.44
2008	558,554.30
2007	663,102.58

11. Mr Zone states that, "typically", 80-90% of the turnover is in respect of HILUX branded products (Mr Zone refers throughout his statement to HILUX in capital letters). He states that the opponent sells all kinds of lighting under the HILUX house mark. Some goods also have a "product mark". Exhibit AZ1 shows this type of use (HiLux ACE and HiLux MATCH); the brochure has a date of 2011, which is the year of application. Mr Zone states that this brochure, "version 3.0.1" was in use between January 2011 and January 2012; the application was made on 23 May

2011. Exhibited² to his second statement is version 1.0, dated 21 January 2000, which was included in planning documentation submitted for Carshalton Lawn Tennis club. Mr Zone states that the brochure was provided as sales literature and illustrates a project that was commercially supplied and completed on 21 February 2002. The front page of the exhibit shows names and addresses of the tennis club, Luminance Pro Lighting Systems, the designer name, Peter Goggin, but no reference to HiLux. The pages which follow do not have numbers, other than handwritten enumeration to meet the pagination requirements of the Trade Mark Registry. The pages show the mark HiLux in conjunction with sports luminaires. Mr Zone states that the latest luminaires also show HILUX on the luminaire glass, but the technical drawing³ filed to show this is dated March 2012, well after the relevant date in these proceedings.

12. Mr Zone states that HILUX is very well known in the lighting market, especially the sports lighting market, and that it is not necessary for the opponent to spend a great deal of money on advertising. However, he explains, that the opponent does advertise from time to time, as evidenced by exhibit AZ5, which shows pages from what appears to be a directory of sports-related suppliers of e.g. spectator stands, sports flooring, golf course irrigation, sports litigation and lighting. An advertisement for Luminance Pro Lighting Systems, "Manufacture and supply of HiLux sports floodlighting and PLC control systems" is shown under "Lighting" on page 1 of the exhibit; on page 2, there is an advertisement for HiLux Lighting, with the supplier shown as Luminance Pro Lighting Systems Ltd; pages 3 and 4 show the same advertisement; page 5 shows an advertisement for HiLux environmental luminaires, with a picture of indoor and outdoor tennis courts. Mr Zone explains, in his second witness statement, that the pages are from "The Federation of Sports and Play Associations Members Directory". Pages 1, 2, 3 and 4 are from 2004, 2005, 2006 and 2007, respectively, with circulation figures of not less than 3,500. Page 5 is from 2012, well after the relevant date.

13. Mr Zone states that, in addition to direct supply of HILUX products, the opponent also distributes exclusively through a wholesale group called Edmundson Electrical Ltd, which then sells the product to installers.

14. Mr Zone states that the opponent's archives indicate that the first use of the HILUX house mark was on a lighting design for indoor tennis. He supports this statement with exhibit AZ2, points to the use of HiLux in quotations in exhibit AZ3, and refers to use in exhibit AZ4. AZ2 is proposal documentation dated 23 November 1998 for Rawmarsh Comprehensive School for tennis court floodlighting. The first page gives the designer's name as Peter Goggin of Luminance Pro Lighting Systems. The applicant disputes the provenance of this document for the reasons that follow. The page numbering is curious because there is a handwritten '1' in the bottom right corner of this page; however, the next page has a typed "2/13" in the bottom right corner. The typed page numbers continue until 13/13. At the bottom of all pages 2/13 to 13/13 it says "Philips Lighting B.V.". Throughout these pages there is no mention of HiLux. Page 13/13 gives the name of the luminaire to be used in the tennis court lighting as EBL 011/1KW MV M/56.5. The applicant points out that

² Exhibit AZ10.

³ Exhibit AZ9.

there is a page 14, with a handwritten 14, not a typed page number, i.e. it is not 14/14. Mr Zone, in his second statement, confirms that the 14-page document exhibited was submitted to the local planning authority as a complete 14-page document and the project was supplied and completed on 10 June 1999. On page 14, the luminaire is given as HiLux EBL215-MV projector. The applicant submits that this page does not belong to the document and that the Rawmarsh school document does not refer to HiLux products; page 14, the only page to refer to HiLux, has been added to the exhibit. Exhibit AZ3 is a quotation from Luminance Pro Lighting Systems dated January 1999 regarding Penallt Tennis Club. It refers to "Luminance Pro "HiLux" Floodlight Projector". Mr Zone, in his second statement, states that the project was supplied and completed on 10 June 1999 (the same date as for Rawmarsh School). AZ4 is a technical drawing dated 25 June 2002, drawn by Mr Zone, of floodlighting. It refers to "HiLux Static Columns". The drawing does not say what or whom it was for, nor is this explained by Mr Zone.

15. Mr Zone states that apart from selling lighting products, the opponent designs, installs and maintains lighting systems, principally in relation to indoor and outdoor sports facilities. He states that a key sport is tennis, but that the opponent also supplies lighting for other types of sports facilities, including five-a-side football and skate parks. Mr Zone states that the opponent's first indoor project was in 1995. He states that the opponent has completed about 17 large indoor projects and has carried out over 40 designs for indoor projects. Further, the opponent has produced over 1000 lighting designs for projects in the UK. Of these 1000 projects, around 30-40 projects are supplied with HILUX lighting products each year. Mr Zone asserts that HILUX is a strong presence within the tennis sector. Exhibits AZ6 and 7 are proposal documents which Mr Zone states illustrate that it is common in the lighting business for architects and consultants to propose solutions to customers which require planning permission, which may well specify that only the approved equipment be used. Mr Zone points to AZ6 as a case in point. This is a planning decision notice dated October 2010 relating to sports court floodlighting specifying a particular type of luminaire. There is no mention of HiLux. Specific reference to HiLux products is shown in the project document exhibited at AZ7. This exhibit is a specification document for a proposed tennis hall at Stafford Sports College, dated September 2009, drawn up by Consult Partnership Ltd and Montague Architects Ltd. Amongst the list of materials is "Hilux EBL 107-MV with 1000W Multi Vapour lamp". Mr Zone states, in his second witness statement, that the project was supplied and completed on 11 June 2010.

