

TRADE MARKS ACT 1994

TRADE MARKS (INTERNATIONAL REGISTRATION) ORDER 2008

IN THE MATTER OF INTERNATIONAL REGISTRATION No. 990101

IN THE NAME OF

SABUNCULAR TARIM HAYVANCILIK GIDA, SANAYI VE TICARET LIMITED SIRKETI

AND IN THE MATTER OF APPLICATION No. 16131

BY YADEX INTERNATIONAL GMBH

FOR THE PROTECTION OF THE INTERNATIONAL REGISTRATION IN THE UNITED KINGDOM TO BE DECLARED INVALID

AND IN THE MATTER OF AN APPEAL

TO THE APPOINTED PERSON BY THE HOLDER

AGAINST A DECISION OF MR. ALLAN JAMES DATED 26 JULY 2010

DECISION

Introduction

1. This is an appeal by Sabuncular Tarim Hayvancilik Gida, Sanayi ve Ticaret Limited Sirketi of Turkey (“the Holder”) against a decision of Mr. Allan James, the Hearing Officer acting for the Registrar, BL O/262/10, in which he declared invalid the protection afforded in the United Kingdom to International Registration number 990101.
2. International Registration number 990101 was granted protection in the United Kingdom as from 7 November 2008 for goods in Class 32 comprising:

Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages
3. The International trade mark is represented as follows:



Mark text: kaltun Madran Dogal kaynak suyu.

4. On 22 June 2009, Yadex International GmbH (“the Applicant”) applied to declare invalid the protection granted to the International Registration in the United Kingdom under section 47(2)(a)/section 5(2)(b) of the Trade Marks Act 1994 (applied to the International Registration by article 3 of The Trade Marks (International Registration) Order 2008).
5. Section 47(2)(a) states that the protection of a trade mark may be declared invalid if there is an earlier trade mark to which the conditions in *inter alia* section 5(2)(b) apply. Section 5(2)(b) prevents the protection of a trade mark if because it is similar to an earlier trade mark and is to be registered for identical or similar goods there exists a likelihood of confusion.
6. In support of invalidity, the Applicant relied upon its earlier Community trade mark number 0002945186 for the word “madran” registered in Class 32 for:

Mineral waters, spring waters and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.

Since registration of the Applicant’s CTM was completed on 17 November 2005 it was not subject to the proof of use provisions in the Act.

7. Both sides filed evidence which the Hearing Officer summarised as follows:

“8. The holder’s evidence consists of a witness statement dated 16 February 2010 by David Tate, who is a Trade Mark Attorney with the firm of Maguire Boss, which acts for the holder in these proceedings.

9. Mr Tate introduces (as exhibit DT1) an extract from an academic study from 2001 entitled “*A Contribution to the Bryophyte Flora of Western Turkey: the Bryophyte flora of Madran Mountain and the Cine Valley (Aydin, Turkey)*”. Figure 1 in this exhibit shows the location of Madran mountain within the Menderes basin with the Aydin plain to the North and the Bozdogan plain to the East.

10. Mr Tate also exhibits (as DT2) an extract from the website of yasar.com.tr which shows that the applicant and a company called Pinar Su SANayi ve Ticaret A.S. are both subsidiary companies of Yasar Holdings A.S.

11. Exhibit DT3 to Mr Tate’s statement is a copy of an extract from the 2008 annual report for Pinar Su SANayi ve Ticaret A.S. In a page headed “*Letter from the Chairperson*” it is stated that:

“...PINAR, the first brand to introduce Turkey’s first bottled spring water, currently presents the natural spring water obtained from Madran, Camlica and Toros springs to the liking of consumers in Turkey and its export destinations..”

12. Exhibit DT4 is an extract from the website of Pinar Su SANayi ve Ticaret A.S. which states that its “Madran Facilities” are located at “Bozdogan –

Aydin” (i.e. near Madran mountain). Mr Tate points out that the address of the holder is “Cine, Aydin, Turkey” (also near Madran mountain).

13. The applicant’s evidence consists of a witness statement by Michele Lee Davis of Fladgate LLP, which is a firm of Solicitors that act for the applicant in these proceedings. Ms Davies states that the applicant’s spring and bottling facility is indeed in Bozdogan, which is on the slopes of Madran mountain in Turkey. According to Ms Davies, the applicant has rented the exclusive rights from Bozdogan district municipality to extract its water from a source located on Madran mountain.

