

TRADE MARKS ACT 1994

**IN THE MATTER OF
TRADE MARK APPLICATIONS No. 2203674 AND No. 2217459
IN THE NAME OF TESCO STORES LIMITED**

**AND IN THE MATTER OF
OPPOSITIONS No. 90338 AND No. 52426 THERETO
BY ASDA STORES LIMITED**

**AND IN THE MATTER OF
TWO APPEALS TO THE APPOINTED PERSON
BY THE APPLICANT
AGAINST DECISIONS OF MR. M. FOLEY DATED 24 NOVEMBER 2003**

DECISION

Introduction

1. These appeals relate to two applications for trade mark registration made by Tesco Stores Limited (“the Applicant”). I believe it important to keep the two applications separate as they were filed at different times and in different circumstances, and raise different issues on appeal.

Application No. 2203674

2. Application No. 2203674 has a filing date of 22 July 1999 and is for the trade mark TESCO WE SELL FOR LESS in respect of goods and services in Classes 3, 16, 29, 30, 31, 32 and 35. On the same date, 22 July 1999, the Applicant applied for seven other trade marks in these Classes as follows:

Application No.	Trade Mark
2203648	TESCO PEOPLE MAKE THE DIFFERENCE
2203653	ALWAYS LOW PRICES ALWAYS TESCO
2203661	TESCO GREAT VALUE HOME
2203665	TESCO EVERY DAY LOW PRICES
2203670	TESCO ALWAYS

2203848 TESCO VAT FREE ZONE

2203853 TESCO PERMANENTLY LOW PRICES FOR EVER

3. Following the filing of these applications, the Applicant issued a News Release dated 19 August 1999. The News Release was entitled “TESCO FIGHTS AMERICANS’ “DAWN RAID” ON THE ENGLISH LANGUAGE” and reads:

“Supermarket Tesco is to ask Culture Secretary Chris Smith to stop an American supermarket from buying up the English language.

Using a wide range of common English words could soon become illegal if retail giant Wal-mart succeeds in registering them as trade marks.

Since buying ASDA earlier this year, the huge American company has used its wealth to fund a legal campaign which would give them ownership of words such as “always”.

Common business slogans such as “We sell for less” and “Everyday low prices” would also become their property, with huge financial penalties levied on anyone either speaking or writing the words.

Said Tesco spokesman David Sawday: “They’re trying to buy up the English language.

“They want to make it impossible for anyone to advertise effectively against them – all of the words they are targeting are vital to tell customers about low prices.

“Having bought one of our supermarket chains, the Americans now think they can buy up the entire English language.”

“So much for the American view on freedom of speech. They have a reputation for abusing the English language – this is going too far.”

In a counter move Tesco is seeking to register some of the phrases – to ensure they remain in the public domain.

They also want Culture Secretary Chris Smith to examine this attempt to restrict the English language.

Other common business words at risk include “Our People Make the difference”, “Permanently Low Prices forever”, and “VAT Free Zone”.

4. As the News Release indicates, earlier in 1999 Wal-Mart Stores Inc. moved to acquire Asda Group Plc including its subsidiary Asda Stores Limited. On 14

June 1999, Wal-Mart Stores Inc. applied for the following UK trade mark registrations:

Application No.	Trade Mark	Class
2200157	GREAT VALUE HOME (figurative)	3, 6, 16, 21, 22
2200146	ALWAYS	16
2200148	ALWAYS LOW PRICES ALWAYS WAL-MART	16
2200196	WE SELL FOR LESS	16
2200197	EVERYDAY LOW PRICES	16
2200198	OUR PEOPLE MAKE THE DIFFERENCE	16

Asda Stores Limited were already the proprietors of the following series trade mark applications filed on 30 May 1998:

Application No.	Trade Mark	Class
2168223	VAT FREE ZONE	9, 29, 30
2168227	ASDA PRICE PERMANENTLY LOW PRICES FOREVER	29, 30

5. On 2 August 2001, Asda Stores Limited (“the Opponent”) filed notice of opposition to the application. The ground of opposition was stated in paragraph 6 to be that the application was made in bad faith contrary to section 3(6) of the Trade Marks Act 1994 (“the TMA”):

- “i) Particularly, although not exclusively, the opposed Trade Mark application is objectionable under Section 3(6) because Tesco Stores Limited was aware of the Opponent’s interest in the Trade Mark WE SELL FOR LESS and the opposed Trade Mark application is an attempt to prevent and/or restrict the Opponent’s rights to use and/or register the Mark in the UK.
- ii) Particularly although not exclusively, the opposed Trade Mark application is objectionable under Section 3(6) because Tesco Stores Limited has no bona fide intention to use the opposed Trade Mark in respect of goods and/or services and it has only used the mark in relation to a price cutting and/or price promotion campaign.”