16. Mr Zone exhibits some pages from the applicant's website. He states:

"Saldon Products Ltd ("Saldon") sell HILUX lighting equipment. A considerable number of Saldon HILUX products are shown on their website at www.tamlite.co.uk. Some examples are shown in Exhibit AZ8. These products are also exclusively available through a particular wholesale group, City Electrical Factors Ltd (CEF). These products have nothing to do with LPLS's [the opponent] HILUX products, however the luminaires can both be proposed for the same purpose, at present related particularly at indoor lighting. According to Saldon's promotional material their HILUX luminaires are 'low profile fluorescent lowbay for a wide variety of industrial and commercial applications including sports, retail and warehouse.' The website

illustrates use of the luminaires in indoor sports facilities, supported by text and photographs, this can be seen from Exhibit AZ8.”

Like the opponent, the applicant has brands other than HILUX. The applicant complains that the opponent has conflated mention of its HILUX products on the applicant’s website pages which do not relate to sports facilities with lighting for sports facilities elsewhere on its website which do not mention HILUX.

17. The applicant has filed a witness statement from John Allden, who has been the applicant’s Director and General Manager for twenty years. He states that the applicant is part of an associated group of companies which include TamLite Lighting and City Electrical Factors Limited. Mr Zone, in his second witness statement (evidence filed in reply), challenges the applicant’s claim to its own goodwill, exhibiting details from the register of trade marks which show that various registrations for trade marks which include the word TAMLITE are recorded on the register with City Electrical Factors Ltd as the proprietor.

18. Mr Allden states that the specific luminaires in relation to which the HILUX brand has been used have been a long standing and successful product for the applicant. He states that HILUX was created and first established as a brand in 2005, at this time being a totally new type of fluorescent ‘high bay’ luminaire. Mr Allden explains that HILUX was chosen as a combination of LUX, which is a measure of light, and HI to indicate a luminaire mounted in a high position, of high performance and/or has a high output. Exhibited at JRA1 are a selection of invoices which illustrate sales of HILUX from 2005 and a copy of the front page from the HILUX catalogue. The latter shows HILUX with a picture of a strip light and the words TAMLITE LIGHTING. It is undated. The earliest invoice is dated 20 May 2005 from TamLite H.I.D., order taken by ‘Alan’; it refers to a HILUX455 new compact style 4x55 PL HF Lowbay C/W lamp and a wire guard for a HI-LUX luminaire. The bottom of the invoice says “Proprietors: SALDON PRODUCTS LTD”. There is a screen shot of a product enquiry dated 4 March 2005 for PL455HF HILUX C/W lamps at £233.29 each, conducted by ‘Alan’. An invoice dated 12 October 2005 from TamLite H.I.D. shows the words “Proprietors: SALDON PRODUCTS LTD” and “HILUX455 new compact style 4x55 PL HF Lowbay C/W lamps, order taken by ‘Alan’”. A TamLite invoice dated 24 January 2006, order taken by ‘Nikki’, refers to a HILUX455 and the proprietors as Saldon Products Ltd. A TamLite invoice dated 7 August 2007, order taken by ‘Julia’, refers to HILUX480T5 (4 lamp 80w T5 H.O. Lowbay), and the proprietor as Saldon Products Ltd. A similar invoice for the same item is dated 4 February 2008. A TamLite invoice dated 4 February 2009, order taken by ‘Wendy’, refers to a HILUX480HFDV103T5, a new style 4x802 T5 HFD (DSI) C/W sensor C/W lamp.

19. Mr Allden states that the applicant has a £45 million share in the lighting equipment industry which he believes is worth £1.8 billion. He states that the market leader has a £100 million share and that the applicant is within the top six lighting companies in the UK. However, this does not relate to use of HILUX. Exhibit JRA2, reproduced below, shows sales figures for HILUX, split by reference to the locality of the installing engineer, as represented by the area codes which include Perth, Newcastle, Manchester, Birmingham, Northern Ireland, Reading, South Wales, Taunton, Northampton, Reading and Canterbury (the 2012 figures are well after the relevant date):



