O-181-04

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO 2295012
BY SVM ASSET MANAGEMENT LIMITED
TO REGISTER THE TRADE MARK:

MERLIN

IN CLASS 36

AND

THE OPPOSITION THERETO
UNDER NO 90950
BY MERLIN BIOSCIENCES LTD
BASED UPON THE EARLIER TRADE MARK:

MERLIN

Trade Marks Act 1994

In the matter of application no 2295012
by SVM Asset Management Limited
to register the trade mark:
MERLIN
in class 36
and the opposition thereto
under no 90950
by Merlin Biosciences Limited

BACKGROUND

1) On 9 March 2002 Scottish Value Management Limited applied to register the trade mark **MERLIN** (the trade mark). On 26 June 2003 a request was made to change the name of the applicant to SVM Asset Management Limited. The application now stands in the name of SVM Asset Management Limited, which I will refer to as SVM. The application was published for opposition purposes in the "Trade Marks Journal" on 15 May 2002 with the following specification:

financial services in relation to advising on and managing investment funds; financial management; financial investment; investment management services; investment management services on behalf of clients including investment trusts, regulated and unregulated collective investment schemes, pension funds, charitable organisations and institutional and retail investors in the United Kingdom and offshore; discretionary investment management services; investment advisory services; provision of information, advice and consultancy relating to finance and investments; investment and savings scheme product management; interactive and database information services relating to finance and investments; financial services relating to investment and savings capital investment; mutual funds; administration of mutual funds; brokerage services relating to mutual funds; mutual fund management; mutual fund services; provision of pricing information about mutual funds; asset management; unit trust management; fund management; offshore management; investment trust management; investment trust services; unit trust management; unit trust services; unit trust investment; offshore unitised funds; personal equity plan and individual savings account management; personal equity plan and individual savings account investment; financial services relating to personal equity plans and individual savings accounts; savings scheme services; financial services relating to savings; provision of investment savings plans; financial information services provided by access to a computer database; financial market information services; financial information services relating to individuals; and advice on all of the aforesaid.

During the opposition proceedings the specification was amended by the addition of the following exclusion at the end of the specification:

;not including independent financial advisory services.
The above services are in class 36 of the "International Classification of Goods and Services".

2) On 14 August 2002 Merlin Biosciences Ltd, which I will refer to as MBL, filed a notice of opposition to the application.

3) MBL is the proprietor of United Kingdom trade mark registration no 2199976A for the trade mark **MERLIN**. The application for registration of this trade mark was made on 12 June 1999. It was registered on 9 November 2001. The trade mark is registered for the following services:

provision of business management services; strategic and planning advice to businesses; establishment of personnel and management infrastructures; market studies and market research; business research; business appraisals, enquiries and investigations; information and advisory services relating to the aforesaid; all the aforesaid relating to the pharmaceutical biotechnology and bioscientific sectors;

provision of venture capital to the pharmaceutical biotechnological and bioscientific sectors.

The above services are in classes 35 and 36 respectively of the "International Classification of Goods and Services".

MBL states that the respective trade marks are identical and cover identical services. It states that specifically its registration includes *provision of venture capital to the pharmaceutical biotechnological and bioscientific sectors* whilst the application includes:

financial management; financial investment; investment management services; discretionary investment management services; investment advisory services; financial services relating to investment and savings capital investment.

Consequent upon this, MBL claims that registration of the trade mark would be contrary to section 5(1) of the Trade Marks Act 1994 (the Act).

4) Further, or in the alternative, MBL claims that all the services of the application are similar to the class 36 services of its registration and also similar to *provision of business management services; strategic and planning advice to businesses; business appraisals; information and advisory services relating to the aforesaid* in class 35. MBL claims that given the identity of the trade marks and the similarity of the services there exists a likelihood of confusion and registration of the trade mark would be contrary to section 5(2)(a) of the Act.

5) MBL states that it has made extensive use of the trade mark MERLIN in the United Kingdom in relation to the *provision of venture capital, investment services including investment advisory services, financial assessment and analysis* since 1999. Consequently, use of the trade mark by SVM is liable to be prevented by the law of passing-off and so registration of the application would be contrary to section 5(4)(a) of the Act.

6) MBL seeks the refusal of the application in its entirety and an award of costs.

7) SVM filed a counterstatement in which it denies the grounds of opposition. Attached to the counterstatement is a letter addressed to MBL. In this letter SVM states that the respective services are not similar. In this letter SVM states that it is willing to give an undertaking not to use the trade mark MERLIN in respect of various services. It also states in the letter that it is willing to add the following exclusion to the specification of its application: *but not including the provision of venture capital*.

8) SVM requests that the opposition is dismissed and seeks an award of costs.

9) After the completion of the evidence rounds both sides were advised that it was believed that a decision could be made without recourse to a hearing. However, the sides were advised that they retained their rights to a hearing. Neither side requested a hearing. MBL submitted written submissions, which I take into account in reaching my decision.

EVIDENCE

Evidence of MBL

10) This consists of a statutory declaration made by Professor Sir Christopher Evans OBE. Sir Christopher is the chairman of MBL. He is the founder of MBL, which was incorporated on 19 June 1996, and other companies in what he describes as the "Merlin Group": Merlin Ventures Limited, Merlin Equity Limited, Merlin General Partner Limited, Merlin General Partner II Limited, Merlin General Partner III Limited and Merlin (Scotland) GP Limited.

11) Sir Christopher states that MBL carries on business as a specialised venture capital and advisory company dedicated to novel human and medical products and the life sciences sector. He states that MBL is "advising funds exceeding Euro 400 million". Sir Christopher states that MBL has an extensive network of advisers and strategic partners and supports companies in all stages of their development, from start-up to initial public offering and post-flotation. He states that MBL has offices in London, Cambridge, Luxembourg and Frankfurt.

12) Sir Christopher states that MBL is "FSA authorised" and advises four funds:

The Merlin Fund LP (via Merlin General Partner Limited) – closed at £39 million in February 1997;

The Merlin Biosciences Fund (via Merlin General Partner II Limited) – closed at 247 million euros in August 2000;
The Merlin Biosciences Fund III (via Merlin General Partner III Limited);
The Finsbury Life Sciences Investment Trust (FLIT).
Sir Christopher states that since May 1997 MBL has "co-advised" FLIT which he states is the United Kingdom's first publicly traded investment vehicle dedicated to life sciences investment.

13) Sir Christopher states the MBL was incorporated under the name Pinco 794 Limited on 19 June 1996. The name was changed by special resolution to Merlin Investment Advisers Limited on 30 August 1996 and to MBL on 18 October 1999. Exhibited at CE2 are copies of the memorandum of association and articles of association of Merlin Investment Advisers Limited.

14) Sir Christopher states that MBL is one of a group of companies including Merlin Ventures Limited, Merlin Equity Limited, Merlin General Partner Limited, Merlin General Partner II Limited, Merlin General Partner III Limited and Merlin (Scotland) GP Limited. He describes this as the "Merlin Group". Merlin (Scotland) GP Limited was incorporated in July 2002 and is associated with the carried interest partner of The Merlin Biosciences Fund III. Sir Christopher states that the Merlin Group of companies have common directorship and control. He states that the appointed directors of each of the Merlin Group companies from 1996 to 2003 are as follows:

CTE – Professor Sir Christopher Thomas Evans
MRC – Mark Rowland Clement
PSK – Peter Stephen Keen
AFG – Andrew Fay Greene
MJD – Mark James Docherty
SEF – Susan Elizabeth Foden
JEW – Jane Elizabeth Whitrow

MBL- CTE, MRC, PSK, AFG, MJD, SEF, JEW
Merlin Ventures Limited – CTE, PSK, MJD, AFG, MRC
Merlin Equity Limited – CTE, PSK, MJD
Merlin General Partner Limited – CTE, PSK
Merlin General Partner II Limited – CTE, MRC, PSK
Merlin General Partner III Limited – CTE, MRC, PSK, JEW, MJD
Merlin (Scotland) GP Limited – CTE, MRC, PSK, JEW, SEF, MJD