6. A witness statement of Anthony Paul Brierley of Appleyard Lees, the Opponent's trade mark attorneys, dated 12 February 2002, was filed in support of the opposition. The Applicant's News Release was included among the exhibits at APB6 (as exhibit NA1 to the witness statement of Nicholas Argawal, the Opponent's Head of Media Relations, dated 4 August 2000). In the counterstatement on 7 November 2001, the Applicant denied the allegation of bad faith. More particularly it stated (at paragraphs 4, 5 and 10):

“4. The applicant has used and continues to use TESCO WE SELL FOR LESS and adopted this term independently of any application filed by Wal-Mart Stores Inc.

5. It is specifically denied that the applicant adopted the mark in bad faith and that it uses, and continues to use, this slogan in relation to the promotion of its business.

10. Paragraph 6 of the Notice of Opposition is denied, specifically:-

(a) The Opponent had no interest as far as we could be aware in the name WE SELL FOR LESS.

(b) It is denied that the applicant has no bona fide intention to use, it is in fact using, and has used this term and intends to continue to do so.”

However, the Applicant filed no evidence in support of the application.

Application No. 2217459

7. Application No. 2217459 was filed on 16 December 1999 in Classes 1 to 42 inclusive and is for the figurative trade mark shown below:



8. Although filed later, Application No. 2217459 was published first and Asda Stores Limited opposed the application on 24 April 2001. The statement of grounds was an earlier mirror image of that filed in relation to Application No. 2203674. The same is true of the Opponent's evidence in chief with Mr. Brierley's witness statement being dated 28 November 2001. The difference in this set of proceedings is that the Applicant filed evidence in support of the application.

9. The evidence in support of Application No. 2217459 consisted of a witness statement of Deborah Prince dated 28 February 2002. Dr. Prince is a solicitor and the Applicant's in-house trade mark counsel. In relation to the present application, she states that a campaign emphasising the Applicant's price competitiveness was launched in 1999 based around what she terms the "£" logo (a device comprising the £ sign being cut in two by scissors). The "£" logo was accompanied by expressions such as "Tesco port for less" and "Tesco we sell for less". Dr. Prince exhibits at DP 3 a flyer, which she says was available in the Applicant's stores referring to the "Tesco we sell for less" campaign and was issued in October 1999. The flyer contains a representation of the figurative mark applied for over a packed supermarket trolley. The footer reveals that the flyer is proof 3, dated 4 October 1999. An advertisement bearing the designation "Tesco port for less" (the "less" incorporating the "£" logo) is exhibited at DP 2. It features an offer ending on 14 November 1999, so was obviously published earlier. Dr. Prince also exhibits at DP 4 a copy of the Applicant's Annual Review and Summary Financial Statement 2000. It spans the financial year ending 26 February 2000. A photograph on page 5 of the document shows in-store banners with the words "We sell for less" and the "£" logo underneath. The banners are cut off at the sides and top of the photograph and it is difficult to discern whether "Tesco" also appears on the banners. It is possible to see that the banners appear over dairy foods (the sign below indicates "own brand") and jeans. The text opposite speaks of 1999 price campaigns. Dr. Prince states that the "Tesco we sell for less" campaign has been running for two years, which indicates that it commenced around February 2000.
10. There was a further exchange of evidence mainly relating to the launch date of the "Tesco we sell for less" campaign mentioned above.

