**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NO 2114297**
**IN THE NAME OF MENBRUCK INVESTMENT COMPANY LIMITED**

**AND**

**IN THE MATTER OF OPPOSITION THERETO**
**UNDER NUMBER 46827 IN THE NAME OF**
**CITY TRADING LIMITED**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF application No 2114297**
**in the name of Menbruck Investment Company Limited**

**and**

**IN THE MATTER OF opposition thereto**
**under No. 46827 in the name of**
**City Trading Limited**

**Background**

On 29 October 1996, Menbruck Investment Company Limited, of Long Barn, Garden Farm, Waterhouse Lane, Kingswood, Surrey, KT20 6DU, applied to register IMPOTA and IMPOTA PLUS as a series of two trade marks in Class 5 in respect of:

Herbal remedies; diet supplements.

On 12 May 1997, City Trading Limited filed notice of opposition to this application stating that the opposition was founded under Section 3(6), Section 5(3)(a) and Section 5(4)(a) of the Act. At the hearing Mr Smith on behalf of the opponents asked for the reference to Section 5(3)(a) to be deleted. Mr Downing on behalf of the applicants said that the amendment did not significantly change the substance of the objection and he did not object to the amendment and the request was allowed. Mr Smith did not say under which Section of the Act the ground now fell, and I put it to him that the wording suggested that the ground properly came under Section 3(3)(a). While Mr Smith did not address the question, I consider this to be the case, and with this in mind, the grounds of opposition are in summary:-

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| **1.** | **Under Section 3(6)** | Because the mark was applied for in bad faith in view of the opponents being the devisor of the marks applied for and that the mark does not belong to the applicants. |
| **2.** | **Under Section 3(3)(a)** | Because the registration or use of the mark applied for would be contrary to accepted principles of morality in that the applicants dispossessed the opponents of ownership of the trade mark. |
| **3.** | **Under Section 5(4)(a)** | Because use of the mark by the applicants is liable to be prevented by rule of law, and in particular, by virtue of the law of passing off. |

The opponents say that they do not consent to the registration of the mark by the applicants and ask that the application be assigned to them. They also ask for an award of costs in their favour.

The applicants filed a Counterstatement which was received outside of the statutory period, and

following an interlocutory hearing held on 31 October 1997, the Registrar refused to admit the counterstatement to these proceedings.

The matter came to be heard on 4 August 1999, when the opponents were represented by Mr Smith of Batchelor Kirk & Co, their trade mark attorneys, and the applicants by Mr Downing of Fry Heath & Spence, their trade mark attorneys.

**Opponents' evidence**

This consists of a two Statutory Declarations, the first dated 19 November 1997, is made by Ralph Kraemer, a sole trader operating under the name RDK at 61 Cordrey Gardens, Coulsdon, Surrey, CR5 2SQ. Mr Kraemer says that the Declaration is based on his own personal knowledge and on information derived from the files and papers of RDK.

Mr Kraemer says that on or before 4 July 1996, he was commissioned by Mr Robert Johnson, Managing Director of City Trading Limited, to produce a marketing report and artworks for editorials, advertisements and leaflets for a new impotency product they wished to bring to the market, which he says at that time was unnamed. He says that discussions were held by telephone and that Mr Johnson sent him a number of press cuttings relating to anti-impotency products advertisements by third parties.

Mr Kraemer refers to exhibit RK1 which he says is a copy of a printout from his computer showing file name IMPOT, file number 404 and a schedule of all dates of origination, amendment and output. The exhibit is a single page of what appears to be a list of computer files dating from 4 July 1996 to 3 September 1996, some referring to IMPOT, and one to IMPOTA PLUS-1. The files name IMPOT do not show use of the mark as applied for and could be a reference to the trade mark or simply be a convenient name taken from the nature of the goods, IMPOTency products, and is therefore too inconclusive to be of any assistance. The date shown for the IMPOTA PLUS file shows use which pre-dates the date of application, but for reasons which will become clear later in this decision, cannot in itself be taken as establishing the rights to the mark.