T A M L I T E HILUX [C04] Customer Sales Report Period:2010-11-12

ALL CUSTOMERS From REPCODE: N01 to Z99 For Primary Groups: HILUX To HILUXEM

Financial year - May - April

Area Codes	YTD Apr-10	YTD Apr-11	YTD Apr-12
N01	£55,022	£139,480	£124,735
N02	£64,424	£77,852	£147,017
N03	£73,216	£185,199	£191,299
N04	£554,974	£338,032	£310,379
N05	£82,200	£269,300	£178,038
N06	£112,862	£85,026	£76,301
N07	£346,820	£222,626	£273,133
N08	£69,027	£205,220	£295,496
N09	£177,030	£284,337	£133,211
N10	£66,887	£49,188	£62,535
N12	£124,725	£118,925	£72,666
N14	£151,062	£232,689	£246,490
S01	£12,936	£54,035	£18,143
S02	£83,327	£115,727	£190,446
S03	£3,548	£137,645	£637,068
S04	£6,685	£63,540	£70,504
S06	£47,998	£181,072	£169,348
S07	£38,445	£66,523	£72,650
S08	£100,034	£187,891	£549,066
S09	£94,132	£176,614	£195,213
S10	£85,709	£85,350	£223,944
Z01	£4,242	£908	£55,018
Z50	£0	£944	£0
Z99	£3,591	£6,891	£15,770
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	£2,358,897	£3,285,013	£4,308,469
		Total sales	£9,952,378.64

pft/excel/28/06/2012 - Hilux sales Apr10-Apr11-Apr12/xlsx

20. Mr Alden states that the applicant's HILUX products are supplied principally through City Electrical Factors Ltd (this is the company named on the above-mentioned invoices). Mr Alden states that City Electrical Factors is widely recognised as the UK's leading electrical wholesale network with over 400 branches spanning the UK. Mr Alden states that during his time in the lighting industry (since 1979), he has never encountered the opponent or its HiLux brand. He states that he tracks over 300 lighting suppliers to City Electrical Factors Ltd and that the opponent has not supplied them (the opponent has given evidence that it sells its products directly and through Edmundson's). Mr Alden states that the applicant's HILUX luminaire is a fluorescent linear luminaire which provides a very different light to the opponent's sports lighting lamps and systems, and which the opponent would not use to provide sports lighting. The parties' goods are not interchangeable. Mr Alden states that such lighting always carries product coding to identify it. For these reasons, states Mr Alden, contractors would not confuse the parties' goods because they would be interested in the product coding. Mr Zone, in his second statement, refutes Mr Alden's contention that the applicant's lighting cannot be used for sports

application; he explains that the only difference would be the amount of lamps which would be needed to achieve the same level of illumination.

21. Mr Alden refers to Mr Zone's first statement that the opponent sells its products through Edmundson Electrical Ltd, which sells them to installers. Mr Alden states that his investigations⁴ show that HILUX products do not appear in Edmundson's catalogue or on its website. Mr Zone confirms this in his second statement: he states "I agree that our product does not yet appear in the Edmundson database".

22. Stuart Besford has also filed evidence on behalf of the applicant. Mr Besford is the Business Manager for "Tamlite Hilux", which he states is a trading division of the applicant. He states that he has been employed by the applicant for 17 years. His evidence explains how lighting is sourced or purchased by contractors. At the design stage of a project, a designer will call for luminaire data to substantiate lighting design calculations and a specification will be written which will be sent to architects or clients for tender purposes. In the case of new builds, documentation is sent to a nominated list of builders, then to electrical installation contractors. Contractors purchase via electrical wholesalers and install the lighting. The process can take anything from six months to a few years. Mr Besford states that specified lighting means that lighting installations will be "extremely precise" and any mentioned brand will be accompanied by a particular code to ensure that the correct lighting is supplied. Mr Besford exhibits at SB1 a specification for "The Hut, Airedale" for Wakefield Metropolitan District Council (undated). In the "luminaire schedule", there are several providers of luminaries mentioned, including Tamlite and Hi-Lux. I note that the document specifies "Tamlite or equal and approved". Mr Besford also exhibits a list of Tamlite's HILUX products, identified by codes as well as the name HILUX, as appearing on City Electrical Factor's website (pages undated). Mr Besford submits that the specification process is so precise that there is no room for confusion. He states that, where it is permitted to use alternative products, it would not be possible for the contractor to purchase through City Electrical Factors Ltd the applicant's HILUX product if the specified product is the opponent's luminaire: the two are not interchangeable and cannot provide the same light source. He states:

"An electrical wholesaler in receiving a request for a specified luminaire may be able to offer an alternative, but in this particular case it would **never** be our HILUX branded product".

23. Mr Zone, in his second witness statement, takes issue with the business process described by Mr Bedford. Mr Zone states that some work may follow this purchasing pattern, but not all; for example, the opponent also provides a direct purchase route and not sole distribution via wholesalers. Mr Zone also states that, in his experience, the use of product codes by the third parties writing specification documents rarely happens. Mr Alden (for the applicant) in his witness statement states that only "one in ten will specify a particular luminaire" (in relation to large jobs or contracts), which appears to sit ill with Mr Besford's view of the market.

⁴ Exhibit JRA3.

24. Mr Besford states that he contacted a competitor of Edmundsons' Electrical Ltd (which sells the opponent's lighting) in the Aldershot area (where Edmundson's is located). The competitor is one of the branches of the chain which distributes the applicant's goods, City Electrical Factors Ltd. Mr Besford states that he spoke to 'Dave' who had not heard of the opponent and did not have them on a supplier database. Mr Besford also contacted branches of Edmundson's requesting prices for a HILUX product under the guise of a customer looking for a quotation for a particular job. Mr Besford spoke to 'Nigel' in the Redditch branch and requested a price for a HILUX EBL107-MV, but Nigel said that he was not aware of the product or of the opponent, but then located them using a search engine. Nigel telephoned Mr Besford to say that the opponent would not quote any prices unless a specific project name was detailed and given. 'Bob', 'Robert' and 'Terry', at the Leeds, Bournemouth and Salisbury branches of Edmundson's had not heard of the opponent.