The Hearing Officer's Decision

11. The two oppositions were heard concurrently on 10 June 2003. As a preliminary matter, the Hearing Officer dealt with a request by the Applicant, relying on Jacob J.'s observations in *LABORATOIRE DE LA MER Trade Marks* [2002] FSR 790 at para. 2, that the oppositions be consolidated and Dr. Prince's evidence in respect of the figurative mark (2217459) be read across to the word mark (2203674). The Applicant's representatives had made a similar request by letter of 10 April 2003 but this had not been followed through. The Opponent contested the request. The Hearing Officer acknowledged the advantages of consolidation but referred to the Registrar's practice of not consolidating proceedings where one party resists because they believe the facts or issues to be different or that they might be disadvantaged by the request. Instead, the Hearing Officer considered whether to exercise his discretion to admit additional evidence and applying the relevant criteria decided that he should not.
12. Turning to the substantive issues, the Hearing Officer's conclusions in both cases under section 3(6) were, in summary:

- (a) The first parts of the Opponent's claims – that the Applicant was aware of the Opponent's interest in WE SELL FOR LESS and the applications were attempts to prevent and/or restrict the Opponent's rights to use and/or register the mark in the UK – were not made out. The Applicant was second in time to the Opponent. The applications in suit could not be spoiling mechanisms. There was nothing to spoil:

“In my mind, it seems more likely than not, that Tesco adopted WE SELL FOR LESS as a direct result of Asda's application, and at a time when that application was still current. But even if that were the case, does that make their application an act of bad faith? There is no evidence, nor claim, either by Asda or Wal-Mart, to having used the trade mark, in the United Kingdom, prior to the date on which Tesco made the application. They had the earlier application for the mark so were clearly not prevented from registering it by any actions of Tesco, and if they have, or had any right to use the mark it must still exist. As I see it on the facts before me, the only right that has ever been capable of being claimed by the opponents in this jurisdiction was the precedence of their application, dependent upon it proceeding to registration. The plain fact is that having withdrawn their application, the opponents have no rights that they could illegitimately be deprived of by Tesco's application. Accordingly I reject the first part of the opponent's claim.”
(Decisions, paras. 28)

- (b) Understanding the objections under the second parts of the Opponent's claims to be - “not that the applicants do not have a bona fide intention to use the trade mark applied for, but rather that they do not have the intention to use it as a trade mark” - any use the Applicant intended to make (or had made) of the marks applied for was in the promotion of their business and not as a trade mark:

“It seems to me that any use that Tesco may have made of the mark ... or any use that they may intend to make, will be in the promotion of the business at large, namely, as a strap-line telling the consumer that Tesco offer low prices. Tesco themselves describe the mark as a “Common business slogan” used to “tell customers about low prices”. They also admit that they made this application and others, to prevent the opponents from “buying up the English language” and as “a counter move ... to ensure they remain in the public domain”.

No matter how public spirited their stated intentions for obtaining a registration, they could not ... be the White Knight, for in obtaining a trade mark registration they were sending out the message “this is ours-hands off”, the very thing that they accused the opponents of seeking to do. On the bare facts before me it appears quite clear that at the time of making the application, Tesco had no bona fide intention that the mark

would be used for the purpose intended of a trade mark; as a trade mark, and as such, that they acted in bad faith.” (Decision 2203674, paras. 37–38; decision 2217459, paras. 39–40)

The appeals

13. On 22 December 2003, the Applicant filed notices of appeal to an Appointed Person under section 76 of the TMA. Obviously, the Applicant does not appeal against the Hearing Officer’s first findings under section 3(6) namely, that the applications could not be viewed as spoiling mechanisms. The appeals are instead directed at the second finding of the Hearing Officer in each case to the effect that bad faith for section 3(6) was made out because the Applicant had no intention to use the trade marks “as trade marks”. In connection with 2203674 (the word mark) the Applicant challenges the Hearing Officer’s refusal to consolidate the two oppositions. As well as contesting the Applicant’s appeals, the Opponent cross-appeals against the Hearing Officer’s decision in 2203674 (the word mark) but not 2217459 (the figurative mark). The Opponent acknowledges that the basis of its cross-appeal is untenable in relation to the Applicant’s later application for the figurative mark.
14. At the hearing before me, the Applicant was represented by Mr. Guy Tritton of Counsel. Mr. Iain Purvis of Counsel appeared on behalf of the Opponent. I am grateful to Counsel for their careful and detailed arguments. I intend to deal first with the appeal in 2217459 since it is accepted that my conclusions with regard to the figurative mark govern also the appeal in relation to the word mark. I shall then go on to consider the issue of consolidation and the cross-appeal in 2203674 concerning the word mark application only.