Mr Kraemer next refers to exhibit RK2 which he describes as a report entitled IMPOTA PLUS produced on 7 August 1996, and presented by him to Mr Johnson and Mr Odimayo on 8 August 1996, saying that Mr Odimayo had not heard the name IMPOTA PLUS before this presentation. The first page of the exhibit bears the title IMPOTA PLUS - Report by R/D/K and sets out a proposal for advertising an impotency drug, new to the United Kingdom market and which they propose to call IMPOTA PLUS. The paper mentions Mr Odimayo who it says had given some advice on the product. The page says that it is accompanied by a press release to launch the product onto the UK market, and initial advertisement, a direct mail shot, an advertisement drawing on national press reports of a miracle sex drug and a selection of rival advertisements. Although clearly referring to IMPOTA PLUS, none bear any dates and it is therefore not possible to determine whether they were prepared prior to the relevant date.

Mr Kraemer goes on to say that artwork was supplied by himself to the advertising department of Sport Newspapers in Manchester for publication on 5 September 1996, although no copy of the published artwork has been supplied. He concludes by referring to exhibit RK3 which consists of a copy of an invoice dated 31 August 1996 from RDK to Mr Rob Johnson of Beneficial Foods

Limited, who Mr Kraemer says is an associated company of City Trading Limited. The invoice relates to work completed on a report, press release, advertisements and leaflets for IMPOTA PLUS

The second Statutory Declaration is dated 19 November 1997 and comes from Mr Robert Johnson, Managing Director of City Trading Limited, a position he has held since 21 July 1994.

Mr Johnson begins saying that City Trading Limited is an English company incorporated on 6 October 1987. He says his company was introduced to Mr Odimayo by Mr Michael Kaye, a solicitor in the firm Kaye, Tessler & Co, who act for his company and also Mr Odimayo. Mr Johnson says that on 12 June 1996, Mr Odimayo attended a meeting at the offices of City Trading Limited, and refers to exhibit RJ1 which he says is a copy of a page from a visitors book for City Trading Limited. The page contains an entry recording the visit of a Mr A O Odimayo on 12 June 1996. Mr Johnson says that at this meeting, Mr Odimayo produced a solution of an unnamed product which he was told was based upon a traditional preparation from Nigeria, Mr Odimayo's native country. He says that Mr Odimayo was well aware that his company had a large mail order business in the adult products industry and that it was associated with companies that ran licenced sex shops in the United Kingdom. Mr Johnson says that the discussions concerned whether his company would be able to market Mr Odimayo's product.

Mr Johnson says that no agreement was reached other than that a further meeting was to be arranged at which Mr Ralph Kraemer, a designer and artwork consultant regularly used by City Trading Limited would be present to discuss marketing ideas for the unnamed product. He says that on 24 July 1996 his company received a hand written note from Mr Odimayo on headed notepaper from Menbruck Investment Company Limited, his company, giving his address to enable the marketing report to be sent to him. Exhibit RJ2 is a copy of the note which is dated 24 July 1996 although does not mention IMPOTA or IMPOTA PLUS.

Mr Johnson next says that prior to the second meeting, Mr Kraemer was instructed by City Trading Limited concerning the production of an editorial offer to appear in the Sport newspaper, an advertisement to run concurrently with a reader offer, a direct mail shot and an advertisement based on the editorial. He says Mr Kraemer was provided with copies of other promotions in the impotency market including a product called POTENCY PLUS, and from which he produced a number of artworks based on a proposed name of IMPOTA PLUS, a name originated by Mr Kraemer in early July 1996.

Mr Johnson continues saying that on 8 August 1996, Mr Odimayo and Mr Kraemer attended a meeting with him at the offices of City Trading Limited, and refers to exhibit RJ3 which consists of a copy of a page from the company visitors book which records a visit by Mr Odimayo and Mr Kraemer on this date. He says that at that meeting, Mr Kraemer presented a report which is shown at RJ4 and which is the same as exhibit RK2 to Mr Kraemer's Declaration. Mr Johnson says that while Mr Odimayo was keen to proceed, no agreement could be reached concerning prices and terms.