14. Ms Davies provides (as exhibit MLD1) the results of searches she conducted on the Internet. Ms Davies says there are few references to Madran mountain and that it is not listed as a destination for tourists.”

No issue was taken with the Hearing Officer’s summary of the evidence on appeal.

8. The matter came to a hearing at which both parties were represented and the Hearing Officer issued his written decision declaring the protection afforded to the International Registration invalid on 26 July 2010.

The Appeal

9. On 23 August 2010, the Holder filed Notice of appeal to the Appointed Person under section 76 of the Act against the Hearing Officer’s decision. The grounds of appeal in so far as I understood them, were in brief:
 - (i) the Hearing Officer misapplied the decisions of the Court of Justice of the European Union in Joined Cases C-108/97 and C-109/97, *Windsurfing Chiemsee* [1999] ECR I-2779 and Case T-6/01, *Matratzen Concord GmbH v. OHIM* [2002] ECR II-4335 (confirmed by Order on appeal Case C-3/03, *Matratzen Concord GmbH v. OHIM* [2004] ECR I-3657);
 - (ii) despite the presumption of validity in article 107 of Council Regulation (EC) No. 207/2009, the Hearing Officer should have accorded the minimum level of distinctiveness to the earlier CTM “madran”, which he should have held resided only in the lower case letter “m” (*GRAND PRIX*, BL O/287/07);
 - (iii) accordingly the Hearing Officer should have found that since there was no likelihood of confusion between “kaltun Madran Dogal kaynak suyu” and “madran”, the ground of invalidity was not made out and a contribution towards costs was payable to the Holder.
10. At the appeal hearing, the Holder was represented by its trade mark attorney Mr. David Tate of Maguire Boss. The Applicant was represented by Mr. John Groom of Groom, Wilkes & Wright LLP instructed by Fladgate LLP.

Preliminary issue – stay pending invalidity proceedings

11. A few weeks before the appeal hearing, the Holder requested that the proceedings be suspended pending the outcome of the Holder’s challenge to the validity of Community trade mark number 0002945186 “madran” at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (“OHIM”).

12. The timetable of events in so far as relevant was as follows:

<u>Date</u>	<u>Action</u>
22 June 2009	Application for declaration of invalidity of IR (UK)
16 April 2010	Applicant’s evidence
21 June 2010	Registry hearing
26 July 2010	Hearing Officer’s decision
23 August 2010	Holder’s Notice of appeal
15 December 2010	Appeal hearing appointed for 22 February 2011
22 December 2010	Application for invalidation of earlier CTM filed at OHIM
22 December 2010	Holder’s request for suspension of present proceedings

13. I heard the request as a preliminary issue to the main appeal. There was some discussion at the hearing whether I had power to order a stay, which I confirmed that I did by reference *inter alia* to *American Home Products Corporation v. Knoll Atkiengesellschaft* [2002] EWHC 828 (Ch), *Croom’s Trade Mark Application* [2005] RPC 23, *JUICY DIAMONDS*, BL O/231/07 and Rules 62(1)(f) and 73(4) of the Trade Marks Rules 2008.

14. Mr. Tate sought to tie the Holder’s delay in applying for a declaration of invalidity at OHIM to the service of the Applicant’s evidence in the present invalidity proceedings on 16 April 2010. Only then did the Holder appreciate that the Applicant claimed exclusive rights to extract water from Madran Mountain. Mr. Tate argued that a party must be free to choose the best time to initiate invalidity proceedings.

15. Mr. Groom objected with justification that no mention of that reason had been made in the Holder’s request for suspension or skeleton argument. Be that as it may:

- (i) The evidence in question (Witness Statement, Michelle Davis, Fladgate LLP, 16 April 2010, para. 3) merely stated: “The Applicant has rented the exclusive rights from the Bozdogan [on the slopes of Madran Mountain] district municipality to extract its water from a source located on the Madran mountain”.

