

O-094-05

**TRADE MARKS ACT 1994**

**IN THE MATTER OF REGISTRATION NO 961804  
IN THE NAME OF KARSTADT QUELLE AKTIENGESELLSCHAFT  
OF THE TRADE MARK:**



**IN CLASS 9**

**AND THE APPLICATION FOR A DECLARATION OF INVALIDITY  
THERE TO UNDER NO 81594  
BY CRAIG JAMESON BAILLIE, STEPHEN LAMBERT  
AND DUALGLO LIMITED**

## Trade Marks Act 1994

**In the matter of registration no 961804  
in the name of Karstadt Quelle Aktiengesellschaft  
of the trade mark:**



**in class 9  
and the application for a declaration of invalidity  
thereto under no 81594  
by Craig Jameson Baillie, Stephen Lambert and DualGlo Limited**

### BACKGROUND

1) The trade mark:



was applied for on 1 July 1970 and registered on 17 November 1977. It stands in the name of Karstadt Quelle Aktiengesellschaft, which I will refer to as Karstadt. It is registered for the following goods:

*Record players, tape recorders, sound amplifiers, radio receiving apparatus, loudspeakers and fitted cabinets containing loudspeakers, and tuners for use with all the aforesaid goods, but not including metal framed fitted cabinets for loudspeakers.*

The above goods are in classes 9 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended. The trade mark was advertised before acceptance under section 18(1) of the Trade Marks Act 1938 ie it proceeded upon the basis of use.

2) On 26 January 2004 Craig Jameson Baillie, Stephen Lambert and DualGlo Limited, whom I will refer to collectively as DualGlo, filed an application for the invalidation of the registration. DualGlo claims that the trade mark is substantially the word DUAL in graphic form. DualGlo claims that the word DUAL is descriptive of loudspeakers and

record players, tape recorders, sound amplifiers, radio receiving apparatus and tuners containing or sold with loudspeakers. Consequently, the trade mark should be declared invalid as per sections 47(1) and 3(1)(d) of the Trade Marks Act 1994 (the Act) in respect of the above goods.

3) Karstadt filed a counterstatement in which it denies the grounds for invalidation. It seeks an award of costs.

4) Only DualGlo filed evidence.

5) The matter came to be heard on 30 March 2005. Karstadt was represented by Mr Hinchliffe of counsel, instructed by Lovells. DualGlo was represented by Dr Spencer of Bromhead Johnson.

## **DECISION**

6) Section 47 of the Act reads:

“(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) The registration of a trade mark may be declared invalid on the ground——

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(3) An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court, except that——

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(4) In the case of bad faith in the registration of a trade mark, the registrar himself may apply to the court for a declaration of the invalidity of the registration.

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made:

Provided that this shall not affect transactions past and closed.”

7) Section 3(1)(d) of the Act states that trade marks shall not be registered if they “consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade”. The proviso to section 3(1) states:

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

8) There is no dispute that this is a matter that falls to be considered under the terms of the 1994 Act, although the trade mark was registered under the 1938 Act.

9) DualGlo on at least two occasions has stated that its grounds for invalidation are based upon section 3(1)(c) of the Act. However, on this being queried it has confirmed that its grounds are in fact based upon section 3(1)(d) of the Act. It is upon this basis that Karstadt has defended the application and it is upon this basis that the application must be considered.

10) I have not given a summary of the evidence because all but one part of the evidence, part of exhibit MDS3, is dependent for any relevance upon the material date in these proceedings. Mr Hinchliffe considered that the material date is the date of application for registration. Dr Spencer submitted that the material date is not this. He did not state exactly what he did consider to be the material date. His contention is that if a trade mark at some time after registration does fall foul of section 3(1)(d) it would be subject to invalidation even if its registration was not contrary to section 3(1)(d) at the time of the registration. Dr Spencer based this submission on the wording of Article 3 of First Council Directive 89/104 of December 21, 1988 (the Directive):

“1. The following shall not be registered or if registered shall be liable to be declared invalid:

.....

(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;”

It was Dr Spencer’s submission that because Article 3.1(d) was written in the present tense, it must be taken as meaning that if at any point in time a trade mark fell foul of this article then it could be invalidated. It represents, effectively, a sword of Damocles permanently hanging over every trade mark. Any trade mark could be the subject of any number of attacks relating to any point in time. I cannot see how Dr Spencer’s logic tallies with the proviso of Article 3.3 of the Directive:

“3. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1 (b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.”