25. This evidence is hearsay. Mr Zone, in his second statement, states that it is normal for wholesalers to do an internet search for the opponent or its HILUX brand and then contact them directly; he states that the opponent passes quotations via Edmundson's in Aldershot. Later in the statement, Mr Zone explains that customers may or may not choose to purchase the opponent's products through a wholesaler, which appears contradictory. The opponent has filed a witness statement from the manager of the Aldershot branch of Edmundson's, Kelvin Mitchell, who has held this position for seventeen years. He states that the branch holds a credit agreement with the opponent so that the branch can purchase HILUX branded goods for resale to customers. Mr Mitchell states that he believes that HILUX products are particularly aimed at sport applications, such as indoor and outdoor tennis court lighting. He states that he has been aware of the HILUX products for approximately ten years. Mr Mitchell exhibits (KM1) a print-out of pages from the TamLite website, which he states to be a trading style of the applicant. He states that the applicant's luminaires shown in the exhibit are only suitable for indoor purposes and are only offered with a small range of lamps; nevertheless, states Mr Mitchell, they correspond directly with the opponent's HILUX products. He states that the "only difference is in the lamps installed" (lamps are part of a luminaire, which forms the entire light, i.e. the lamp and housing). Mr Mitchell states that the Aldershot branch receives requests for quotations from UK-wide branches of Edmundson's, often for ancillary products such as columns, brackets and equipment under the opponent's HILUX brand for indoor or outdoor lighting. Mr Mitchell states that quotations are usually asked for on the basis of HILUX lights for site XXX rather than luminaires from a particular manufacturer. Customers do not request Edmundson's to provide quotations on alternatives because, Mr Mitchell states, the products are generally specified by the architect on account of the quality and specification of the HILUX products.

Decision

26. The requirements to succeed in a passing off action are well established and are summarised in *Halsbury's Laws of England* 4th Ed. as being that:

- i) the claimant's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

ii) there is a misrepresentation by the defendant (whether or not intentional) which is likely to deceive the public into believing that the defendant's goods or services are those of the claimant; and

iii) the claimant has suffered or is likely to suffer damage as a result of the erroneous belief created by the defendant's misrepresentation.

27. The date of application is the relevant date in relation to section 5(4)(a)⁵. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about. If the applicant was not passing off when it commenced trading under the sign, a continuation of the same trade under the same sign will not amount to passing off at the relevant date. In this case, the applicant has claimed it has used HILUX on lighting apparatus. This may be a factor in deciding whether the opponent could have prevented the applicant's use: it could be established that the applicant was the senior user, or that there had been common law acquiescence, or that the status quo should not be disturbed. This would mean that the use of the applicant's mark would not be liable to be prevented by the law of passing-off. In *Croom's Trade Mark Application* [2005] RPC 2, Mr Geoffrey Hobbs QC, sitting as the appointed person, stated:

"45. I understand the correct approach to be as follows. When rival claims are raised with regard to the right to use a trade mark, the rights of the rival claimants fall to be resolved on the basis that within the area of conflict:

(a) the senior user prevails over the junior user;

(b) the junior user cannot deny the senior user's rights;

(c) the senior user can challenge the junior user unless and until it is inequitable for him to do so."

28. In *Daimlerchrysler AG v Javid Alavi (T/A Merc)* [2001] RPC 42, Mr Justice Pumfrey, stated:

"67 Against these findings of fact, it is possible to deal with the complaint of passing-off shortly. It must fail. Mr Alavi has been trading under the style complained of since at least 1985. He had entered the market by 1978. He did not make any relevant misrepresentation then and he had not, down to 1997 essentially changed the manner of his trading. As Oliver L.J. (as he then was) said in *Budweiser (Anheuser-Busch v. Budejovicky Budvar* [1984] F.S.R. 413 at 462):

"The plaintiffs' primary submission is that the learned judge was wrong in regarding the material point of time at which he should consider the matter as the date of the writ. Obviously the plaintiffs must, to succeed, have a cause of action at that date, but Mr Kentridge submits, and Mr Jeffs does

⁵ See the comments of Mr Daniel Alexander QC, sitting as the Appointed Person in *MULTISYS* BL O/410/11.

not contest, that it cannot be right to look simply at that date to see whether a passing off is established. In particular to test by reference to that date whether plaintiff and defendant have concurrent reputations would simply mean that no remedy lay against a defendant who had successfully passed off his goods as the plaintiffs', so as to establish a reputation for himself."

This is consistent with what was said by Lord Scarman, giving the opinion of the Board in *Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Pty Ltd* [1981] R.P.C. 429 at 494: the relevant date in law is the date of the commencement of the conduct complained of. I should just add that there must come a time after which the court would not interfere with a continued course of trading which might have involved passing off at its inception but no longer did so: logically, this point would come six years after it could safely be said that there was no deception and independent goodwill had been established in the market by the protagonists. There must also be doubt as to the availability of injunctive relief if there is no passing-off at the date the action is commenced."

29. The applicant claims use of HILUX since 2005. The application was filed on 23 May 2011, six years after the applicant claims it started using HILUX. There is no suggestion that the opponent was aware of the applicant's use and therefore no acquiescence. I will, however, need to consider the issue of senior/junior user.

30. The concept of goodwill was explained in *Inland Revenue Commissioners v Muller & Co's Margerine Ltd* [1901] AC 217 at 223:

"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start."