Mr Johnson next refers to exhibit RJ5 which is a copy of a letter dated 9 August 1996 from Mr Odimayo on behalf of his company, Menbruck Investment Company Limited, which is headed RE: WHOLESALE SUPPLY OF IMPOTA PLUS and agreeing delivery of the first batch and setting

out the points of agreement with regard to the supply. The letter also bears a handwritten note from Mr Johnson rejecting the terms which Mr Johnson says was faxed back to Mr Odimayo on the 12 August 1996. He refers to exhibit RJ6 which is a copy of confirmation of a facsimile transmission from number 0181 5078587 to number 071 7750083 which is shown on the exhibit RJ5 as the fax number for Menbruck Investment Company Limited.

Mr Johnson goes on to say that on 5 September 1996, his company placed an advertisement in the Sport newspaper, a copy of the advertisement being shown as exhibit RJ7. The advertisement is in the form of a news article and relates to a compound called IMPOTA PLUS, and is referred to as The Sport Reader Offer with there being no mention of the opponents. The advertisement itself is undated but there is a date at the top of the page of 18 November 1997. Mr Johnson says that the advertisement was placed purely to gauge reaction and no sales were actually made. Mr Johnson concludes saying that the evidence shows that the trade mark IMPOTA PLUS was originated and used by his company from July 1996 and that Mr Odimayo is wrongfully trying to appropriate the trade mark for his company.

**Applicants' evidence 13(8)**

This consists of two Statutory Declarations, the first dated 18 March 1998, comes from Oladele Odimayo, a Director of Menbruck Investment Company Limited which he says began trading in April 1996. Mr Odimayo says that for the previous 17 or 18 years he was employed by Menbruck Investment Company of Delaware, USA, a company trading in spare parts for airliners.

Mr Odimayo says that for the last thirteen years of his employment with Menbruck Investment Company he maintained an interested in herbal remedies, and by 1994 he had identified a number that looked promising. He says that he saw that there was a niche in the United Kingdom market for effective natural remedies and around March 1996 arranged for a number to be analysed by King's College London Pharmacology Department.

Mr Odimayo says that in April 1996 he began trading, and since November 1996 he has been selling an anti-impotency remedy branded POTENTIA PLUS by mail order through a distributor, Sureline Marketing Limited. He goes on to say that in approximately 1994, he approached Mr Jeffrey Tessler of Kaye, Tessler & Co, a firm of solicitors, who have acted for him since approximately 1977. Mr Odimayo says that Mr Tessler referred him to his partner, Mr Kaye, who he understood had an unnamed client that manufactured anti-impotency devices and who may be interested in his product. Mr Odimayo says that Mr Kaye told him that his clients did not wish to get involved in selling a competing product.

He goes on to say that in early 1996 he received the final chemical analysis reports from King's College London. He says the results were generally positive and he decide to make up and distribute 40 sample bottles to chosen business associates, at that stage calling the product POTENTAS. Mr Odimayo says that he received a positive reaction from this sample, but not having a distribution network or existing contacts, he contacted Mr Kaye to investigate whether it was possible to have further discussions with his client. He says Mr Kaye identified his client as City Trading Limited and arranged a meeting at his office for early June 1996, although City Trading Limited did not attend and a further meeting was arranged for 12 June 1996 at City Trading Limited's premises. Mr Odimayo says the meeting was attended by himself, and Mr

Johnson of City Trading Limited, who expressed a definite interest in his product and told Mr Odimayo that he would contact a graphic designer to see what could be done with the product.

Mr Odimayo says that the next meeting was arranged for early July 1996 and was attended by Mr Johnson, Mr Kraemer and an unnamed lady. He says that the meeting was to enable him to brief Mr Kraemer on the product in order to provide a basis for Mr Kraemer's report. Mr Odimayo says that the origins of the product were discussed, but not the constituents, and he told Mr Kraemer about the survey involving the 40 sample bottles. Mr Odimayo says he was asked by Mr Kraemer whether a name for the product had been decided and that he told Mr Kraemer that he had used the name POTENTAS, but as he was not sure whether this name gave a sufficiently suggestive allusion to the product he was minded to use PONTENTAS or IMPOTA PLUS.