15) Sir Christopher states that the first "Merlin" company to be incorporated was Merlin Ventures Limited, on 15 December 1995; the name of which was changed by special resolution from Pinco 749 Limited with effect from 15 March 1996. He states that the entire business and undertaking of Merlin Ventures Limited was transferred to MBL by an agreement dated 7 December 2000, a copy of which is exhibited at CE4. The agreement advises that MBL is a wholly owned subsidiary of Merlin Ventures Limited. The agreement excludes various items from the sale, including all of Merlin Ventures

Limited's rights and interests in its direct and indirect subsidiary companies: Merlin Equity Limited, Merlin Bioscience Limited, Merlin Biomed Limited and DevRx Limited. Also excluded, inter alia, are:

> "all rights and benefits and all liabilities and obligations of the Vendor in and under the subscription and shareholders agreements to which it is a party as at the date hereof (including for the purposes hereof Aragene) in respect of the investee companies of Merlin Equity Limited ("the MEL Investee Companies") as set out in schedule 5 (the Excluded Shareholders Agreements")".

In all there are thirteen excluded items. A schedule to the agreement shows seven employees, three of whom are included in the list of directors above.

16) Sir Christopher states that Merlin Ventures Limited was appointed to provide Merlin General Partner Limited (a Jersey registered limited partnership which is general partner to the Merlin Fund LP) with investment advice. He states that initially Merlin Ventures Limited focused on seed and early stage investments but developed into mid-stage company investment which led to the formation of MBL. Sir Christopher states that by way of an agreement dated 7 December 2000, MBL now provides investment advice to Merlin General Partner Limited. Exhibited at CE5 is a copy of a responsibility letter dated 15 October 2001 addressed to MBL regarding the information memorandum issued to potential investors in relation to Merlin Biosciences Fund III LP. Sir Christopher states that Merlin Ventures Limited retains Merlin Scientific Services Limited as a consultant (in return for an annual fee) by virtue of an agreement dated 26 July 1996.

17) Sir Christopher states that Merlin Equity Limited was incorporated on 16 January 1996, having changed its name by special resolution to Vega Premium Ingredients Limited on 16 April 1996 and thence to Merlin Equity Limited on 3 October 1996. Merlin Equity Limited is a wholly owned subsidiary of Merlin Ventures Limited and owns shares in Amedis Pharmaceuticals Limited, KinderTec Limited, BioVex Limited, Vectura Limited, Ark Therapeutics Limited, ReNeuron Limited, PanTherix Limited, Cyclacel Limited and Microscience Limited.

18) Sir Christopher states that the Merlin Fund LP is a limited partnership established under the laws of Jersey. It is a venture capital fund investing in start-up companies in the bioscience field. It has founded eight start-up life science companies: KinderTec Limited, BioVex Limited, Vectura Limited, Ark Therapeutics Limited, ReNeuron Limited, PanTherix Limited, Cyclacel Limited and Microscience Limited. Sir Christopher states that one of these companies has progressed to initial public offering, he does not state which. He states that the fund is now fully invested with typical amounts of funding being between one and three million pounds. Sir Christopher states that the Merlin Fund has also received an investment from FLIT raising the total funds to £39 million.

19) Sir Christopher states that the Merlin Biosciences Fund was established with the primary aim of focussing on later stage, pre initial public offering investments in

European life science companies. He states that the fund closed on 25 August 2000 with total commitments of 247 million euros. Sir Christopher states that the fund will typically seek to invest between five and twelve million euros per company, taking a significant minority equity stake.
20) Sir Christopher states that Merlin Biosciences Fund III LP is the Merlin Group's third venture capital fund and is focussed on early and mid-stage investments in human life sciences in Europe. He states that the fund will invest in companies which develop human health care products or in technologies that support their development. Sir Christopher states that the fund had its first close in July 2002 at 93 million euros, with additional commitments taking that total to in excess of 125 million euros. He states that the Merlin Group has approximately 427 million euros under advice or management; this relates to the date of the completion of the declaration: 23 April 2003.

21) Sir Christopher states that FLIT, which was previously known as the Reabourne Merlin Life Sciences Investment Trust Plc, is a publicly quoted LSE:FLS investment trust (launched 23 June 1997) whose objective is to achieve long term capital growth by investing in life-sciences companies based in the United Kingdom, Western Europe and Israel. He states that FLIT invests in both quoted and unquoted biotechnology and healthcare companies. Sir Christopher states that one of FLIT's top ten portfolio investments is in the Merlin Fund LP. (Sir Christopher does not explain what LSE:FLS means. In the context of this case I guess that LSE refers to London Stock Exchange. I have no idea as to the meaning of FLS.)

22) Exhibited at CE8 are examples of use of MERLIN:

- A letter dated 1 August 1996 from Merlin Ventures. This shows use of MERLIN on its own, in the body of the letter and Merlin Ventures with a device on the letterhead.

- A heads of terms agreement dated 13 September 1996 from Merlin Ventures Limited about Finsbury Merlin Investment Trust. The body of the agreement refers to the Finsbury Merlin Investment Trust, the Merlin Seed Fund, Merlin on its own, Merlin Investment Advisers Limited.

- An agreement between Merlin Ventures and RPMS Technology Ltd dated 16 September 1996. This shows use of Merlin on its own, in the body of the letter, and of Merlin Ventures with a device on the letterhead.

- An appendix from "A Strategy for Rapid Exploitation of the UK's Science Base" submitted by Merlin Ventures . This appendix contains various letters of support for the proposal from various third parties. The letters all emanate from June 1996. All but two of the letters refer to Merlin Ventures and/or Merlin.

- A letter dated 31 October 1996 from Merlin Ventures to the Department of Trade and Industry. This shows use of Merlin on its own and Merlin Ventures in the body of the letter and Merlin Ventures with a device on the letterhead.

23) Sir Christopher states that the turnover per annum in relation to services supplied by MBL and other members of the Merlin group in the United Kingdom since the incorporation of Merlin Ventures in 1996 is as follows:
1997 - £100,000
1998 - £1,000,000
1999 - £1,000,000
2000 - £3,000,000
2001 - £5,000,000
2002 - £5,000,000

24) Sir Christopher states that MBL "focuses its branding efforts in relation to the MERLIN mark in three ways, namely:-

(i) attracting interested parties/potential investors;

(ii) attracting investments; and

(iii) maintaining a high profile of the Merlin Group, and myself as a representative of the group in the trade press."

25) Sir Christopher states that MBL appoints sponsors to attract and/or identify potential investors. He states that since 1996 MBL has spent in excess of £100,000 on such placement agent services in respect of each of its three Merlin funds.

26) Sir Christopher states that MBL does not advertise, preferring to use sponsors. He states that, however, there are many examples of independent comment in the national press. Sir Christopher states that MBL has appointed public relations agencies whose responsibilities include organising sponsorship of conferences and publicising MBL's activities. He states that MBL has spent approximately £3000 annually on press release services and approximately £10,000 annually on brochures, publications and presentation slides. Sir Christopher goes on to give examples of sponsorship in the last two years. However, there is no indication of the dates of the sponsorship and so is not possible to ascertain which fell before the material date in these proceedings.

27) Exhibited at CE9 and CE10 are copies of press articles. The first time that Merlin Ventures is mentioned is in an article in the "Financial Times" of 20 September 1996. Other articles referring to or about Merlin Ventures or MBL go up to and after the material date. In "Reuters Business Briefing" of 31 January 2002 the following is written:

"Chris Evans, chairman of specialist venture capital group Merlin Biosciences Ltd."

This seems to capture the tenor of the various articles. There is regular reference to Sir Christopher, who appears very much as the public face of MBL. MBL is also seen in the articles as a venture capital group which specialises in biotechnology.