According to the proviso a trade mark shall not be declared invalid if it has acquired a distinctive character before the date of application. So the Directive states that a trade mark cannot be declared invalid because of later circumstances if it had acquired distinctiveness before the date of application for registration. I consider that Dr Spencer’s argument is also flawed because it does not deal with the nature of invalidation. Invalidation is about the incorrect registration of a trade mark, the act of registration. A registration cannot become invalid because numerous years afterwards the trade mark becomes a sign or indication which has become customary in the current language or in the bona fide and established practices of the trade. Future events may limit the penumbra of protection, they may leave a trade mark open to attack as having become the name in trade of a product or service (Article 12.2(a) of the Directive), they do not make the act of registration invalid.

11) The invalidity provisions of the Act state that they apply where the trade mark “was registered”, referring to the act of registration and the time.

12) I am not aware of any authorities to support Dr Spencer’s proposition and he was unable to tell me of any. I am, however, aware of a number which are counter to it. In *Premier Luggage and Bags Ltd v Premier Company (UK) Ltd* [2003] FSR 5 Chadwick LJ stated:

“There is, I think, a danger in that approach, because it fails to recognise where the burden of proof lies in the two cases. The position was explained by Jacob J. in the *British Sugar* case, at page 302 (lines 7-12). After pointing out that s.72 of the Act provided that registration of a person as proprietor was prima facie evidence of the validity of the original registration, Jacob J. went on to say this:

"This clearly casts the onus on he who wishes to attack the validity of the *original* registration. But once the attacker can show the registration was wrongly made (particularly for non-compliance with s.3(1)(b)-(d)) and the proprietor wishes to rely on the proviso to s.47(1) it is for the proprietor to show that is mark his distinctive."

In the present case, it was for Premier UK to show that the trade mark PREMIER -- which, although not registered under the Act, had been in use for many years as a brand name for the products of Premier Luggage -- had not acquired a distinctive character as a result of that use by February 1997. It was only if Premier UK overcame that hurdle that the onus shifted to Premier Luggage to establish that the mark had acquired a distinctive character through use after registration.

52 Although the judge did not, I think, appreciate that distinction -- in that, as appears from paragraph 22 of his judgment, he approached the question whether the mark had acquired a distinctive character on the basis that the onus lay on Premier Luggage to bring itself within the proviso to s.3(1)-- I am satisfied that the findings of fact which he made are sufficient to enable this Court to answer the relevant question: that is to say, whether the trade mark PREMIER had acquired a distinctive character as a result of the use made of it as a brand name for the products of Premier Luggage before February 1997. Section 72 of the Act requires an affirmative answer to that question unless Premier UK -- as the person challenging registration -- has established by the evidence that it must be answered in the negative. And, if the answer to that question is "Yes", then the fourth question -- whether, in consequence of the use made of it after registration, the trade mark PREMIER had acquired a distinctive character -- does not arise."

This judgment is predicated upon the basis that invalidation is tied to the date of application, although use after application may save a registration. In the context of this case Chadwick LJ's words are particularly pertinent. According to the judgment, as the mark was registered under section 18(1) of the 1938 Act, it is for DualGlo to establish not only that registration of the trade mark was contrary to section 3(1)(d) of the Act but also that the trade mark had not acquired a distinctive character by 1 July 1970. If DualGlo had satisfied this dual onus then the onus would shift to Karstadt. Both parts of the onus relate to the date of application. (It is to be noted that in various judgments date of registration is used instead of date of application. However, as per section 40(3) of the Act the date of registration is the date of application. It is not to be confused with the date of completion of the registration process, which is relevant in relation to non-use revocation actions.)

13) In *Bach and Bach Flower Remedies Trade Marks* [2000] RPC 513 Morritt LJ stated:

"22. Having considered the various categories of evidence to which I have referred the judge posed to himself three questions. It is common ground that the

questions were the right ones, but in view of some of the argument it is necessary to set them out. They were:

1. Whether the trade mark was properly registrable as at the date of registration without reliance on any distinctive character which it may have acquired as a result of the use which had been made of it;
2. Whether it was properly registrable on the basis of any distinctive character which it had acquired as a result of the use that had been made of it; and
3. Whether it has acquired a distinctive character as a result of the use which has been made of it to date.”

Again the question of invalidation is related to date of registration, which is the date of application (see above). Even if section 40(3) of the Act was not there, the material date would still be the date of application. The question of the validity of the registration would relate to the position at the date of application, subject to the use after registration proviso.

14) A clear definition of the material date was given by the First Board of Appeal of Office for Harmonization in the Internal Market (Trade Marks and Designs) in *Alcon Universal Ltd v Dr Robert Winzer Pharma GmbH* Case R 273/2000-1:

“15 Since the date of filing the Community trade mark application for the sign BSS is 1 April 1996, the distinctive character must be appreciated by this date. In consequence, the evidence provided by the cancellation applicant to prove that the sign is not inherently distinctive must relate to a period ending on the date of application and not after. Furthermore, since the trade mark has been registered for very specific goods, the relevant public against which to judge the distinctive character of the mark is not the general public but, medical doctors skilled in ophthalmology and pharmacists.”