31. Whether the opponent has the requisite goodwill has to be deduced from the evidence which it has filed. In *Reef Trade Mark* [2002] RPC 19, Pumfrey J said:

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

and

“Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. 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.”

32. In *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat), Floyd J, building upon Pumfrey J’s observations, said:

“8 Those observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent’s reputation extends to the goods comprised in the application in the applicant’s specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

33. Before looking at the extent of the opponent’s claimed goodwill, I need to address the applicant’s challenge regarding ownership of goodwill. The opponent claims use since November 1999, but the opponent, in its present form, has only existed since 1 November 2004. Mr Zone states that, prior to 30 April 2002, HiLux was used by a partnership, then by a sole trader between 1 May 2002 to 31 October 2004, and then by the opponent in its limited company form. He makes a statement that the limited company is the owner of the goodwill of the earlier entities, but does not explain that any further. Ms Reid submitted that there must be evidence of a transfer of goodwill; in the case of partnerships, in particular, goodwill, as a partnership asset, would have been disposed of along with other partnership assets.

34. Dr Baran submitted that, even if I took the view that any goodwill has not been shown to belong to the present opponent, and that even if the opponent’s goodwill started from zero on the morning of incorporation, i.e. 1 November 2004, “the benefit of that goodwill is inherited such that, as a factual matter, the public perceives the HILUX branded goods as the ones carrying the qualities which they have always known ... [goodwill] will grow almost immediately.” This conflates goodwill with reputation. Goodwill is an item of legal property, as distinct from reputation which is non-proprietary, legally. Goodwill must be owned, as per Oliver L.J. in *Anheuser-Busch Inc v Budejovicky Budvar NP* [1984] F.S.R. 413:

“[T]hat, as it seems to me, is to confuse goodwill, which cannot exist in a vacuum, with mere reputation which may, no doubt, and frequently does, exist without any supporting local business, but which does not by itself constitute a property which the law protects”.

35. The opponent was challenged about the chain of title and did not provide proof that goodwill was transferred between the entities. That challenge took place during the evidence rounds, as envisaged in Tribunal Practice Notice 5/2007. However,

against that is the fact that the opponent has been able to provide pre-2004 evidence, going back as far as 1998. It is possible that the last man standing at the end of the partnership became the sole trader, who used the name as a trading style prior to incorporation and that this is why there is no documentary evidence of assignment. Ms Reid submitted that if there had been assignment of goodwill, one would be expected to see the assignment. However, where an on-going business is sold it will normally be implied that the goodwill has been included unless the agreement or the facts indicate otherwise:

“An assignment of goodwill does not have to be in writing or any particular form, and need not mention goodwill by name. A transaction intended to assign a business as a whole necessarily passes the goodwill to the assignee.”⁶

36. Ms Reid also submitted that Mr Zone’s statement, in his first witness statement, that he had been operations manager of the opponent since 2001 cannot be true since the opponent did not exist at that date. However, I think what Mr Zone said shows that he viewed the opponent as having existed as a continuum at least since he became involved in 2001; he did not distinguish between his position with the partnership prior to 2002, his position with the sole trader from 2002 and his position with the incorporated opponent after 2004 – it was all one and the same to him. As Ms Reid said, Mr Zone is not an expert in law. The way in which the challenge was worded in the applicant’s written submissions was:

“The Opponent was incorporated in 2004 and it is claimed by Mr Zone, that it is the owner of the goodwill previously established by a sole proprietor and a partnership. There is no evidence to support this statement.”

Mr Zone’s reply evidence then stated

“Partnership status prior to 30 April 2002.
Pro Lighting Systems – Sole trader status from 1 May 2002 to 31 October 2004.
Luminance Pro Lighting Systems Ltd – Limited Company status from 1 November 2004 to date.

The Limited Company is owner of the goodwill of the earlier entities.”

The challenge was not particularly explicit and Mr Zone gave a brief explanation, but not as brief as in his first statement, of the opponent’s history. Sole traders and partnerships, often by parol, tend not to exist in an ideal world where the transfer of goodwill is documented. Mr Zone has made his statement and was not called for cross-examination. There is nothing inherently difficult to believe in what he has said.

37. Rather than dwell, at this point, on the date from which goodwill accrued, whether 1998/9, 2002 or 2004, I will look at the extent of goodwill. The opponent has also called into question the applicant’s own ownership of goodwill. If the

⁶ *The Law of Passing Off* by Christopher Wadlow, fourth edition, 3-192, page 226.

applicant does not own the goodwill it claims, this is a *quia timet* action and goodwill from 2004 will put the opponent in as good a position as from the earlier dates. It could also be the case that the opponent's pre-2005 trade was not sufficient to generate a level of goodwill which would put it in a position to have prevented the applicant's use of its sign in 2005.