The appeal in relation to Application No. 2217459

15. Mr. Tritton’s first point is that the Hearing Officer mistakenly dealt with the Applicant’s mark on the basis that it comprised WE SELL FOR LESS and not TESCO WE SELL FOR LESS figurative. Accordingly, the Hearing Officer failed to take into account the significance of the word TESCO in the mark. It is quite true that there are occasions when the Hearing Officer speaks of WE SELL FOR LESS rather than TESCO WE SELL FOR LESS figurative. For example, at paragraph 28 the Hearing Officer says, “In my mind, it seems more likely than not, that Tesco adopted WE SELL FOR LESS ...” and at paragraph 31, “In applying to register WE SELL FOR LESS as a trade mark ...”. Nevertheless, I find it difficult to believe that the Hearing Officer lost sight of the subject matter of the application and I take heed of Robert Walker LJ’s direction in *REEF Trade Mark* [2003] RPC 101 at para. 29, that an appellate tribunal should not treat a decision as containing an error of principle simply because of the tribunal’s belief that the decision could have been better expressed.
16. Mr. Tritton’s second argument is that even if the Hearing Officer did consider the mark in its entirety, he failed to attribute proper significance to the word

TESCO, which can have no meaning other than as an indication of origin for the goods and services applied for. The public would perceive the mark overall as an indication of origin even if it also conveyed a promotional message. Mr. Tritton brought home his point by asking me to consider the effect of use by a third party retailer of the designation TESCO WE SELL LESS figurative. I shall return to Mr. Tritton's second argument later in my decision.

17. The remaining grounds of appeal revolve around the meaning of "bad faith" in section 3(6) of the TMA and the interaction of that provision with section 32(3) of the Act, which, in dealing with the requirements of an application for registration, provides:

"The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a *bona fide* intention that it should be so used."

Grounds three to five of appeal are, as I understand them, in summary:

- (a) The requirements of section 32(3) are satisfied. The Applicant intended to use TESCO WE SELL FOR LESS figurative "as a trade mark". The fact that the mark has a promotional element is irrelevant.
 - (b) Section 32(3) does not require trade mark use, merely use or an intention to use a mark "in relation to [the applied for] goods or services".
 - (c) It is not plainly clear that section 32(3) requires trade mark use.
 - (d) Section 32(3) has no parallel in Council Directive 89/104/EEC ("the Directive") and is of questionable validity. The mere fact that an application fails to comply with section 32(3) does not mean that the application is made in bad faith.
 - (d) An application to register a promotional slogan as a trade mark is not per se an application made in bad faith.
18. The scope of section 3(6) of the TMA, which provides an objection to registration where the application is made in bad faith and finds its counterparts in arts. 3(2)(d) of the Directive and 51(1)(b) of Council Regulation (EC) No. 40/94 on the Community trade mark, is notoriously unclear (see, for example, *Road Tech Computer Systems Limited v. Unison Software (UK) Limited* [1996] FSR 805 per Robert Walker J. at pp. 817–818, *Knoll AG's Trade Mark* [2003] RPC 175 per Neuberger J. at 183-186 and *Harrison's Trade Mark Application ("CHINAWHITE")* [2004] FSR 225 per Pumfrey J. at 231-233). However, it seems to have been accepted by the courts and by this tribunal that making a false declaration of use or bona fide intention to use on Form TM 3 for the purposes of section 32(3) of the TMA may lead to a finding of bad faith under section 3(6) (*LABORATOIRE DE LA MER Trade Marks* [2002] FSR 790 per Jacob J. at para. 19, *DEMON ALE*

Trade Marks [2000] RPC 345 per Mr. Geoffrey Hobbs QC sitting as the Appointed Person at p. 356, *Ferrero SpA's Trade Marks* [2004] RPC 583 per Mr. David Kitchin QC sitting as the Appointed Person at para. 23). Furthermore, whilst recognising that there is no equivalent to section 32(3) of the TMA in the Directive, the Appointed Person has stated in *DEMON ALE* and *Ferrero* that they can see no reason to doubt that section 32(3) is compatible with Community law (p. 365 and para. 24 respectively).

19. In *REEF Trade Mark* [2002] RPC 387, it was similarly alleged that the applicant was guilty of bad faith in that there was no intention to use the mark as a “trade mark”. Pumfrey J. observed, at para. 10:

“Rolled up in this submission is the contention that “use” means “trade mark use”. The point is not settled, and has now been referred to the Court of Justice on two occasions.”