28) Sir Christopher states that MBL's placement agents also produce private placement memoranda which are sent to prospective investors. Exhibited at CE11 are examples of private placement memoranda for the Merlin Fund LP, the Merlin Biosciences Fund LP and the Merlin Biosciences Fund III. The memorandum for the Merlin Fund LP states:

> "The Fund will be committing its funds to biotechnology Investments for a long term and illiquid nature in companies whose share are not quoted or dealt in on any stock exchange."

and

> "Merlin intends to assist in the conversion of this research into viable commercial projects by providing the necessary finance, management expertise and strategic advice."

In the memorandum Merlin is defined as Merlin Ventures Limited. The memorandum advises that the information contained in it was compiled as of 28 October 1996. The minimum investment is £250,000.

29) The Merlin Biosciences Fund LP memorandum is dated 6 December 1999. This document refers to Merlin Biosciences, The Merlin Team and Merlin Ventures and as the name of the fund suggests is about biosciences. The memorandum defines bioscience:

> "Bioscience is defined as the application of biological sciences to the discovery, development and manufacture of commercial products. The sectors on which bioscience has, or is expected to have, the greatest impact are pharmaceuticals, diagnostics, chemicals, food, agriculture and environmental products and services."

The minimum investment is 1.5 million euros.

30) The Merlin Biosciences Fund III memorandum is dated October 2001. It includes the following about what it calls post-investment management:

> "Merlin is hands-on in assisting its investee companies and seeks to add value in the following particular areas:
>
> - **Intellectual property protection.** Securing a protected intellectual property estate is key to future success and Merlin is able to assist in defining an intellectual property strategy and securing appropriate patent protection.
> - **Recruitment.** Merlin's network enables it to assist in the process of recruiting and, if necessary, replacing key staff in order to create an appropriate operating structure within its investee companies. Merlin has been involved in the appointment of senior executives to all of its investee companies.
> - **Partnership negotiation.** Members of the Merlin team have experience in negotiating all types of partnership agreements between bioscience and large

pharmaceutical companies, ranging from in-licensing deals to full joint ventures.

- **Follow-on financing.** Merlin has arranged over €400 million in follow-on financing for its investee companies.
- **Operations.** The Merlin team has over 125 years' combined operating experience within bioscience companies and is able to provide valuable advice and assistance to management.
- **Exit strategy and positioning.** Through its directorships of investee companies, Merlin seeks to drive the pace of growth and strategic direction of its investee companies in order to position them for IPO, trade sale or merger."

The minimum investment in the fund is 5 million euros.

31) All of the funds involve a higher than normal degree of risk according to their memoranda. They are all long term funds.

32) Sir Christopher has spoken at a number of conferences as a representative of MBL, as have members of the Merlin Group. From the documentation exhibited at CE13 the conferences relate to biotechnology or investment, where MBL's presence relates to the investment in biotechnology. Documentation is furnished relating to "The Family Investment Workshop" held in Switzerland on 12 and 13 June 2001. According to the literature the programme was designed for sophisticated private investors, family members and private/family office professionals. Sir Christopher spoke on bioscience investment issues.

33) MBL has a company website with the address www.merlin-biosciences.com, to which the website address www.merlin-biosciences.co.uk defaults. The domain name was registered on 22 June 1999. Sir Christopher states that the website contains information about MBL's business activities and achievements. In 1996 MBL owned the domain name www.merlin-ventures.co.uk and used this website before registration of the other website in June 1999.

34) Sir Christopher states that MBL has a long term investment strategy whilst SVM has a short term investment strategy of identifying and purchasing undervalued companies. MBL has invested in Scottish companies. Copies of various press articles are exhibited at CE15. These articles identify three undertakings in Scotland in which Merlin Ventures has been involved: Cyclacel, Renueron and PanTherix, all biotechnology companies. He states that MBL has also invested in Ardana in Edinburgh. Sir Christopher states that press coverage suggest that SVM breaks up technology companies which are under-funded in return for cash.

35) Exhibited at CE14 is a copy of an article from "The Scotsman" of 7 March 2002. Within the article there is a reference to SVM's intention to change its name and there being a short list of four possible names: Cougar, Cobalt, MERLIN and Rosewood.

36) Exhibited at CE15 is a copy of an article from "business a.m.", which is described as "Scotland's Business Network". The article refers to Indigovision. It refers to an alleged interest in the company from Acquisitor. The article states that Acquisitor targets undervalued companies and that it has stated that it wishes to break Indigovision up. It also states that SVM has a 20% stake in Acquisitor. In the article the managing director of SVM states that he was unaware of Acquisitor's intentions towards Indigovision and that SVM has no executive interest in Acquisitor's decisions.

Evidence of SVM

37) This consists of a witness statement by Colin William McLean. Mr McLean is managing director and chief investment officer of SVM. A good deal of Mr McLean's statement can best be characterised as submission and a critique of the evidence of MBL, not evidence of fact. I will say no more about those aspects of his evidence here, although I bear them in mind in reaching my decision.

38) SVM is a privately owned company that acts as an investment manager and investment advisor to: (i) four investment companies listed on the London Stock Exchange; (ii) a United Kingdom open-ended investment company; (iii) a Dublin based unit trust listed on the Irish Stock Exchange; (iv) three open-ended companies listed on the Irish Stock Exchange. The services are available to retail investors in the United Kingdom. SVM acts as an investment manager to various other funds. It manages funds in excess of 1 billion euros and its turnover in 2002 was £12 million. SVM invests in companies where it believes that the share price is undervalued and has identified reasons that should cause it to rise. Mr McLean states that SVM does not own any shares in bioscience companies nor does it manage any bioscience companies.

39) At the end of 2001 SVM decided that it needed a new brand name. It engaged Sway Plc, a company that specialises in corporate brand selection, to this end. The brand that was eventually chosen was MERLIN. SVM had decided that it would not begin to use its new name until it had received legal advice that it would be alright so to do and had secured registered trade mark protection. Mr McLean states that he already knew of MBL's business but that it was a very different business to that of SVM and it operated in a different market sector. He states that SVM's trade mark search revealed MBL's registration but that this was not considered a problem because of its narrow specification which, according to Mr McLean, does not conflict with that of this application.

40) Mr McLean refers to the letter from SVM's solicitors, which is referred to in paragraph 7 above.

41) Mr McLean states that MBL is not at all well-known outside its very specialist market sector. He states that private placement memoranda are issued to professional investors and are not available to the public or to retail investors. Mr McLean states that the users of SVM's services are investors in the stock market. He states that many of SVM's customers invest in its financial products via independent financial advisors. He states that he is not aware of the channels of trade of MBL but doubts that they are

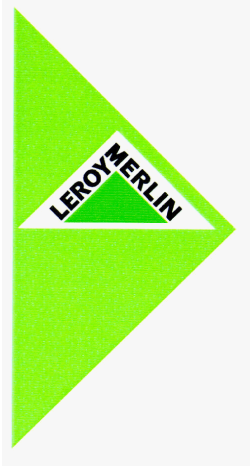
similar. Mr McLean comments that the Sway research, which tested various names including MERLIN, involved fourteen financial services industry experts. He states that none of these mentioned MBL or any connected entity.