38. The opponent's evidence could have given a more complete picture of its alleged sales, particularly with regard to the pre-2007 position. Turnover figures are given from 2007, but not before. The evidence prior to 2007 is extremely thin. Mr Zone states that the opponent sells all kinds of lighting under the HILUX mark, but the evidence only shows lighting in relation to sporting applications. The pre-2007 evidence consists of:

- Exhibit AZ2, purporting to show HILUX tennis lighting for Rawmarsh Comprehensive School in 1998. Only page 14 of this exhibit refers to HILUX, the other pages all appear to refer to Philips B.V. Pages 1 to 13 are headed Rawmarsh Comprehensive School, whereas there is no reference to the school on page 14. The applicant has criticised this exhibit because page 14 does not appear to belong to the rest of the exhibit and is dated June 1998, whereas the rest of the document is dated November 1998. It is also criticised because page 13 gives luminaire details as being EBL 011/1KW MV M/56.5, whereas page 14 refers to the luminaire type as HiLux EBL215-MV projector. The applicant's challenge was met by Mr Zone in his second witness statement, whereby he confirmed that page 14 was sent at the same time as pages 1-13 and formed part of the document. However, Ms Reid urged me to regard this statement with caution because Mr Zone did not work for the opponent until 2001 and was not in a position to know.
- The advertisements in the Federation of Sports and Play Associations Members Directory, from 2004, 2005, 2006 (and 2007). These show the sign HiLux (exhibit AZ5).
- The 1999 HiLux floodlight projector project for Penallt Tennis Club in 1999 (exhibit AZ3)
- The technical drawing in exhibit AZ4, dated 25 June 2002, which refers to HiLux static columns, but for which there is no explanation as to what or whom it was for.
- Exhibit AZ10, which is a brochure from 2002 supplied with a proposal to Carshalton Tennis Club in 2002

39. There are a lot of questions surrounding the provenance of AZ2 which have not really been answered by the opponent. The technical drawing in AZ4 does not prove anything because there is no explanation as to whether it was for a customer. The Penallt Tennis club project document can be relied upon, as can the advertisements and the brochure from the Carshalton Tennis Club project in 2002. In relation to the advertisements, the nature of the publication implies that it is an annual publication. Mr Zone states that the circulation figure is 3,500, but this does not mean that 3,500 (or more) people looked at the advertisement. It is a directory and people will only

consult advertisements in areas of interest to them. These exhibits represent the sum total of pre-2007 evidence which has been filed (i.e. the period for which no turnover figures have been provided).

40. In relation to 2007 and afterwards, Mr Zone has provided turnover figures for the opponent, 80-90% of which he states 'typically' relate to HiLux products. He has not been cross-examined about these figures and I have no reason to disbelieve them. However, I need to assess them critically against other parts of Mr Zone's statement. In paragraph 8 of his first witness statement, he says:

"As well as selling products, another aspect to the business is the design, installation and maintenance of lighting systems."

So, if the turnover figures also relate to these services, were 80-90% of these services also in relation to HiLux products? If such a high proportion of the turnover which ranges from £663,102 to £916,944 was the sale of HiLux goods, it would have been of benefit to have seen evidence of such a proportion. I am left to wonder whether the goodwill was in the services attached to HiLux, or to Luminance Pro Lighting Systems Ltd. More useful is the statement that the opponent completes around 30 to 40 projects each year which are supplied with HiLux lighting. In addition, there is the reference to HiLux luminaire in the Stafford Sports College tennis hall in September 2009 (completed in June 2010). Mr Mitchell, from Edmundson's, states that he has been aware of HiLux products for approximately ten years. However, as confirmed by Mr Zone, HiLux products do not 'yet' appear on Edmundson's database.

41. The picture since 2007 is of a small, but protectable goodwill, in relation to sports lighting. A small amount of goodwill, as long as it is not trivial, can be evidence of an attractive force which brings in custom⁷. Prior to that, the level of goodwill shown in the evidence is so slight as to be trivial. In *Woolley & Anr v. Ultimate Products Ltd & Anr* [2012] EWCA Civ 1038, Lady Justice Arden said:

"3. The second requirement for the tort of passing off is that there must be a misrepresentation by the defendant that his goods emanate from the claimant. It is not enough to show that purchasers were merely confused as to the provenance of the defendant's goods: purchasers must be led to believe that the goods emanate from the claimant (see per Lord Jauncey, with whom the other members of the House also agreed, in the *Jif Lemon* case at 510-1). There is some flexibility in this. As Lord Jauncey explained, it is enough that the defendant:

"misrepresents his goods in such a way that it is a reasonably foreseeable consequence of the misrepresentation that the plaintiff's business or goodwill will be damaged. Thus a misrepresentation by B

⁷ A trivial goodwill will not accrue protection (*Hart v Relentless Records* [2002] EWHC 1984); however a small goodwill can give rise to protection (e.g. *Stannard v Reay* [1967] FSR 140 and *Lumos Skincare Ltd v. Sweet Squared Ltd and others* [2013] EWCA Civ 590).

that his inferior goods are of a superior quality, which is that of A's goods, whereby people buy B's goods instead of A's, is actionable."

4. The misrepresentation must be more than transitory: it is not sufficient that a purchaser is misled initially but his misunderstanding is dispelled before any material step is taken (see *Cadbury-Schweppes Pty Ltd v Pub Squash* [1981] 1 WLR 193, PC). In this case, for example, trade purchasers who were confused as to HENLEYS watches checked the position with Mr Woolley so that any misrepresentation to them was not operative.

5. Misrepresentation must operate to mislead a substantial number of members of the public. Substantiality is not a question of counting heads. It is relative to the product and market in question. The judge has to make both a qualitative and quantitative assessment of substantiality: *Neutrogena Corp v Golden Ltd* [1996] RPC 473. The judge found that there was little direct evidence of misrepresentation in this case. There is an issue as to whether he gave adequate consideration to the need for substantiality and whether it was satisfied.