Despite the guidance of the Court of Justice of the European Communities (“the ECJ”) in the second of those referrals, Case C-206/01, *Arsenal Football Club plc v. Matthew Reed* [2002] ECR I-10273 (in the event, the question did not arise for ruling in Case C-299/99, *Philips Electronics NV v. Remington Consumer Products Ltd* [2002] ECR I-5475), the position remains unclear. The Court of Appeal in *Arsenal* [2003] RPC 696 and the House of Lords in *R v. Johnstone* [2003] FSR 748 appeared each to attribute different meanings to the decision of the ECJ in Case C-299/99. In *Electrocoin Automatics Ltd v. Coinworld* [2004] EWHC 1498 (Ch), Mr. Geoffrey Hobbs QC, sitting as Deputy Judge of the High Court, reviewed the authorities and concluded that infringing “use” under art. 5 of the Directive (s.10 TMA) is use “for the purposes of distinguishing goods and services”, which interpretation is consistent with art. 2 (s. 1(1) TMA) and art. 5(5) of the Directive. Like Pumfrey J. in *REED*, I shall assume in the instant appeal that “use” for section 32(3) has to be trade mark use – in the sense contemplated by arts. 2 and 5(5) of the Directive.

20. The Hearing Officer instructed himself by reference to *ELLE Trade Marks* [1997] FSR 529:

“36. In the *Elle* trade mark case, [1997] FSR 529, Mr Justice Lloyd considered the question of use. Although in respect of an application for revocation, I believe it gives a useful insight into the requirements of the Act:

“Dealing first with the question of endorsement of goods of other brands, I can take two examples. One is a special offer, the date of which seems to be about April 1995. Potential subscribers were invited to write in and subscribe to the magazine for 12 issues and were given an incentive to do so promptly by the offer to the first 250 new subscribers of a 30 ml bottle of Monsoon eau de toilette spray which would be sent to them free. Albeit that the spray is undoubtedly sold under

the brand Monsoon, Mr. Birss says that this is the use of the mark “ELLE” in relation to the spray as well.

There is another example at page 63 of the bundle—the Monsoon offer is at page 68 of the bundle. At page 63 of the bundle there is an offer on Sunday July 10—of what year I am not sure; it does not matter; it is within the relevant period—to subscribers or to readers to attend a relaxing day of treatments at the Sanctuary in London in association with Boots and Thalgo, and it was said that everybody who attended this special day would receive a luxurious one-hour spa treatment with a qualified therapist courtesy of Thalgo, and would be able to choose from a number of different treatments, and those who attended would be sent away with a complimentary “ELLE” bag containing gifts from Boots and Thalgo, and the advertisement illustrates a number of Boots products which are branded under the name Spa.

It is said that that is the use of ELLE’s mark in relation to the Boots products. It seems to me, having looked at those and a number of other examples of promotions in the evidence, that none of that amounts to use of the mark in relation to the goods. It seems to me that the mark was used, if in any context at all other than the magazine, in relation to the promotion of the event and not of the particular goods to be used at or offered in connection with the event. So I do not accept that any of that category of evidence shows the use of the mark in a way which would suffice for the purposes of Section 46(1)(b).”

37. So the position seems to be that use of a trade mark to promote an item of goods, and presumably, the provision of a service, may qualify as use of the trade mark if the vehicle to which it is applied is also part of a bona fide trade, but the use would be in respect of the item to which the trade mark is affixed, for example, a T-shirt. It would not establish use in relation to the goods or service it promotes.”

21. I must confess that I have some difficulty with paragraph 37 of the Hearing Officer’s decision. In so far as that paragraph suggests that use of a trade mark in relation to goods or services can only be established through actually affixing or otherwise applying the mark to those goods or services, it is clearly wrong (see sections 103(2), 46(2) and 10(4) of the TMA and the discussion at *Kerly’s Law of Trade Marks and Trade Names*, 13th Edition, 9-49 – 9-55, borne out by the ECJ’s decision in Case C-40/01, *Ansul BV v. Ajax Brandbeveiliging BV* [2003] ECR I-2439). Moreover, I agree with Mr. Tritton that the *Elle* case, which was decided on its own particular facts, is not pertinent to the present application. Even if TESCO WE SELL FOR LESS figurative promotes the Applicant’s business, the Applicant’s business comprises the sale of goods and services.