42) Exhibited at CWM4 is a page from www.smmuk.demon.co.uk, downloaded on 24 June 2003. This page is for MIM – Merlin Investment Management Limited. The webpage states that MIM specialises in corporate venture capital funding and property development. Also exhibited is a page downloaded from the Companies House website in relation to Merlin Investment Management Limited. The details exhibited show that it was incorporated on 12 August 1996. The nature of its business is identified as security broking and fund management, other financial intermediation, letting of own property, managing of real estate. It is stated that there was a "total exemption small" for the last set of accounts, for the year ending 31 March 2002. Exhibited at CWM5 is a printout for United Kingdom trade mark registration no 2175761. This is for the trade mark MERLIN and is registered in respect of the following services in classes 35 and 36 respectively of the "International Classification of Goods and Services":

provision of data, information or images all relating to the payment or prepayment for services and goods and all on-line from a database or the Internet; on-line checking services for identifying whether or not on-line callers are pre-registered as buyers or as sellers or both for participation in on-line electronic commerce; organisation, operation and supervision of sales and/or promotion incentive schemes; purchasing and transaction management, all relating to the purchase of and payment for goods and/or services; sales creating and management of database services relating to the aforesaid and marketing services associated therewith;

bill payment services; bill pre-payment services; deposit services; banking service, debt recovery services; operation supervision and regulation, administration and organisation of schemes for the payment of goods and/or the provision of services, loyalty incentive schemes (discount card services).

Exhibited at CWM6 is a printout for Community trade mark registration no 1050798 of the trade mark:



This is registered for a large number of goods and services, including the following services in classes 35 and 36 of the "International Classification of Goods and Services":

advertising; business management; business administration; office functions; distribution of leaflets and samples; arranging newspaper subscriptions for others; dissemination of advertisements; computerized file management; telephone answering services; entering computer data; rental of advertising material; business consultancy, information or enquiries; accounting; document reproduction; employment agencies; rental of typewriters and office equipment; organization of exhibitions for commercial or advertising purposes; preparing estimates;

insurance underwriting; financial affairs; monetary affairs; real-estate affairs; savings banks; insurance underwriting; professional tax advisory services and consultancy; banking business; exchanging money; portfolio management; lending against security; debt collection; issuing of travellers' cheques and letters of credit; real-estate valuations; real-estate management.

Exhibited at CWM7 is a printout for United Kingdom trade mark registration no 2278293. This is for the trade mark MERLIN SCOTT and registered for goods and services in classes 9, 16 and 35 of the "International Classification of Goods and Services". The class 35 services are:

business information services; business consultancy services; business management and organisation consultancy, business management assistance; business research, commercial and industrial management assistance; statistical information, economic forecasting; management consultancy; personal management consultancy; commercial and industrial information services provided by access to a computer database; computerised business information services; consultancy, advisory and information services relating to the aforesaid services.

43) Mr McLean states that identifying and purchasing of undervalued companies is the investment remit of only one of SVM's companies, Undervalued Assets Trust plc, which represents approximately 8% of the funds managed by SVM. He states, however, that this is not SVM's strategy. Mr McLean states that SVM owns no shares in Acquisitor. He states that shares in Acquisitor are owned by Scottish Value Trust plc which he describes as a client of SVM. He states that Scottish Value Trust plc represents approximately 11% of the funds managed by SVM.

44) Mr McLean states that SVM's strategy is to create one of the most pre-eminent fund management teams in the industry and to offer a range of funds to retail investors in the United Kingdom. Mr McLean refers to the Sway report where the respondents are asked what they associate with SVM and what they associate with Mr McLean. He comments that the responses were primarily positive and there was no reference to asset stripping.

DECISION

Section 5(1) of the Act – identity of services and identity of trade marks

45) Section 5(1) of the Act states:

> "(1) A trade mark shall not be registered if it is identical with an earlier trade mark and the goods or services for which the trade mark is applied for are identical with the goods or services for which the earlier trade mark is protected."

The term 'earlier trade mark' is defined in section 6(1) of the Act as follows:

> "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".

MBL's trade mark is an earlier trade mark within the terms of section 6(1) of the Act.

46) The respective trade marks are identical. MBL claims that the services of *financial management; financial investment; investment management services; discretionary investment management services; investment advisory services; financial services relating to investment and savings capital investment* of the application are identical to *provision of venture capital to the pharmaceutical biotechnological and bioscientific sectors* of its registration. (The specification of the application excludes *independent financial advisory services* but I do not see that anything turns upon this.) In its submissions MBL states that *financial management; financial investment; discretionary investment management services; investment advisory services; financial services relating to investment and savings capital investment* could all "encompass the provision of venture capital eg financial management in the nature of venture capital allocation, financial investment in the nature of the provision of venture capital". *Investment management services* appears to have fallen out of the list, however, I assume that this is a mere typographical omission. It would be odd if it were not included with the other terms and captious of me to ignore it within the context of section 5(1) of the Act.

47) In order to consider this matter it is necessary to look at what the case law has decided about how to consider wordings in specifications. Neuberger J in *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another* [2000] FSR 267 stated:

> "I should add that I see no reason to give the word "cosmetics" and "toilet preparations" or any other word found in Schedule 4 to the Trade Mark Regulations 1994 anything other than their natural meaning, subject, of course, to the normal and necessary principle that the words must be construed by reference to their context. In particular, I see no reason to give the words an unnaturally

> narrow meaning simply because registration under the 1994 Act bestows a monopoly on the proprietor."

I also bear in mind the comments of Jacob J in *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281 where he stated:

> "When it comes to construing a word used in a trade mark specification, one is concerned with how the product is, as a practical matter, regarded for the purposes of trade. After all a trade mark specification is concerned with use in trade."

I take on board the class in which the goods or services are placed is relevant in determining the nature of the goods and services (see *Altecnic Ltd's Trade Mark Application* [2002] RPC 34).

Although it dealt with a non-use issue I consider that the words of Aldous LJ in *Thomson Holidays Ltd v Norwegian Cruise Line Ltd* [2003] RPC 32 are also useful to bear in mind:

> "In my view that task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use. The court, when deciding whether there is confusion under section 10(2), adopts the attitude of the average reasonably informed consumer of the products. If the test of infringement is to be applied by the court having adopted the attitude of such a person, then I believe it appropriate that the court should do the same when deciding what is the fair way to describe the use that a proprietor has made of his mark. Thus the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use."

Jacob J in *Avnet Incorporated v Isoact Ltd* [1998] FSR 16 stated:

> "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."

48) SVM have spent some time on what it does and what MBL does. This is to miss the point. The question in relation to both sections 5(1) and 5(2) of the Act relates to the potential scope of the specifications in normal and fair use. Evidence might assist on the nature of a service, however, evidence on the current business of either or both sides cannot be used to define and restrict the specifications. They must be taken as they exist, they are the facts. This was a matter dealt with by Laddie J in the context of infringement in *Compass Publishing BV v Compass Logistics Ltd* [2004] EWCA 520:

> "Similarly, even when the proprietor of a registered mark uses it, he may well not use it throughout the whole width of the registration or he may use it on a scale which is very small compared with the sector of trade in which the mark is registered and the alleged infringer's use may be very limited also. In the former situation, the court must consider notional use extended to the full width of the classification of goods or services. In the latter it must consider notional use on a scale where direct competition between the proprietor and the alleged infringer could take place."

49) MBL claims that the terms under consideration all encompass the provision of venture capital. However, in order to arrive at this conclusion it adds into the wording "in the nature of venture capital allocation". One could add any phrase on to an existing specification, it does not mean that the original wording contained the services or goods referred to in the addition. Jacobs LJ returned to the issue of the interpretation of specifications for services in *Reed Executive plc and Reed Solutions plc v Reed Business Information Ltd, Reed Elsevier (UK) Ltd and totaljobs.com Ltd* [2004] EWCA (Civ) 159. In that judgment he stated:

> "44. Neither side dissented from this. The proposition follows from the inherent difficulty in specifying services with precision and from the fact that a service provider of one sort is apt to provide a range of particular services some of which will be common to those provided by a service provider of another sort. Here, for instance, both sides publish advertisements for jobs and have done so for years. No-one who has looked into a Reed Employment high street shop could have missed these. Nor could anyone have missed RBI's job advertisements in their various magazines.
>
> 45. Accordingly I think that principle applies here. What one must do here is to identify the core activities which make a service provider an "employment agency."
>
> 53. This requires an inquiry as to what the core features of an employment agency are. What is it that distinguishes an employment agent from others who provide services in the recruitment industry? Both sides called experts who gave evidence as to what organisations who call themselves "employment agents" do. There was also some indirect evidence derived from members of the public who took part in surveys conducted for RBI (the "Serco" surveys) of Versions 1 and 4 of the totaljobs website for the purpose of evaluating them. The responses give some, albeit incidental to the purpose of the survey, indication of the public's idea of what they expect from an employment agency."