6. Misrepresentation must be "the right way round", that is to say, members of the public must be confused into believing that the goods of the defendant are goods of the claimant. It is not enough for them to be misled into thinking that goods of the claimant are goods of the defendant. This is "the wrong way round", or "reverse misrepresentation", as I shall call it. It may suffice for trade mark infringement but not for passing off."

42. In deciding whether a substantial number of the opponent's customers (and potential customers) will merely wonder if there is a connection between the parties, or whether they will assume that there is a connection and thereby be deceived, the following factors from Halsbury's Laws, cited in *WILD CHILD* [1998] RPC 455 by Geoffrey Hobbs QC, sitting as the Appointed Person, are helpful:

"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."

43. The parties were content to treat the opponent's sign and the applicant's mark as identical. The mark attacked is identical to the sign which has a small level of goodwill since 2007 and a trivial level prior to that date. In *Multisys*, Mr Alexander QC said (at paragraph 28) that the "more limited the reputation on the part of the undertaking asserting the potential claim in passing off under s. 5(4)(a), the less

likely that it will be able to show that a misrepresentation would be made by the use of a similar mark by a third party” (I recognise that here I am dealing with identical marks and signs). The specification of the application covers the goods in relation to which the opponent has had goodwill since 2007 and my assessment must have regard to all types of lighting for which the application could potentially be used if it were to be registered, including exactly the same type of lighting as the opponent’s products for sporting applications. There is nothing to distinguish between the opponent’s sign and the application. Absent any other factors, a substantial number of the opponent’s customers (a relatively small amount in itself) will believe that the applicant’s goods are those of the opponent. Deception will occur and damage will follow⁸.

44. However, there are other factors which may point to a different conclusion; namely, the applicant’s claim to concurrent trade. Having seen the applicant’s evidence, in which Mr Allden stated “I have been active in the lighting industry since 1979 (firstly with Osram, then Whitecroft until 1986) and during that time have had extensive involvement with my Company, Saldon Products Limited and with its associated group of companies, including that trading as TamLite Lighting and City Electrical Factors Limited”, the opponent submitted⁹ that Saldon Products Limited does not trade as TamLite Lighting but rather another unnamed company associated with Saldon Products Limited trades as TamLite Lighting. Mr Allden’s statement is ambiguous in that it does not make clear what the relationship is between the applicant and TamLite Lighting. For instance, if TamLite is the applicant’s licensee, goodwill will still accrue to the applicant; if, on the other hand, TamLite is a subsidiary of the applicant, it does not follow that the goodwill generated by a subsidiary automatically accrues to the parent company (see the comments of Professor Christopher Wadlow, in *The Law of Passing Off*, 4th Edition at 3-166 to 3-170). It depends on the facts.

45. The invoices in the applicant’s evidence (JRA1) are headed TamLite H.I.D. and at the bottom the invoices either say “Proprietors: Saldon Products Ltd” or simply give the applicant’s name and address. Mr Besford states that he is the business manager for TamLite Hilux, a trading division of the applicant. I note that it was the opponent who filed evidence from the website of tamlite.co.uk. The pages from the website (exhibit AZ8) say:

“©2010-2012 Saldon Products Limited trading as TamLite Lighting”.

The point was not mentioned at all at the hearing (nor in Counsels’ skeleton arguments). On the basis of the above, particularly the indication that TamLite Lighting is a trading name belonging to the applicant, I intend to proceed on the basis that the applicant owns the goodwill attached to its goods by association with its own HILUX sign.

46. The evidence shows that the applicant’s first sales took place in May 2005, with the product enquiry having been made in March 2005. Invoices for HILUX luminaires, wire guards and panels for HILUX luminaires continue until February

⁸W.S. Foster & Son Limited v. Brooks Brothers UK Limited, paragraph 55.

⁹ Written submissions dated 17 January 2013.

2009. Sales figures for HILUX products (exhibit JRA2) in the year to April 2011 (the application was made the month afterwards) totalled £3,285,013 and were UK-wide. The luminaires shown in the evidence are all in the nature of indoor fluorescent strip lights and Mr Alden states that the applicant's HILUX luminaire is a fluorescent linear luminaire which would not be suitable for sports lighting. The applicant had generated its own goodwill in these goods from 2005. The opponent's level of goodwill prior to incorporation and, indeed prior to 2007 (the first date for the turnover figures) is on a trivial level. Even without the question about the opponent's ownership of goodwill, it did not reach the level of a protectable goodwill until 2007, which is after the date on which the applicant had commenced use of its own HILUX sign. It is unsurprising that neither party had been aware of confusion (and were unaware of each other) because they have operated in entirely different areas of lighting in a £1.8 billion industry. The opponent sought an extension of time at the end of the evidence rounds to file evidence of confusion. No such evidence was filed. The opponent's trade has been very specialist; where there is evidence, it is in relation to outdoor tennis courts. There has been room for them both in the large lighting market, even with identical signs. As Oliver L.J. said in *Habib Bank Ltd v Habib Bank AG Zurich* [1982] RPC 1 at 24:

“Where you find that two traders have been concurrently using in the United Kingdom the same or similar name for their goods or businesses, you may well find a situation in which neither of them can be said to be guilty of any misrepresentation. Each represents nothing but the truth, that a particular name or mark is associated with his goods or business.”