22. Mr. Purvis says that there are two issues rolled up in the Hearing Officer's decision. First, the Applicant can have had no intention to use the mark for such a wide range of goods and services. Second, the very nature of the mark, a price cutting slogan, means that it cannot be used as a trade mark in relation to those goods and services.
23. The wide-claiming objection was made in relation to another of the 22 July 1999 applications, Application no. 2203648 for TESCO PEOPLE MAKE THE DIFFERENCE. Wal-Mart Stores Inc. opposed that application under No. 50578. Mr. Purvis referred me in connection with the cross-appeal to the decision of Dr. Trott, the Hearing Officer acting on behalf of the Registrar, made in Opposition No. 50578 on 30 August 2001. Dr. Trott believed that the wide claiming objection could not succeed because of the Registry's historical reluctance to accept registration for "retail services". That reluctance was confirmed under the 1938 Trade Marks Act, as amended, by the Court of Appeal in *Dee Corporation plc and Others' Trade Mark Applications* [1990] RPC 159 and continued under the 1994 Act, inter alia, because of the view expressed by the Court of Appeal that, generally speaking, retailing is tantamount to trading in goods. The practice of supermarkets before 26 September 2000, when the Registrar changed her practice on "retail service" applications, was to specify a large number of products in their applications. Furthermore, the final paragraph of *Change of Practice on "Retail Services"*, PAC 13/00 [2001] RPC 33 emphasises the provisional nature of the Registrar's guidance:

"The acceptance of retail marks in Class 35 marks a major departure from previous UK practice. This guidance represents the Registrar's current view of the matter, but it may change in the light of further experience or because of decisions subsequently taken in opposition or invalidation proceedings before the Office or the Courts."

The ECJ is presently considering questions relating to the registrability of trade marks in relation to "retail services" in Case C-418/02, *Praktiker Bau- und Heimwerkermärkte AG*.

24. The 22 July 1999 applications were made before the Registry change of practice on 26 September 2000. This is also true of Application No. 2217459 TESCO WE SELL FOR LESS figurative, which was applied for on 16 December 1999. Additionally, it is well known that the Applicant, in common with other supermarket giants including the Opponent, offers an expansive range of own brand goods and services. The objection under section 3(6) is that the application was made in bad faith. Both parties accept the concept of bad faith as enunciated by Lindsay J. in *Gromax Plasticulture Limited v. Don & Low Nonwovens Limited* [1999] RPC 367 at 379:

"I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined."

In *Harrison v. Teton Valley Trading Co.* [2004] EWCA Civ 1028, the Court of Appeal confirmed that bad faith is to be judged according to the combined test set out by the House of Lords in *Twinsectra Ltd v. Yardley* [2002] 2 AC 164:

“The words “bad faith” suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. However the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.” (per Aldous L.J. at para. 26)

Like Dr. Trott, I do not believe that a wide-claiming objection can succeed under section 3(6) in these circumstances.

25. Mr. Purvis says it makes no difference whether products are branded or own brand. Inherently, TESCO WE SELL FOR LESS figurative cannot be used or intended to be used as a trade mark for particular goods or services because it is a price slogan. Mr. Tritton observed that the Opponent has chutzpah in making this objection given the Opponent’s own earlier applications, in particular, concerning PERMANENTLY LOW PRICES, which a Daily Mail article of 20 August 1999 included in the Opponent’s evidence at APB8 describes as famously being used by both Asda and Wal-Mart. Mr. Tritton also reminded me of the John Lewis trade mark NEVER KNOWINGLY UNDERSOLD.
26. ECJ jurisprudence makes clear that objection cannot be taken to a slogan under art. 2 of the Directive (section 1(1) TMA) on the basis that it is not a trade mark because it contains promotional or other descriptive material (Case C-363/99, *KPN Nederland NV v. Benelux-Merkenbureau* [2004] ETMR 771, paras. 80 - 81, Case C-64/02 P, *OHIM v. Erpo Möbelwerk GmbH*, Opinion AG Poiares Maduro, 17 June 2004). The question is whether the trade mark is possessed of distinctive character in respect of the goods or services applied for under art. 3(1)(b) – (d) of the Directive (section 3(1)(b) – (d) TMA) and, where appropriate, art. 3(3) of the Directive (proviso to section 3(1) TMA). Furthermore, it is no objection that a trade mark also performs a promotional or advertising function (Case C-299/99, *Arsenal*, supra., ECJ, paras. 42 and 61 and Opinion of AG Colomer, paras. 46 – 47, Case C-517/99, *Merz & Krell GmbH & Co.* [2001] ECR I-6959, para. 40). As the Court of First Instance recently explained in Case T-281/02, *Norma Lebensmittelfilialbetrieb GmbH & Co. KG v. OHIM* (“*Mehr für Ihr Geld*”), 30 June 2004:

“25. However, registration of a trade mark which consists of signs or indications that are also used as advertising slogans, indications of quality or incitements to purchase the goods or services covered by that mark is not excluded as such by virtue of such use (see, by analogy, *Merz & Krell*, cited above, paragraph 40). A sign which fulfils functions other than that of a trade mark in the traditional sense of the term is only distinctive for the purposes of Article 7(1)(b) of Regulation No 40/94 however if it may be perceived immediately as an indication of the commercial origin of the goods or services in

question, so as to enable the relevant public to distinguish, without any possibility of confusion, the goods or services of the owner of the mark from those of a different commercial origin (*BEST BUY*, cited above, paragraph 21).”

27. The Opponent did not oppose the acceptance for registration of TESCO WE SELL FOR LESS figurative on distinctiveness grounds. For the reasons stated above, I believe that the Hearing Officer erred in finding that Application No. 2217459 was made in bad faith. As accepted by Counsel, this part of my decision applies equally to the appeal in Application No. 2203674 for the word mark TESCO WE SELL FOR LESS.

The cross-appeal in relation to Application No. 2203674

28. Mr. Purvis argues in relation to the application for the word mark only that the Hearing Officer erred in not finding for the Opponent in the same terms as Dr. Trott in Opposition No. 50578. That opposition concerned Application No. 2203648 for TESCO PEOPLE MAKE THE DIFFERENCE filed on 22 July 1999, that is, on the same day as Application No. 2203674 for TESCO WE SELL FOR LESS. It will be remembered that the 22 July 1999 applications were followed by the Applicant’s News Release of 19 August 1999, which is reproduced at paragraph 3 above.
29. Dr. Trott considered that the reasons given in the News Release for applying for TESCO PEOPLE MAKE THE DIFFERENCE were not consistent with “good faith” under the Act (para. 11). Turning to the Opponent’s argument that because the mark was chosen as a “blocking device” it was not applied for with genuine use in mind (para. 9), Dr. Trott said:

“25. I now wish to turn to the second strand of the opponents’ attack on the application under the bad faith head: what Ms. May called ‘spoiling tactics’. She conflated this with a lack of intention to use the mark, saying that a proprietor should not be entitled to block another individual’s desire to use or register a mark, using the Register in order to obtain a monopoly right as a sort of ‘dog in the manger’ approach. Though the two are separate issues – the one is concerned with applying for a mark which will never, in practice, be a mark of trade, and the other with using registration for a purpose other than which it is established in law – in this case, the first is a consequence of the second.”

Dr. Trott concluded:

“29. Finally on this point, Tesco’s position seems to be that no-one should have a monopoly in the words that Wal-Mart are trying to register as trade marks. This must be misconceived. Registration of trade marks does not prevent *bona fide* use of descriptions as such, as indicated above in my reference to s. 11(2). The proper course is to oppose registration of descriptive marks (if they are accepted) by opposition or observations. Applying for the same words oneself as

trade marks is an inappropriate way to make the point. All the marks in the Table above were applied for on the same day, all being copied by Tesco. Fighting public spirited battles on behalf of others may be all very well, but that is not the purpose of trade mark law, and applying to register a mark for other than that purpose runs the risk of an accusation of bad faith. In this case it has succeeded, and the application fails.”