To come to a conclusion as to whether the services in question are identical I need to consider what is the core activity(ies) of *provision of venture capital to the pharmaceutical biotechnological and bioscientific sectors*. The only evidence I have in relation to this matter is that relating to the business of MBL. I don't know how typical or atypical this is of venture capitalists. However, I consider that there is no doubt that

one part of the business is typical, the supplying of capital to new businesses for a stake in the businesses. Capital that is supplied at some risk owing to the fact that the ventures are new. The very use of venture to describe capital is indicative of the risk. The putting of the capital into new ventures must be an investment in the business. The specification refers to the *provision of venture capital*. I cannot see that this can refer to anything other than investment. I have concluded that *investment* is at the very core of the business referred to in the specification. The services of the application do not exclude services for the *pharmaceutical biotechnological and bioscientific sectors* and so most included them. On the basis of *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another* I cannot give the terms under consideration an unnaturally narrow meaning. However, according to *Avnet Incorporated v Isoact Ltd* and *Reed Executive plc and Reed Solutions plc v Reed Business Information Ltd, Reed Elsevier (UK) Ltd and totaljobs.com Ltd*, I must look at what can be considered the core activity(ies) of the earlier specification. I believe that a fair reading of the terms *financial investment; financial services relating to investment and savings capital investment* of the application must interpret these terms as including the *provision of venture capital*, which is an investment activity; it involves the investment into an undertaking, if on a somewhat specialist basis. These terms also include a wide spectrum of other investment activity. However, I cannot decide which particular services within these parts of the specification are of interest to SVM and which are not. SVM must stand or fall by the specification before me. It has anyway more specifically identified services in the rest of its specification. Taking into account all these factors I find that *financial investment; financial services relating to investment and savings capital investment* of the application are identical to the services of MBL in class 36.

50) This leaves *financial management, investment management services, investment advisory services* and *discretionary investment management services* to consider in relation to identicality of services. These services do not directly include the actual provision of venture capital but advice and management. They may be allied to the class 36 services of MBL but I do not consider that they can be described as being identical. Consequently, I dismiss the objection under section 5(1) against these services and will consider them below within the context of section 5(2)(a).

51) Consequent upon the above, I find that the application is to be refused under section 5(1) of the Act in respect of *financial investment; financial services relating to investment and savings capital investment*.

Section 5(2)(a) of the Act – likelihood of confusion

52) Section 5(2)(a) of the Act states:

> "2) A trade mark shall not be registered if because——
>
> (a) it is identical with an earlier trade mark and is to be registered for goods or services 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."

53) In determining the question under section 5(2)(a), 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-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* [2000] FSR 77 and *Marca Mode CV v Adidas AG and Adidas Benelux BV* [2000] ETMR 723.

54) The respective trade marks are identical. The next question is as to whether the respective services are similar.

55) In *British Sugar Plc v James Robertson & Sons Limited*, Jacob J considered that the following should be taken into account when assessing the similarity of goods and/or services:

"(a) The respective uses of the respective goods or services;
(b) The respective users of the respective goods or services;
(c) The physical nature of the goods or acts of service;
(d) The respective trade channels through which the goods or services reach the market;
(e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
(f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors."

56) In *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, the European Court of Justice held in relation to the assessment of the similarity of goods and services that the following factors, inter alia, should be taken into account: their nature, their end users and their method of use and whether they are in competition with each other or are complementary. I do not consider that there is any dissonance between the two tests. However, taking into account the judgment of the European Court of Justice, it is necessary to consider whether the goods and services are complementary.

57) Neither side has submitted a detailed comparison of the respective services. SVM in its evidence compares the business of MBL and its business. This misses the fundamental point referred to in paragraph 48 above; the comparison must be made of the specifications as they exist and what they could cover in notional and fair use.

58) In its submissions MBL states:

> "Quite clearly there is significant scope for confusion to arise if the services listed in the applicants specification are based upon biotech investments including the following:
>
> *Financial services in relation to advising on and managing investment funds.*
> *Financial management.*
> *Financial investment.*
> *Investment management services.*
> *Investment management services on behalf of clients including investment trusts, regulated and unregulated collective investment schemes, pension funds, charitable organisations and institutional and retail investors in the United Kingdom and Offshore.*
> *Investment advisory services.*
> *Investment and savings scheme product management.*
> *Financial services relating to investment and savings capital investment.*
> *Mutual funds.*
> *Mutual fund management.*
> *Asset management.*
> *Unit trust management.*
> *Fund management.*
> *Offshore management.*
> *Personal equity plan and individual savings account management.*
> *Financial services relating to savings.*
> *Financial market information services.*
>
> As stated, the above list is not exhaustive but clearly all of these services could be offered in the context of biotech related investments, thereby enhancing the likelihood of confusion both in the face of the opponents registered trade mark and the significant goodwill and repute they have accrued by virtue of usage since 1996."

I cannot state that I find the above particularly enlightening or insightful. I cannot see the logic of why certain terms have been included whilst others have been excluded. In the statement of grounds MBL claims that all the services of the application are similar to the class 36 services of its registration and also similar to *provision of business management services; strategic and planning advice to businesses; business appraisals; information and advisory services relating to the aforesaid* in class 35. I assume that in its submissions MBL is not resiling from the position in its statement of grounds and so still considers that all the services of the application are similar to those of the earlier registration; although it does not wish to put forward specific and precise arguments as to this issue. No evidence has been adduced as to the nature of the services in the specifications. Taking into account that the onus in upon MBL to prove its case (*React Trade Mark* [2000] RPC 285), the lack of detail in its claims as to the similarity of the respective services could have an adverse effect upon its case.

59) *Financial investment* and *financial services relating to investment and savings capital investment* of the application do not need to be considered as these services have already been refused under section 5(1) of the Act. The remaining services of the application are:

financial services in relation *to advising on and* ***managing investment funds****;* ***financial management; investment management services; investment management services on behalf of clients including investment trusts, regulated and unregulated collective investment schemes, pension funds, charitable organisations and institutional and retail investors in the United Kingdom and offshore; discretionary investment management services;*** *investment advisory services; provision of information, advice and consultancy relating to finance and investments;* ***investment and savings scheme product management;*** *interactive and database information services relating to finance and investments; mutual funds;* ***administration of mutual funds****;* ***brokerage services relating to mutual funds****;* ***mutual fund management****; mutual fund services; provision of pricing information about mutual funds;* ***asset management; unit trust management; fund management; offshore management; investment trust management****; investment trust services;* ***unit trust management****; unit trust services; unit trust investment; offshore unitised funds;* ***personal equity plan and individual savings account management****; personal equity plan and individual savings account investment; financial services relating to personal equity plans and individual savings accounts; savings scheme services; financial services relating to savings; provision of investment savings plans; financial information services provided by access to a computer database; financial market information services; financial information services relating to individuals; and advice on all of the aforesaid*; *not including independent financial advisory services*.

I have characterised the various services into three types. The services in bold represent management/administration of investment/savings. The services which are underlined represent actual investment/savings services. The remaining services can be characterised as supplying information and advice in relation to financial services; these services either specifically relate to investment/savings or could include such services within a broad term. For reasons of practicality, I will consider the similarity of the services by reference to these three categories.