- (ii) In any event, that does not explain why the Holder could not have requested the Registrar to stay the proceedings while it made a contemporaneous application for a declaration of invalidity at OHIM.
16. In the end Mr. Tate acknowledged that the Holder's choice not to file OHIM invalidation proceedings until 22 December 2010 was largely a question of costs, which might have been avoided if the present invalidation action had failed.
17. The parties agreed that my discretion was governed by the overriding objective of dealing with cases justly. After hearing the parties' submissions, I decided that the overall objective was met in this instance by refusing the Holder's request for a suspension of the proceedings. My reasons were as follows:
- (i) Central to the Holder's defence in the present invalidity action was the alleged geographical significance of the word "madran" in relation to the goods. That allegation was also central to Holder's application for invalidity of the CTM at OHIM, which the Holder must have appreciated from the outset.
 - (ii) The Holder expected to defeat the present application based on that defence without the further need for invalidating the earlier "madran" CTM at OHIM. That was how the Holder chose to defend the case and it was too late on appeal to change its strategy.
 - (iii) The Holder could have requested a stay from the Registrar to enable its OHIM action at any time up to the close of Registry proceedings.
 - (iv) If the Holder had followed that course of action and the OHIM proceedings had been successful then the present proceedings would have fallen away. The Holder's arguments as to costs/multiplicity of proceedings were unpersuasive.
 - (v) Further delay would be engendered if a stay were granted since it might be several years before the OHIM proceedings become final.
 - (vi) Should the invalidity proceedings at OHIM prove successful the Holder can make a request by way of subsequent designation for extension of protection in the United Kingdom. I appreciate that there is a potential prejudice to the Holder in losing its United Kingdom priority date but that is a consequence of the way the Holder chose to defend the present action.

Arguments on appeal

18. It became apparent at the hearing that the grounds of appeal were interlinked.
19. First, it was argued that the Hearing Officer incorrectly applied *Windsurfing* by failing to recognise that registration is excluded for geographical names not only where they are currently associated with the goods but also where they are *liable to be used* by undertakings and must remain available to such undertakings as indications of the geographical origin of the category of goods concerned (*Windsurfing*, paras. 29 and 30, Case T-295/01, *Nordmilch eG v OHIM* [2003] ECR II-4365, para. 31).

20. Second, it was contended that the Hearing Officer wrongly regarded the *Matratzen* case as relevant. The *Matratzen* case concerned the German word for mattress in circumstances where the relevant Spanish consumer had a different word for mattress. Madran was the name of a Turkish mountain, which would have the same name in English.
21. The Holder's third argument related to the presumption of validity and ran as follows. If the reasoning in *GRAND PRIX* were properly followed (in particular the Hearing Officer's statement at para. 62 that "the presumption of validity does not relieve the tribunal of the need to assess the degree of inherent or acquired distinctiveness to be attributed to the earlier mark. Nor in my view does it require the tribunal to assume that more than the bare minimum level of distinctiveness is present), the Hearing Officer was obligated at least to consider the possibility that the bare minimum level of distinctiveness resided in the lower case "m" of the earlier sign, which he dismissed as an artificial exercise. The presumption of validity was in any event artificial when the earlier mark was (in the Holder's view) not registrable because of its geographical connotation.

Presumption of validity

22. The Hearing Officer referred to section 72 of the Act as adapted by article 3 of the Order. In fact, because the earlier sign was a CTM, article 107 of Regulation 207/2009 was the applicable provision. I do not consider that mistake a material error of principle.
23. Article 107 of Regulation 207/2009 provides:

"Obligation of the national court

A national court which is dealing with an action relating to a Community trade mark, other than the action referred to in Article 96, shall treat the trade mark as valid".

25. As the Hearing Officer rightly observed (paras. 20 and 28), the validity of the Applicant's earlier mark could not be called into question in the present proceedings but only in cancellation proceedings brought in OHIM, not at that time initiated (see, e.g., Case T-10/09, *Formula One Licensing BV v. OHIM*, 17 February 2011, para. 47). Treating the CTM as valid was not an artificial exercise but an obligation imposed on the Hearing Officer under article 107.
26. Expanding on that obligation, the Hearing Officer stated at paragraph 28:

"Although the holder's counterstatement asserts that the word Madran is not distinctive for water and similar drinks, by the time of the hearing it was common ground that my factual assessment of the degree of distinctive character of the earlier CTM could not result in a finding that it had less than the minimum degree of distinctiveness required for valid registration. This was effectively the finding of the Hearing Officer in Case BL O-287-07 in which the distinctiveness of the CTM 'Grand Prix' was called into question in

similar circumstances. I agree with the Hearing Officer's assessment of the law in that case."