This case went on to be considered by the Court of First Instance in *Alcon Inc v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-237/01 [2004] ETMR6, it accepted that the material date was the date of application, subject to the use proviso. This case was under Council Regulation (EC) No 40/94, however, there is no divergence in language from the Directive or the Act which would lead to a different outcome in the United Kingdom.

15) The only divergence from this position as to the material date that I am aware of is that of Advocate General Ruiz-Jarabo in Joined Cases C-456/01 P and C-457/01 P *Henkel KGaA v Office for Harmonization in the Internal Market (Trade Marks and Designs)* and Joined Cases C-468/01 P to C-472/01 P *Procter & Gamble v Office for Harmonization in the Internal Market (Trade Marks and Designs)* and Joined Cases C-473/01 P and C-474/01 P *Procter & Gamble v Office for Harmonization in the Internal Market (Trade Marks and Designs)* where he stated:

“43. I concur with the Office's reasoning. As it explains, that is the logical outcome if the absolute grounds of refusal in Article 7(1) of the regulation are read in conjunction with Article 51 thereof, which, under the heading Absolute grounds for invalidity, includes the ground that a trade mark *has been registered* in breach of the provisions of Article 7. The appellants' stance would mean that a mark would have to be registered but could immediately be annulled pursuant to a declaration of invalidity on the ground that it did not have the necessary distinctive character at that point in time. The intention of the legislature cannot have been so illogical; therefore the assessment of the requisite conditions for registration must be made at the time of registration.”

This is not an issue that the European Court of Justice dealt with. However, even if the Advocate General is correct the material date is still not a date after registration and the evidence of DualGlo is not focused upon the date of registration. As it is there are two judgments of the Court of Appeal which are against Dr Spencer, two judgments by which I am bound.

16) Consequently, the material date for this case is the date of application, 1 July 1970. As I have stated above all but one piece of evidence relates to periods well after the material date. Dr Spencer has exhibited many Internet pages, all emanating from 2004. These tell me nothing about the position as of 1 July 1970, nearly thirty four years earlier. The problem in relation to such material can be clearly seen in that it includes products that did not even exist in 1970, such as DVD players and satellite boxes. The sole exhibit which relates to an earlier period is exhibited as part of MSD3. This relates to Tannoy Dual Concentric loudspeakers. The article in itself does not show that DUAL at the material date was customary in the current language or in the *bona fide* and established practices of the trade. It is use by one trader. This use is also ambiguous, there are references to Dual Concentric units and High Performance Duals, the word DUAL is always in title case. I cannot see this evidence would establish that the DUAL would fall foul of section 3(1)(d) of the material date. The very nature of section 3(1)(d) requires evidence to show use of an offending term at or before the material date. In this case DualGlo has another onus to discharge, according to *Premier Luggage and Bags Ltd v Premier Company (UK) Ltd*; it also has to establish that the trade mark had not acquired a distinctive character through the use made of it by the date of application. It has filed no evidence to discharge this onus.

17) In the original of his second witness statement Dr Spencer referred to section 3(1)(c) of the Act. This was subsequently amended to refer to section 3(1)(d) of the Act, after Karstadt had queried the reference to section 3(1)(c) of the Act. In his skeleton argument Dr Spencer referred to section 3(1)(c) of the Act, and referred to a case which deals with this ground and not section 3(1)(d) of the Act (*Procter & Gamble Company v. Office for Harmonization In the Internal Market (Trade Marks and Designs)* Case C-383/99 P [2002] ETMR 3). After Karstadt queried this Dr Spencer again stated that the reference to section 3(1)(c) of the Act was a mistake and the attack was based upon section 3(1)(d) of the Act. I can only consider this application on the basis of section 3(1)(d), as Karstadt could also. Owing to the nature of the evidence DualGlo was dependent upon a material

date later than the date of application to have any chance of success, indeed a material date in 2004. I have decided that the material date is the date of application. Consequently, taking into account the nature of the evidence and the nature of the grounds, the application for invalidation must be dismissed.

#### **COSTS**

18) Karstadt Quelle Aktiengesellschaft having been successful is entitled to a contribution towards its costs. I order Craig Jameson Baillie, Stephen Lambert and DualGlo Limited to pay Karstadt Quelle Aktiengesellschaft the sum of £1125. 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 8<sup>th</sup> day of April 2005**

**David Landau  
For the Registrar  
the Comptroller-General**