60) MBL claims that the above services are all similar to *provision of venture capital to the pharmaceutical biotechnological and bioscientific sectors*. I have accepted that this service involves investment. However, it is a very specific type of investment. It is to be borne in mind that there are no adjuncts to the specification in the way of advice, information and the like. As MBL has pointed out, the comparison of services has to be made upon the basis of the specification as registered; neither broader nor narrower. The specification is **not** for venture capital services to the pharmaceutical biotechnological and bioscientific sector at large, only for the provision of those services. So the specification does not cover the investment into the venture capital firm but only the venture capital firm's investment into businesses in the aforesaid specific sectors. The investment/savings services of the application will involve both elements of the investment process; the funds being entrusted to SVM and SVM investing those funds in

order to gain a return for its investors. Neither side has thought to furnish third party evidence on the nature of the various services in the specification of the application. Indeed, neither side has considered it necessary to even try to explain the terminology through evidence. Other than that a mutual fund is some form of investment vehicle I have no idea what it is. There may be those who are knowledgeable about investment vehicles; others will be like me, whose knowledge of savings is limited to the sock and the piggy bank. Various other terms in the specification raise similar problems, such as *offshore unitised funds* and *unit trust services*. I do not consider that the knowledge of the meaning of various of the financial terms comes within the scope of judicial notice. So, to some extent, I am left floundering by the inadequacies of the evidence. I think it is instructive to see the detailed expert evidence that was given in relation to such a seemingly "easy" term as employment agency services in *Reed Executive plc and Reed Solutions plc v Reed Business Information Ltd, Reed Elsevier (UK) Ltd and totaljobs.com Ltd*. On a basic level in relation to investment/savings services and the services of the earlier registration in class 36, I can state that all the services involve investment into something. As part of the investment into something, the services of the application might involve venture capital investment. The problem is I simply do not know that if in commercial reality this is likely. As Jacob J stated in *British Sugar Plc v James Robertson & Sons Ltd* (see above) I have to construe what is involved in the terms within the context of the trade. Something which is somewhat difficult in this particular field owing to the failings of evidence and argument as to the claimed similarity of the services. Even looking for terms in Collins English Dictionary (5th Ed 2000), which might be considered within the purlieu of judicial notice, has not assisted me. I am told that a mutual fund is the United States and Canadian name for a unit trust. A unit trust is then defined as an investment trust that issues units for public sale, the holders of which are creditors and not shareholders with their interests represented by a trust company independent of the issuing agency. I am not sure if I should be playing "hunt the meaning" in an inter partes matter. However, even if I am it has not assisted me. As I have stated the onus is upon MBL to prove its case. The following comments of the ECJ in *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* have more often been honoured in the breach than the commission:

> "It is, however, important to stress that, for the purposes of applying Article 4(1)(b), even where a mark is identical to another with a highly distinctive character, it is still necessary to adduce evidence of similarity between the goods or services covered."

In the vast majority of cases there is no need for evidence in the comparison of goods and services; one doesn't really need evidence on the degree of similarity between buns and bread. However, in relation to the comparison of certain goods and services there is a need to do so. This is one of those cases. I do not consider that just because both sets of services are in the financial sphere that they can be considered similar. To make a judgment upon the basis of the *British Sugar Plc v James Robertson & Sons Limited* test, I need the evidence that is noticeable by its absence.

61) This does not condemn all of the attack based upon the class 36 registration of MBL. The following management/administration services relate to investment at large:

investment management services; investment management services on behalf of clients including investment trusts, regulated and unregulated collective investment schemes, pension funds, charitable organisations and institutional and retail investors in the United Kingdom and offshore.

The second part of the above services covers investment management services at large but identifies for whom they are performed. The management/administration of the application are closely linked and allied to the unrestricted investment services of the specification under section 5(1) of the Act; where I found identity of services. The question then arises as to whether the management of such services would be similar to *provision of venture capital to the pharmaceutical biotechnological and bioscientific sectors*. From the evidence of MBL it is obviously involved in the managing of its investment, as one would expect. However, it does not have cover for this in its specification. Nevertheless, it strikes me that if the parts of the specification potentially encompass venture capital investment then the management of that investment is very much a complementary activity. It would seem part and parcel of the process, even if not covered by the earlier specification. Consequently, on the basis that the parts of the specification referred to above will encompass provision of venture capital, I consider that these services are similar to the services of MBL in class 36.

62) The remaining management/administration services of the specification relate to specific financial products. As I could not find similarity in relation to the primary service, so I cannot find similarity in relation to the linked service. I take into account that the information and advice in relation to financial services of the specification is not independent advice, as per the exclusion that has been added. So it is all presumably about the financial products that SVM sells. However, it strikes me, in the absence of evidence to the contrary, that there is a deal of distance between giving advice and information and the services of the earlier registration in class 36. I do not consider that I can make a finding of similarity in respect of the information and advisory services of the application.

63) I am still left with the issue as to whether the *provision of business management services; strategic and planning advice to businesses; business appraisals; information and advisory services relating to the aforesaid* in class 35 of MBL's registration are similar to the services of the application. The services of the earlier registration are services supplied to businesses. They are the sort of services that a business may use to improve or access the way it does its business. These are not financial services, which are in class 36 anyway. As MBL in its submissions states I have to consider the specifications as they exist. On this basis I cannot see where the class 35 services referred to by MBL and the services of SVM coincide in the context of *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* and *British Sugar Plc v James Robertson & Sons Limited*. I, therefore, dismiss the claim by MBL that *provision of business management services; strategic and planning advice to businesses; business appraisals; information*

and advisory services relating to the aforesaid are similar to the services of the application.

64) Consequent upon the above I find that the following services of the application are similar to the services of the earlier registration:

> *investment management services; investment management services on behalf of clients including investment trusts, regulated and unregulated collective investment schemes, pension funds, charitable organisations and institutional and retail investors in the United Kingdom and offshore*.

Conclusion in relation to section 5(2)(a) of the Act

65) Where trade marks are identical the issue of imperfect recollection does not come into play; there is nothing to distinguish the trade marks. The sophistication of the purchaser and the nature of the purchasing decision cannot come into play either. However sophisticated and careful and educated the purchasing decision, if the trade marks are identical there is nothing to differentiate them. The European Court of Justice held that a lesser degree of similarity between trade marks may be offset by a greater degree of similarity between goods, and vice versa (*Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*). In this case the trade marks are identical. *Sabel BV v Puma AG* holds that the distinctiveness or otherwise of the earlier trade mark is of importance as there is a greater likelihood of confusion where the earlier trade mark has a particularly distinctive character, either per se or because of the use that has been made of it. In the case of identical trade marks I cannot see that the distinctiveness matters as the potential purchaser has nothing within the signs to distinguish them by. For the sake of record I think it safe to say that MERLIN for the services of MBL enjoys a good deal of inherent distinctiveness. In *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* the ECJ held:

> "19. It follows that, for the purposes of Article 4(1)(b) of the Directive, registration of a trade mark may have to be refused, despite a lesser degree of similarity between the goods or services covered, where the marks are very similar and the earlier mark, in particular its reputation, is highly distinctive."

So reputation can have an effect in deciding whether there is likelihood of confusion where there is a limited degree of similarity between the services. However, to succeed under section 5(2)(a) of the Act the trade marks have to be similar; that is what the Directive states, it is what the Act states. It is what is pointed out in *Sabel*:

> "it is to be remembered that Article 4(1)(b) of the Directive is designed to apply only if by reason of the identity or similarity both of the marks and of the goods or services which they designate, "there exists a likelihood of confusion on the part of the public"."