Mr Odimayo goes on saying that some time later he contacted Mr Johnson but as he was away on holiday had spoken to Mr Shane O'Leary, who told Mr Odimayo that he did not know what was happening with his product but that he would speak to Mr Johnson on his return. Mr Odimayo says that Mr O'Leary gave him Mr Kraemer's telephone number but he was only able to leave a message. Mr Odimayo says that on contacting Mr O'Leary again he was told that matters were in hand and that he would be contacted. Mr Odimayo says that he therefore sent the fax shown as exhibit RJ2 to Mr Johnson's Declaration.

Mr Odimayo next says that a further meeting was arranged for 8 August 1996, which was attended by Mr Johnson and Mr Kraemer. He says Mr Kraemer's report was discussed and to which he suggested a number of changes, and terms of supply were agreed with Mr Johnson agreeing to purchase 2,000 250 ml bottles at a price of £7.50 per bottle. Mr Odimayo says that as a result of the agreement he sent his letter of 9 August 1996 exhibited at RJ5 confirming the order and asking for a final draft of the marketing information to ensure that the changes agreed at the meeting on 8 August had been made. Mr Odimayo goes on saying that at that stage his company had invested in plant and equipment although as they did not have a labelling machine, the labels were to be applied by City Trading Limited.

Mr Odimayo continues saying that having received the copy of his letter of 9 August 1996 faxed back to him with Mr Johnson's manuscript comments, he waited for instructions. He says that as he had not heard anything from City Trading Limited by September, he again telephoned Mr Johnson and spoke to his secretary who he says apologised for not having placed an order and that this would be with him within a week. Mr Odimayo says that not having heard anything he telephoned City Trading Limited and spoke to Mr Shane O'Leary who agreed to pass on a message to Mr Johnson, and not having heard anything, one week later he contacted City Trading Limited again and was told that an order was imminent.

Mr Odimayo says that further attempts to contact Mr Johnson were unsuccessful and he concluded that City Trading Limited did not wish to proceed further with his product, and consequently he contacted Labelling Dynamics Limited to produce labels for the product. He refers to exhibit OO1 which consists of a photocopy of two labels, and what appears to be a form from Labelling Dynamics Limited to be completed by Menbruck Investments Limited to confirm approval of the artwork. The labels both bear the name IMPOTA PLUS, one which is obviously intended for the front of a container uses this name in conjunction with gender symbols. The artwork approval refers to "Menbruck Investments IMPOTA PLUS 250ml" and bears the date

7 November 1996. Mr Odimayo continues saying that he placed an advertisement in the 3 November 1996 edition of the Express on Sunday, a copy of the advertisement being shown at exhibit OO2. The first part of the exhibit contains an undated advertisement offering an impotence remedy under the name IMPOTA PLUS. The advertisement depicts a bottle bearing this name used in conjunction with gender symbols. The second part consists of this advertisement apparently taken from a page of the 3 November 1996 edition Express on Sunday.

Mr Odimayo says that they received a good response to the advertisement, but they were unable to supply the product because the Medicine Controls Agency told him that they considered the use of the name IMPOTA and style of the advertisement brought the product within their remit and that he could not sell the product without first conducting clinical trials. Mr Odimayo refers to exhibit OO3 which is a copy of a letter dated 22 January 1997 from the Medicines Control Agency to Mr Christopher, a colleague of Mr Odimayo. The letter refers to IMPOTA PLUS and confirms that the name of the product and the claims made make it clear that the product is medicinal, and that Section 3(1) of the Medicines (Advertising) Regulations 1994 (S.I. 1994/1932) prohibited the use of medicinal claims to promote a medicinal product for which no product licence is in force. Mr Odimayo says that he suggested that the name of POTENTIA be used for the product and that he was told that this would be acceptable provided the advertisement was suitably worded. He says that he is currently taking advice on the requirements for a clinical trial to enable him to sell the product as IMPOTA PLUS.