47. Both parties have shown independent goodwill in their respective, quite different, types of lighting. In May 2005, the opponent would not have been in a position to prevent use of the applicant's sign in relation to the lighting it was selling because its own level of goodwill was trivial. The applicant has not altered how it uses its sign in the years until application; the only difference is that now it seeks a registration for lighting at large. If the applicant were to expand its business to cover the same type of lighting as the opponent has shown it had goodwill at the date of application, or sports lighting in general (which is what I am required to contemplate as normal and fair use of the mark applied for), this would bring the parties into conflict. The status quo would be altered and such use would amount to a misrepresentation and damage would follow (by diverting trade from the opponent). The only use by the applicant that would be liable to be prevented by the opponent would be in relation to sports lighting, which would seem to be a specific category of goods and one which could be excluded from the applicant's specification, in line with Tribunal Practice Notice (“TPN”) 2/2012. I note that the opponent, in its written submissions, said that “it is surprising that the Applicant does not amend the specification of goods to exclude apparatus suitable for sports lighting”. The relevant part of the Practice Notice states:

“3.2.2 Defended Proceedings

In a case where amendment to the specification(s) of goods and/or services is required as the result of the outcome of contested proceedings the Hearing Officer will, where appropriate, adopt one or a combination of the following approaches:

a) Where the proceedings should only succeed in part, or where the proceedings are directed against only some of the goods/services covered by the trade mark and the result can be easily reflected through the simple deletion of the offending descriptions of goods/services, the Hearing Officer will take a "blue pencil" approach to remove the offending descriptions of goods/services. This will not require the filing of a Form TM21 on the part of the owner. If, however, any rewording of the specification is proposed by the owner in order to overcome the objection, then the decision of the Hearing Officer will take that rewording into account subject to it being sanctioned by the Registrar as acceptable from a classification perspective;

b) Where the result cannot be easily reflected through simple deletion, but the Hearing Officer can clearly reflect the result by adding a "save for" type exclusion to the existing descriptions of goods/services, he or she will do so. This will not require the filing of a Form TM21 on the part of the owner. If, however, any rewording of the specification is proposed by the owner in order to overcome the objection, then the decision of the Hearing Officer will take that rewording into account subject to it being sanctioned by the Registrar as acceptable from a classification perspective;

c) If the Hearing Officer considers that the proceedings are successful against only some of the goods/services, but the result of the proceedings cannot be clearly reflected in the application through the simple deletion of particular descriptions of goods/services, or by adding a "save for" type exclusion, then the Hearing Officer may indicate the extent to which the proceedings succeed in his/her own words. The parties will then be invited to provide submissions/proposals as to the appropriate wording for a list of goods/services that reflects his/her findings and after considering the parties' submissions, the Hearing Officer will determine a revised list of goods/services. Subject to appeal, the trade mark will be, or remain, registered for this list of goods/services.

d) This third approach will be taken when a Hearing Officer considers that there is real practical scope to give effect to Article 13, having due regard to the factors in each individual case. For example, the original specification of the international trade mark registration which was the subject of *Giorgio Armani SpA v Sunrich Clothing Ltd* (cited above) was clothing, shoes, headgear. The successful opposition only opposed the registration to the extent that it covered "men's and boys' clothing", thereby leaving other goods covered by the specification as unobjectionable. Such an outcome could not be reflected in changes to the specification via either the 'blue pencilling' approach or the 'save for' type of exclusion. The specification was reworded and the international registration was eventually protected for a specification reading Clothing for women and girls, shoes and headgear. Generally speaking, the narrower the scope of the objection is to the broad term(s), compared to the range of goods/services covered by it, the more necessary it will be for the Hearing Officer to propose a revised specification of goods/services. Conversely, where an opposition or invalidation action is successful against a range of goods/services covered by a broad term or

terms, it may be considered disproportionate to embark on formulating proposals which are unlikely to result in a narrower specification of any substance or cover the goods or services provided by the owner's business, as indicated by the evidence. In these circumstances, the trade mark will simply be refused or invalidated for the broad term(s) caught by the ground(s) for refusal.

3.3 Rule 25: publication of amendments

Amendments to the list of goods/services made by the applicant (via TM21) after publication will continue to be published and the amendment open to opposition for a period of one month as required by Rule 25. However, deletion of particular descriptions of goods/services, whether by 'blue pencilling' or through the addition of 'save for' type qualifications, will not be regarded as an amendment under s.39 and therefore will not be subject to the further one month opposition period specified in Rule 25."

48. I find that the opposition succeeds, in part, in relation to those goods for which use by the applicant would be liable to be prevented. These goods are reflected below as an exclusion to the specification. The application may be proceed to registration for the following specification:

Lighting apparatus; but not including lighting apparatus for use in sporting applications and not including lighting apparatus for use on tennis courts.

Costs

49. The opponent has been successful in part, but the applicant has the lion's share as the successful party in the proceedings. Therefore, I award costs to the applicant, offset to account for the opponent's success in relation to the excluded goods. Both Counsel agreed that costs should be made from the published scale¹⁰. The breakdown is as follows:

Considering the opposition and filing the counterstatement	£200
Considering the opponent's evidence and filing evidence	£1000
Attendance at hearing	£800
Opponent's success	-£200
Total:	£1800

50. I order Luminance Pro Lighting Limited to pay Saldon Products Limited the sum of £1800. This sum is to be paid within seven days of the expiry of the appeal period

¹⁰ Tribunal Practice Notice 4/2007.

or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 26 day of July 2013

**Judi Pike
For the Registrar,
the Comptroller-General**