30. I have not seen the statement of grounds of opposition in TESCO PEOPLE MAKE THE DIFFERENCE. But Dr. Trott’s description of the grounds of opposition and evidence in support strongly indicate that the distinguishing features of the present case are:
- (a) The grounds of opposition state that TESCO WE SELL FOR LESS is objectionable under section 3(6) because the Applicant has no bona fide intention to use the mark in respect of goods and/or services and they have only used the mark in relation to a price cutting and/or price promotion programme.
 - (b) The Opponent’s witness, Anthony Paul Brierly, says in his witness statement:
 - “8. Shortly after Wal-Mart and Asda discovered the filing of the similar Tesco applications referred to above, I was asked to check at Tesco’s Halifax store to see if the Marks were in use. At that time, I did not note any of the Tesco Marks referred to in the table above as being used in the Halifax store.
 - 9. The phrase WE SELL FOR LESS is now used in Tesco’s Halifax store and Exhibit APB5 includes two photographs which show the words used on a sign displayed in an outside window. The sign reads “1000’s of products are now cheaper than last year – also at www.tesco.com” and, underneath, the words “We sell for L£SS”. There were other similar signs in-store which use the phrase “WE SELL FOR LESS”.”
 - (c) The public fact that the Applicant made a subsequent single application for registration of the trade mark TESCO WE SELL FOR LESS figurative.
31. The statement of grounds of opposition to TESCO WE SELL FOR LESS was filed on 2 August 2001. Mr. Brierly’s witness statement is dated 12 February 2002. Application No. 2217459 for TESCO WE SELL FOR LESS figurative was filed on 16 December 1999. Clearly all these events fall after the date of filing of Application No. 2203674 for TESCO WE SELL FOR LESS on 22 July 1999.
32. In *Ferrero SpA’s Trade Marks*, supra., Mr. David Kitchin QC sitting as the Appointed Person expressed the view that although the time for establishing bad faith under section 3(6) is the date of application, matters occurring after

that date are not excluded from consideration (in *Ferrero* over several years). They may assist in determining the applicant's state of mind at the date of application. I agree with that view, which receives support from the Order of the ECJ in Case C-259/02, *La Mer Technology Inc. v. Laboratoires Goemar SA* [2004] ETMR 640, para. 31 and the ECJ's decision in Case C-40/01 *Ansul*, supra. The events occurring after the filing of Application No. 2203674 support the Applicant's contention that they did have an intention to use TESCO WE SELL FOR LESS at the date of the application. Additionally, I bear in mind the observation of Pumfrey J. in *REEF Trade Mark*, supra., at para. 8:

“This requirement for the contents of the application [section 32(3) TMA] used to be the counterpart of an express ground of revocation under the Trade Marks Act 1938. Section 26(1)(a), under which revocation would only be ordered if the mark had been registered without any bona fide intention to use it and it had in fact not been used up to a date one month before the application to rectify. Under the 1938 Act, it was not a ground of revocation merely that the mark had been registered without a bona fide intention to use. I say this notwithstanding the decision in “*NERIT*” *Imperial Group Plc v. Philip Morris & Co. Ltd* [1982] FSR 72 (CA), in which on one reading the Court of Appeal may have held that any mark not “proposed to be used” was not a trade mark. The only express ground of rectification relating to non-use under the 1938 Act is s.26(1)(a). I would be very reluctant to import into the 1994 Act a concept which does not appear in the Directive or the Regulation and which does not represent the law under the 1938 Act.”

Consequently, I do not believe the Hearing Officer erred in not adopting the same approach as Dr. Trott did in connection with TESCO PEOPLE MAKE THE DIFFERENCE. The Opponent's cross-appeal fails.

Consolidation

33. It remains to deal with the Applicant's appeal in Application No. 2203674 against the Hearing Officer's refusal to consolidate the two oppositions. The application for consolidation was made late in the proceedings well after the close of evidence (but not followed through) and repeated at the hearing, when the Opponent objected to the request. The aim of the request was to introduce the evidence the Applicant had filed in connection with the figurative mark into the case concerning the word mark (where the Applicant had filed no evidence). In the face of the Opponent's resistance, the Hearing Officer considered whether he should exercise his discretion to allow the additional evidence to be admitted. He concluded that he should not. There exists, therefore, a clear ruling by the Hearing Officer that the evidence in question was not to be admitted late into the word mark case. The Applicant has not appealed against that ruling. In my view, the Hearing Officer acted entirely reasonably in proceeding in the manner he did. This part of the Applicant's appeal fails.

Conclusion

34. In the result, the Applicant's appeals succeed except in relation to the consolidation point concerning Application No. 2203674. The Opponent's cross-appeal fails. The Hearing Officer assessed the costs of the successful party in the oppositions in the total sum of £4,000. I direct that the Opponent pay to the Applicant the sum of £4,000 in respect of the oppositions and a further £4,000 in respect of the appeals and the cross-appeal.

Professor Ruth Annand, 30 July 2004

Mr. Guy Tritton of Counsel instructed by HallMark appeared on behalf of the Applicant.

Mr. Iain Purvis of Counsel instructed by Appleyard Lees appeared on behalf of the Opponent.