So there can only potentially be a finding of confusion in respect of the similar services. The identity of the signs and the distinctiveness of the earlier trade mark cannot change

the dissimilar into the similar, neither can reputation (see *Marca Mode CV v Adidas AG and Adidas Benelux BV* re the limits of the effects of reputation). I go into the reputation of MBL further below in relation to passing-off. However, based on the limited area of the market that Merlin is in, the absence of advertising, the extremely limited promotion of its services and its turnover, I do not consider that it can claim any enhanced protection under section 5(2)(a) of the Act. Merlin may be quite well-known in relation to venture capital in the biotech field but this is not the same as being well-known in venture capital at large. I do not consider that fame in a particular segment of the market can be salami sliced down to suit the argument of one side. If one followed that route an undertaking in one small location could claim reputation based upon that particular geographical area. Equally a specialist publisher could claim a reputation for publications at large from a very small, niche market. Of course, the reason that reputation is to be taken into account is because of the effect it might have on the consumer. In this case owing to the niche market of MBL, I cannot see that its use will have an effect on the average consumer for the services of the application. Mr Simon Thorley QC, sitting as the appointed person, in *Duonebs* BL 0/048/01, 2001 WL 395219, stated in relation to *Sabel BV v Puma AG*:

> "In my judgment, I believe what the ECJ had in mind was the sort of mark which by reason of extensive trade had become something of a household name so that the propensity of the public to associate other less similar marks with that mark would be enhanced. I do not believe that ECJ was seeking to introduce into every comparison required by section 5(2), a consideration of the reputation of a particular existing trade mark."

I think this conveys that something more than use is required to benefit from the enhancement of protection through reputation.

66) I consider that the goods that I have found are similar are similar to a reasonable degree. Taking into account the identicality of the trade marks, I consider that there is a likelihood of confusion.

67) I find that the application should be refused under section 5(2)(a) of the Act in respect of *investment management services; investment management services on behalf of clients including investment trusts, regulated and unregulated collective investment schemes, pension funds, charitable organisations and institutional and retail investors in the United Kingdom and offshore*.

Section 5(4)(a) of the Act – passing-off

68) Section 5(4)(a) of the Act states:

> "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,"

69) 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:

> "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 Erven Warnink BV v J Townend & Sons (Hull) Ltd [1979] ACT 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 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."
>
> .....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.""

70) The first matter that I have to decide is the material date. It is well established that the material date for passing-off is the date of the behaviour complained of (see *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2004] RPC 8 and 9). Section 5(4)(a) is derived from article 4(4)(b) of First Council Directive 89/104 of December 21, 1998 which states:

"rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark".

The material date cannot, therefore, be later than the date of the application for registration. The evidence from SVM clearly points to them not having used the trade mark at the date of application. Exhibit CE14 to the evidence of Sir Christopher is a copy of an article from "The Scotsman" of 7 March 2002. Within the article there is a reference to SVM's intention to change its name and there being a short list of four: Cougar, Cobalt, MERLIN and Rosewood. So two days before the filing of the application there has been no use of MERLIN by SVM as an indication of the provenance of its services. I take that material date as being the date of the application, 9 March 2002.

71) Pumfrey J in *South Cone Inc. v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 stated:

"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 (OVAX) (1946) 63 RPC 97 as qualified by BALI [1969] RPC 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. 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."

72) Merlin is described as the Merlin Group in the evidence and includes, as well as MBL, Merlin Ventures Limited, Merlin Equity Limited, Merlin General Partner Limited, Merlin General Partner II Limited, Merlin General Partner III Limited and Merlin (Scotland) GP Limited. The use by various linked parties of a common name was dealt with by the Court of Appeal in *Dawnay, Day & Co Ltd v Cantor Fitzgerald International* [2000] RPC 669. In that case the Vice-Chancellor (Sir Richard Scott) stated:

> "It is not, in my judgment, necessary to analyse the ownership of the "Dawnay Day" name for the purpose of deciding whether the goodwill in the name belongs to the holding company, or is shared by all the members of the group or whether the goodwill is jointly or severally owned by the group members. Each of the group members that trades under a style which includes the name "Dawnay Day", has, in my judgment, a legitimate interest, for passing-off purposes, in complaining of a deceptive use of the Dawnay Day style by CFI. The deceptive use by CFI of the "Dawnay Day Securities" trading style represents in respect of each Dawnay Day group member that the proprietor of Dawnay Day Securities is an associate with that member in the Dawnay Day group. Each is, in my judgment, entitled to complain of that misrepresentation. In my judgment, DDCL and DDI are entitled to sue CFI for passing-off and DDI is entitled to sue also on behalf of all other group members who trade under a style that includes "Dawnay Day"."

I think that this equally applies to each of the members of the Merlin Group in relation to the name MERLIN.

73) The evidence of MBL does not follow the strictures of *South Cone Inc. v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership).* Nevertheless, I consider that a goodwill in a business by reference to the name MERLIN has been established. The exhibits to the evidence of Sir Christopher and his statement most certainly establish this. I do not see that SVM denies it. It can hardly do so when it makes much of what it considers is the difference between its business and that of MBL.

74) As is common when a claim to reputation is made, lilies are gilded and geese are transmuted into swans. The press articles and the other exhibited material show use of MERLIN in venture capital in relation to what is generally described as the biotech sector. To invest, MERLIN needs to raise funds and consequently part of the business is funds. These are again specifically linked to venture capital in the biotech sector. The funds are described as having a higher than normal degree of risk. These are long term funds and the minimum amounts of investment are large: £250,000 for the Merlin Fund LP, 1.5 million euros for the Merlin Biosciences Fund LP and 5 million euros for the Merlin Biosciences Fund III. Unlike with its class 36 specification, the goodwill spans both the investment in and the investment out. The evidence also shows, not surprisingly probably for a venture capitalist, that MBL has some control and assists the companies it invests in. However, in the context of the business I do not see this as a separate area of goodwill. The evidence does not show that MERLIN is associated with business

management and consultancy. The presence in the companies seems very much within the context of the venture capital business. In my view the writ of the Merlin Group's goodwill runs no wider that venture capital in the biotech sector and biotech investment funds. The latter, of course, will require the management of the fund.

75) Millet LJ in *Harrods Ltd v Harrodian School Ltd* [1996] RPC 697 stated:

> "the relevant connection must be one by which the plaintiffs would be taken by the public to have made themselves responsible for the quality of the defendant's goods or services" (page 712).
>
> and:
>
> "It is not in my opinion sufficient to demonstrate that there must be a connection of some kind between the defendant and the plaintiff, if it is not a connection which would lead the public to suppose that the plaintiff has made himself responsible for the quality of the defendant's goods or services."

The position in relation to passing-off is not the same as in relation to likelihood of confusion; passing-off does not require establishment of similarity of services within the context of the section 5 (2) case law. However, in *Harrods Ltd v Harrodian School Ltd* Millet LJ also stated:

> "The absence of a common field of activity, therefore, is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration."

In *Stringfellow v McCain Foods (GB) Lt.* [1984] RPC 501 Slade LJ said:

> "even if it considers that there is a limited risk of confusion of this nature, the court should not, in my opinion, readily infer the likelihood of resulting damage to the plaintiffs as against an innocent defendant in a completely different line of business. In such a case the onus falling on plaintiffs to show that damage to their business reputation is in truth likely to ensue and to cause them more than minimal loss is in my opinion a heavy one."

The evidence of use shown by MBL certainly does not bring this case within the bounds of *Lego Systems A/S v Lego M Lemelstritch Ltd* [1983] FSR 155. All the above leaves me with the core issue of this type of claim to passing-off, would the public concerned be likely to believe that MBL was responsible for the services of the application.

76) SVM refer to the sophistication of MBL's clients. This is not something that, in my view, can be rebutted. However, as far as the respective signs are concerned, sophistication is irrelevant. The signs are identical, there is nothing to distinguish between them. The issue reduces down to the relationship between the business of MBL and the services of the application. I have already found certain services of the

application identical or similar to the venture capital services of MBL covered by the class 36 specification of its registration. Owing to the specification of the registration in class 36 being more limited than the actual business of MBL, the services which were found to be identical or similar in respect of sections 5(1) and 5(2)(a) of the Act will be subject to refusal on the basis of passing-off, assuming that damage is established. This leaves the remaining services for consideration:

financial services in relation to advising on and managing investment funds; financial management; discretionary investment management services; investment advisory services; provision of information, advice and consultancy relating to finance and investments; investment and savings scheme product management; interactive and database information services relating to finance and investments; mutual funds; administration of mutual funds; brokerage services relating to mutual funds; mutual fund management; mutual fund services; provision of pricing information about mutual funds; asset management; unit trust management; fund management; offshore management; investment trust management; investment trust services; unit trust management; unit trust services; unit trust investment; offshore unitised funds; personal equity plan and individual savings account management; personal equity plan and individual savings account investment; financial services relating to personal equity plans and individual savings accounts; savings scheme services; financial services relating to savings; provision of investment savings plans; financial information services provided by access to a computer database; financial market information services; financial information services relating to individuals; and advice on all of the aforesaid; *not including independent financial advisory services*.