Mr Odimayo goes on to refer to the Statutory Declaration of Mr Johnson and Mr Kraemer filed as the opponents' evidence. He says that he disagrees with many of the comments and notes that there are important omissions, the most significant being the lack of any reference to the second meeting in early July. Mr Odimayo make specific reference to paragraph 3 of Mr Johnson's Declaration which refers to Mr Odimayo's prior knowledge of the nature and extent of City Trading Limited's business. He says that he did know that the company was a mail order business but did not know about the adult products and businesses. He next refers to paragraph 8 of Mr Johnson's Declaration which says that Mr Odimayo was “keen for the promotion as proposed to go ahead” which Mr Odimayo says is not true as he had suggested several changes to the marketing approach to correct errors. He outlines some of the reasons behind the changes he had suggested and refers to exhibit OO4 which Mr Odimayo says bears manuscript amendments he had made to deal with the inaccuracies. The exhibit is an undated copy of an advertisement for IMPOTA PLUS and is the same advertisement forming part of exhibit RK2. It contains a representation of a bottle bearing the name IMPOTA PLUS placed above gender symbols, and appears to be identical to that referred to in exhibit OO2. The advertisement has a considerable number of manuscript amendments.

The second Statutory Declaration is dated 14 April 1998 and was executed by Michael Philip Downing, a Chartered Patent Attorney and partner in Fry Heath and Spence, the applicants' agents.

Mr Downing first refers to the Declaration made by Mr Johnson as part of the opponents' evidence, and in particular, that City Trading Limited are associated with a chain of sex shops, and that the draft advertisements claimed to have been prepared by Mr Kraemer includes a list of these shops. He refers to exhibit MPD1 which is the results of a company search which Mr Downing says was commissioned to ascertain the ownership of the opponents' company. He refers to the

fact that Mr Johnson is recorded as owning 1share, with the remaining 99 owned by a company called Darker Enterprises Limited. He next refers to exhibit MPD2 which is a company search in respect of Darker Enterprises Limited, and which lists City Trading Limited as one of a number of subsidiaries.

Mr Downing says that the draft advertisement includes an address at 193 London Road Hemel Hempstead, an address he visited on 12 December 1997. He gives a description of the type of area in which this address is located, and the premises at the above address, a photograph of which is shown at exhibit MPD3. He refers to a sign reading Darker Ents Limited which he assumes relates to the opponents' parent company. Mr Downing gives a more detailed description of the state of repair of the building and gives his conclusion that the opponents' link with sex shops is closer than the association confirmed by Mr Johnson. He concludes by referring to exhibit MPD4 which is the results of a search for IMPOTA trade marks on the United Kingdom, OHIM and WIPO registers, and refers to the fact that the only mark found is the one now the subject of these proceedings.

No further evidence was filed

**Decision**

I turn first to consider the grounds under Section 3(3)(a) which reads as follows:

> **3(3)** A trade mark shall not be registered if it is-
>
> **(a)** contrary to public policy or to the accepted principles of morality, or
>
> .....

Section 3(3)(a) is an absolute ground for objection and addresses the inherent qualities of the mark itself. There is no indication that the trade mark would be contrary to public policy or cause offence, and no evidence has been submitted to substantiate these grounds, and I dismiss the objection under Section 3(3)(a).

The outcome of these proceedings appears to hinge on the determination of the respective claims to proprietorship of the mark IMPOTA PLUS. This is a matter which falls to be determined under Section 3(6), the answer to which will in my view also determine the ground based on Section 5(4)(a). I therefore turn first to the ground under Section 3(6). That Section reads as follows:

> **3(6)** A trade mark shall not be registered if or to the extent that the application is made in bad faith.

It is common ground that a meeting took place between Mr Johnson and Mr Odimayo on 12 June 1996, and that following that meeting Mr Ralph Kraemer, a graphic designer was instructed by Mr Johnson to put together a marketing campaign for an anti-impotency product to be supplied by Mr Odimayo. Mr Kraemer confirms that Mr Johnson contacted him about the campaign, and that as of 4 July 1996, the product he was to put the campaign together for was unnamed.