I also reject the Holder's criticism that the Hearing Officer departed from the Registrar's prior practice (which is not the same as outcome).

Matratzen

27. Nevertheless, (again as rightly noted by the Hearing Officer) in order to determine relative invalidity based on section 5(2)(b) of the Act, the Hearing Officer needed to verify the way in which the relevant public perceived the element "Madran" in the later mark. The invalidity challenge was to the extension of protection to the International Registration *in the United Kingdom*. The relevant public was therefore the United Kingdom consumer.
28. That was despite the fact that the invalidity challenge was based on an earlier CTM of unitary effect throughout the Community (article 1(2) of Regulation 207/2009). The Hearing Officer referred to the *Matratzen* case because it is authority for this segmented approach when deciding a challenge to a national mark/international mark protected in a Member State based on a CTM or vice versa (see also, e.g., Case T-72/08, *Travel Service a.s. v. OHIM*, 13 September 2010).
29. Accordingly, I do not accept the contention that the Hearing Officer erred in regarding *Matratzen* as relevant to his decision.

Windsurfing

30. I reiterate that the issue in this case was not the validity of the earlier CTM but the validity relative to that CTM of the grant of protection in the United Kingdom to the later International trade mark in suit.
31. The Hearing Officer clearly entertained in that context the arguments of both parties based on *Windsurfing*. He expressly noted those arguments at paragraph 30 of his decision having previously cited relevantly from the Court of Justice's ruling in *Windsurfing*.
32. The Hearing Officer's finding was however that consumers here (and certainly the average consumer) would have had no knowledge of the Madran Mountain in Turkey and, for what it was worth, considered that the word Madran as such was registrable for the goods at issue.
33. Returning to the matter in hand (i.e., the alleged conflict between "madran" and "kaltun Madran Dogal kaynak suyu" for identical/similar goods) the Hearing Officer continued:

"35. I find that as a word with no meaning to relevant consumers in the UK, the word Madran is of at least average distinctiveness to the average UK consumer of the goods at issue. It is therefore as distinctive as the word kaltun, which also appears to have no meaning to UK consumers".

34. The grounds of appeal suggested that the Hearing Officer had made up his mind about the likelihood of confusion before (or without) taking into account the Holder's arguments based on *Windsurfing* including that any distinctiveness of "madran" could reside only in the use of the lower case "m". The Holder pointed particularly to the Hearing Officer's comment that the latter would not reflect the real likelihood of confusion between the marks at issue.
35. That comment was included in the follow up paragraph to the Hearing Officer's observation on the registrability of Madran (see para. 32 above) as follows:
- "32. Whether that is right or not, I find that that the scope of protection of the earlier CTM cannot be limited to simply the difference between Madran and madran. Leaving to one side the question of whether it is right to regard a word registered in lower case as not protecting the word per se, attaching the suggested weight to such a trivial distinction would be an artificial exercise. This is because it would not reflect the real likelihood of confusion between the marks at issue. In this respect the facts stand in stark contrast to the 'Grand Prix' CTM mentioned earlier, the meaning of which is, of course, well known in the UK and therefore capable of affecting the likelihood of confusion with other marks which include those words".
36. Read in context, in my judgment, the comment provides no support for the Holder's suggestion. It is evident that the Hearing Officer was seeking to distinguish the outcome of *GRAND PRIX*, which had been heavily relied on by the Holder, on its particular facts.
37. I do not accept therefore that the Hearing Officer erred in his consideration or application of the *Windsurfing* judgment.

Conclusion

38. In the result the appeal was unsuccessful. The Hearing Officer ordered the Holder to pay the Applicant the sum of £1450 towards the Applicant's costs below and I will order the Holder to pay the Applicant the further sum of £1000 towards the Applicant's costs of this appeal and the Holder's unsuccessful request for a stay, such sums to be paid within 28 days of this decision.

Professor Ruth Annand, 30 March 2011

Mr. David Tate, Maquire Boss appeared on behalf of Sabuncular Tarim Hayvancilik Gida, Sanayi ve Ticaret Limited Sirketi

Mr. John Groom, Groom, Wilkes & Wright instructed by Fladgate LLP appeared on behalf of Yadex International GmbH