In relation to these services I am hamstrung to some extent, as in the case of section 5, by the absence of evidence as to whether the consumer concerned would consider that there would be an association between the services for which MBL has a goodwill and the services of the application. (Indeed, an absence of third party evidence as to the exact nature of the services of the application.) All the services are within the financial field but that covers a wide range of services. The investment funds of MBL are clearly identified with its venture capital investment in biotech companies and so are in a very specialist niche. I have no way of knowing from the evidence before me if the consumer concerned would consider that MBL would be responsible for eg *discretionary investment management services* under the name MERLIN. I consider that the best first step into looking at the issue is to identify those services in the application for which there is no evidence of coincidence with the nature of the services of MBL, based on the MBL evidence, and those services for which there has been no clear explanation as to their nature. These services will then be excluded from falling foul of the passing-off claim. This is not the most satisfactory way of dealing with the issue but I can only do what the evidence allows me. Taking this approach I have been left with the following services of the application which might fall foul of the passing-off claim:

financial services in relation to managing investment funds;
fund management;
offshore management.

Part of MBL's business involves the funds for investment in its venture capital business and part of that business must involve management of those funds. Consequently, I consider that the first two services must fall within at least the penumbra of MBL's protectable goodwill, and possibly the umbra. MBL has a Jersey based fund, which I think must be classified as being offshore. MBL manages that fund and so I consider that *offshore management* falls within the penumbra of MBL's protectable goodwill.

77) The above leaves me to consider whether in relation to:

financial investment;
financial services relating to investment and savings capital investment;
investment management services;
investment management services on behalf of clients including investment trusts, regulated and unregulated collective investment schemes, pension funds, charitable organisations and institutional and retail investors in the United Kingdom and offshore;
financial services in relation to managing investment funds;
fund management;
offshore management

there would be damage to MBL. MBL made claims about the reputation of SVM and that association with SVM would sully its reputation. These were based upon the flimsiest of bases and were effectively rebutted by SVM. However, those assertions represent very much a side issue. Laddie J commented upon this matter in *Irvine Talksport Limited* [2002] FSR 60:

> "The passing off action is brought to protect the claimant's property. But goodwill will be protected even if there is no immediate damage in the above sense. For example, it has long been recognised that a defendant cannot avoid a finding of passing off by showing that his goods or services are of as good or better quality than the claimant's. In such a case, although the defendant may not damage the goodwill as such, what he does is damage the value of the goodwill to the claimant because, instead of benefiting from exclusive rights to his property, the latter now finds that someone else is squatting on it. It is for the owner of goodwill to maintain, raise or lower the quality of his reputation or to decide who, if anyone, can use it alongside him. The ability to do that is compromised if another can use the reputation or goodwill without his permission and as he likes. Thus Fortnum & Mason is no more entitled to use the name F W Woolworth than F W Woolworth is entitled to use the name Fortnum & Mason."

Adopting the criteria of *Habib Bank Limited v Habib Bank AG Zurich* [1982] RPC 1, damage to the goodwill of MBL could occur for the following reasons:

- Diverting trade from MBL to SVM;
- Potentially injuring the trade reputation of MBL if the services provided by SVM were poor;

- By the injury which is inherently likely to be suffered by any business when on frequent occasions it is confused by customers or potential customers with a business owned by another proprietor or is wrongly regarded as being connected with that business.

Taking into account that this head of damage is quia timet, I am of the view that MBL could suffer all of the above three types of damages.

78) Consequent upon the above, I find that registration in respect of the services of the application listed below would be contrary to section 5(4)(a) of the Act:

financial investment;
financial services relating to investment and savings capital investment;
investment management services;
investment management services on behalf of clients including investment trusts, regulated and unregulated collective investment schemes, pension funds, charitable organisations and institutional and retail investors in the United Kingdom and offshore;
financial services in relation to managing investment funds;
fund management;
offshore management.

SUMMING UP

79) The decision in this case very much reflects the deficiencies in the evidence of MBL, a matter that was compounded by the lack of clear focus and specific identification of the clashes of services in both the statement of grounds and the submissions of MBL. Owing to the deficiencies of the evidence this is a case that to a large extent falls into the category of not proven, and it is for the opponent to prove its case. It is for the sides to bring forward their best case (*Henderson v Henderson* [1843] 3 Hare 100). Where there are services or goods whose nature is not readily understood or known, an opponent needs to bring in evidence in relation to them.

80) Mr McLean states that in the Sway research none of the fourteen financial services industry experts mentioned MBL. However, I do not know how he knows this. Also there was reason for them to do so. The Sway research tells me nothing about what might happen in the market place if the services of the application are provided under the name MERLIN. SVM also refers to state of the register evidence. The words of Jacob J in *British Sugar plc v James Robertson & Sons Ltd* have been quoted all too often in relation to state of the register evidence:

> "It has long been held under the old Act that comparison with other marks on the register is in principle irrelevant when considering a particular mark tendered for registration, see *e.g.* MADAME Trade Mark and the same must be true under the 1994 Act. I disregard the state of the register evidence."

I too disregard the state of the register evidence. Reference is also made to MIM's company registration. Again this tells me nothing about what is happening in the market. All it does tell me is that MIM had a total exemption from filing of accounts owing to its limited, if any, turnover. The Companies House register equally does not tell me what is happening in the market place. Added to these fatal flaws in this type of evidence, there is also the matter that the respective trade marks are identical. There is nothing to hold on to distinguish them.

81) Owing to my findings in relation to sections 5(1), 5(2) and 5(4)(a) the application is to be refused in respect of the following services:

financial investment;
financial services relating to investment and savings capital investment;
investment management services;
investment management services on behalf of clients including investment trusts, regulated and unregulated collective investment schemes, pension funds, charitable organisations and institutional and retail investors in the United Kingdom and offshore;
financial services in relation to managing investment funds;
fund management;
offshore management.

SVM should file, within one month of the expiry of the appeal period from this decision, a form TM21 to amend the specification of the application to read as follows:

financial services in relation to advising on investment funds; financial management discretionary investment management services; investment advisory services; provision of information, advice and consultancy relating to finance and investments; investment and savings scheme product management; interactive and database information services relating to finance and investments; mutual funds; administration of mutual funds; brokerage services relating to mutual funds; mutual fund management; mutual fund services; provision of pricing information about mutual funds; asset management; unit trust management; investment trust management; investment trust services; unit trust management; unit trust services; unit trust investment; offshore unitised funds; personal equity plan and individual savings account management; personal equity plan and individual savings account investment; financial services relating to personal equity plans and individual savings accounts; savings scheme services; financial services relating to savings; provision of investment savings plans; financial information services provided by access to a computer database; financial market information services; financial information services relating to individuals; and advice on all of the aforesaid; *not including independent financial advisory services*.

If no form TM21 is filed within the period set the application will be refused in its entirety. (If an appeal is filed the period for filing the form TM21 will be one month from the final determination of the case, if the appeal is unsuccessful.)

COSTS

82) For the most part Scottish Value Management Limited has been successful in this case and so is entitled to a contribution towards its costs. I order Merlin Biosciences Ltd to pay Scottish Value Management Limited the sum of £1,250. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 24th day of June 2004

David Landau
For the Registrar
the Comptroller-General