Mr Johnson says that the next meeting between himself and Mr Odimayo took place on 8 August 1996, and was attended by Mr Kraemer who presented his report for a product now called IMPOTA PLUS, a name that Mr Johnson says that Mr Kraemer had devised as part of the campaign. Mr Kraemer in turn says "This was the first time Mr Odimayo had seen the name IMPOTA PLUS or the proposed promotions, the name and concepts having been originated by myself from information supplied by City Trading Limited". This is a choice of words that I find to be open to interpretation and I do not regard it as an unequivocal statement by Mr Kraemer that he devised the name IMPOTA PLUS.

In the evidence which goes to events following the meeting of 8 August 1996, Mr Odimayo gives very specific information on quantities and prices and sets out details of contacts which he says he had with persons connected with the opponents. This does not establish that agreement had been reached between the parties although it does indicate that Mr Odimayo was under the impression that it had. The opponents deny that they had reached an agreement for the supply of Mr Odimayo's product although have not commented on much of the detail set out by Mr Odimayo. Whilst all of this is of little, if any assistance in determining the origins and rights to the trade mark, Mr Downing highlighted the differences in the detail given by Mr Odimayo in his declaration to that of the opponents in their declarations inferring that this was an indication of which evidence is the more reliable.

There is also the matter of the meeting which Mr Odimayo says took place early in July 1996, between himself, Mr Johnson, Mr Kraemer and an unnamed lady, the purpose being to brief Mr Kraemer on his product. Mr Odimayo says that at that meeting he was asked by Mr Kraemer for the name of the product, and that he told Mr Kraemer that he used POTENTAS but was thinking of using PONTENTAS or IMPOTA PLUS. That this meeting took place is neither confirmed or denied by the opponents, and at the hearing Mr Smith took great care to maintain this line saying that if a meeting did take place it had no bearing on these proceedings. That may or may not be the case, but I find that I am left to wonder why the opponents so obviously evade the issue as to do so gives the impression that they are at best being less than candid, and that despite what they say the meeting has some significance. It is not difficult to see why this meeting could be of importance for it creates an otherwise missing opportunity for Mr Odimayo to have suggested the name IMPOTA PLUS to Mr Kraemer prior to their claimed first meeting of 8 August 1996 although in the absence of evidence this is no more than speculation and I place no reliance on this point.

Objections which go to the proprietorship of a mark can, with the best of evidence, be involved and difficult to determine. I have found the evidence filed in these proceedings to be of very limited assistance and the approach adopted by the parties, and the opponents in particular, to raise as many questions as have been answered. The opponents say that the applicants are seeking to register a mark which they know is not theirs. The applicants in turn have denied this. A claim that an application was made in bad faith implies some deliberate action by the applicants which they know to be wrong, or as put by Lindsay J in the GROMAX trade mark case (1999) RPC 10 "..includes some dealings which fall short of the standards of acceptable commercial behaviour..". It is a serious objection which places an onus of proof upon the party making the allegation. The evidence in these proceedings does not provide much assistance, being either inconclusive or going to issues such as the character of the parties which is of little or no relevance. Taking the best view that I can, I find that the evidence filed by the opponents is not sufficient to establish a

case of bad faith, and consequently, the objection under Section 3(6) fails.

I have said earlier that I took the view that the determination of the objection under Section 3(6) would also decide the matter under Section 5(4)(a), for, if the opponents cannot substantiate their claim to be the proprietor of IMPOTA PLUS, they will not be able to claim the benefit of any goodwill in the mark, that there has been any misrepresentation by the applicants or that they have or will suffer damage. Accordingly I find that the objection under Section 5(4)(a) also fails.

The opposition having failed on all grounds I order that the opponents pay the applicants the sum of £635 as a contribution towards their costs.

**Dated this 8 day of October 1999**

**Mike Foley**
**for the Registrar**
**The Comptroller General**