

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2377698
BY KARL STORZ GMBH & CO KG
TO REGISTER A TRADE MARK IN CLASS 10**

**AND IN THE MATTER OF OPPOSITION THERETO
UNDER No. 93360
BY BAUSCH & LOMB INCORPORATED**

**AND IN THE MATTER OF AN APPEAL
TO THE APPOINTED PERSON
BY THE OPPONENT
AGAINST A DECISION OF MR G. W. SALTHOUSE
DATED 29 JANUARY 2008**

DECISION

Introduction

1. UK Trade Mark Application number 2377698 was filed on 10 November 2004 claiming priority from 3 June 2004, in the name Karl Storz GmbH & Co. KG, Mittelstrasse 8, D-78532 Tuttlingen, Germany (“the Applicant”). Registration was sought in Class 10 for medical instruments and apparatus, in particular surgical apparatus. The trade mark was represented as shown below:



2. Following advertisement, Bausch & Lomb Inc., One Bausch & Lomb Place, Rochester, NY 14604-2701, USA (“the Opponent”) filed notice of opposition against the application on 27 April 2005. The opposition was brought under sections 3(6) and 5(2)(b) of the Trade Marks Act 1994.
3. Evidence was filed on both sides including of an Agreement made between a predecessor in title of the Opponent and the Applicant dated 26 April 1982 (Witness Statement of Dr. Sybill Storz, dated 29 January 2007, Exhibit SS1).

4. The matter came to be heard before Mr. G. W. Salthouse, acting for the Registrar, on 26 November 2007. At the hearing, parties' Counsel (Mr. Alan Bryson for the Opponent and Mr. Mark Vanhegan for the Applicant) agreed that if the trade mark in suit fell within the 1982 Agreement, the grounds of opposition (which were argued before the Hearing Officer) would fall away.
5. The Hearing Officer issued his decision on 29 January 2008 (BL O/022/08). In effect, the Hearing Officer dismissed the opposition on two preliminary points. First, the mark applied for fell within the "overall guidance and spirit" of the 1982 Agreement. Second, the Opponent had in any event consented to the registration under section 5(5) of the Act.
6. On 26 February 2008, the Opponent gave notice of appeal to an Appointed Person under section 76 of the Act. This decision relates only to the appeal concerning the first preliminary point, that is, the Hearing Officer's construction of the 1982 Agreement.
7. The grounds of appeal in respect of the first preliminary point are twofold. The Opponent alleges that the Hearing Officer erred in construing the 1982 Agreement: (a) by reference to post-agreement correspondence, and (b) as providing guidance only as to use of the word "Storz".
8. I believe that both of the Opponent's criticisms are justified for the reasons set out below.

Standard of Appeal

9. Mr. Bryson and Mr. Vanhegan continued to represent the parties on appeal. Mr. Vanhegan made clear the standard of appeal with reference to *REEF Trade Mark* [2003] RPC 101, paragraphs 24 – 28 and *BUD and BUDWEISER BUDBRÄU Trade Marks* [2003] RPC 477, paragraphs 52 – 53. The appeal is a review of the Hearing Officer's decision and I should not interfere in the absence of a significant error.

Future events

10. In *James Miller & Partners Ltd v. Whitworth Street Estates (Manchester) Ltd* [1970] AC 583 at 603, Lord Reid described it as well settled that "it is not legitimate to use as an aid in the construction of the contract anything which the parties said or did after it was made" (see also *ibid.* at 606, 611 and 614 and Chitty on Contracts, 29th Edition, 12-126).
11. The Opponent argues that the Hearing Officer in construing the 1982 Agreement, was influenced by later correspondence entered into between the parties, in particular, a letter from Robert H. Blankemeyer, Senior Vice President of the Opponent's predecessor to Norman Silbertrust, Executive Vice President of the Applicant, regarding the Applicant's intended use of a new logo (not the mark in suit), dated 24 June 1985. In support, the Opponent relies on paragraphs 26 and 27 of the Hearing Officer's decision.

12. On the other hand, the Applicant says that both parties brought the 'subsequent acts' rule to the Hearing Officer's attention and he must by implication have had that rule in mind when making his decision. Furthermore the Hearing Officer had construed the Agreement before mentioning the Blankemeyer correspondence.
13. The relevant paragraphs in the Hearing Officer's decision read:
 24. In my view, the agreement states that the word "Storz" can be used as part of the company name, and it also provides guidance as to how the word can be used as part of a trade mark. Broadly, for the applicant company, these equate to using the letter "K" or the words "Karl", "Germany" and "Endoscope", the latter having a number of different spellings. Whereas, in essence, the opponent's use was to include "St. Louis Mo", "USA" or "Instrument", or be in a particular stylised form. These distinctions would seem to be based on the obvious differences which can loosely be said to be, the applicant being a German company dealing mostly in endoscopes and medical instruments, and the opponent being American dealing mostly in surgical instruments.
 25. The applicant contended that, even within the opponent's view of the agreement, it was using two of the specified instances (iii & vii) and placing them together. It was also contended that the amalgamation of these two specified marks was within the overall spirit of the agreement in that it contained two of the differentiators "Karl" and "Endoscopy" although the latter had been amended, as is allowed in the agreement, to "Videoendoskopie".
 26. A great deal of emphasis was placed upon the letter from Mr. Blankemeyer stating that the mark as set out in paragraph 9 was acceptable. This mark is clearly a variation to that set out at number (vii) in the agreement. The word "Storz" is highly stylised and also much more prominent than the word "Endoskopie", itself an agreed variation on "Endoscope". It is quite easy to imagine that this mark can be produced such that the word "Endoskopie" is so small as to be almost invisible whilst the word "Storz" would remain highly prominent. Yet Mr. Blankemeyer seems quite content for this mark to be used, his only query relating to exact use on instruments and in particular surgical instruments.
 27. I therefore conclude that the mark in suit is within the bounds of the agreement as it meets the overall guidance and spirit of the agreement, despite not being use as set out in the specific examples provided. A consequence of this decision is that the grounds of opposition under Sections 3(6) and 5(2)(b) must fail."
14. A decision does not contain an error of principle merely because it could have been better expressed but it must enable the appellate tribunal to understand why the Hearing Officer reached that decision (*REEF Trade Mark, supra*,

Robert Walker LJ at 110 citing *English v. Emery Reimbold & Strick Ltd* [2002] EWCA Civ. 605, para. 19).

15. Mr. Vanhegan's argument as to the ordering of the decision is superficially attractive. However, it does not explain why the Hearing Officer mentioned the correspondence at this point especially since he deals with it in relation to consent as pleaded in the Applicant's amended Counterstatement. I find it surprising that if, as Mr. Vanhegan says, the Hearing Officer had been mindful of the rule in the *Miller* case (*supra*), the reference to the later correspondence would have been included, at least without any explanation or qualification. In my judgment, the first ground of appeal is made out.

Construction of the 1982 Agreement

16. The Opponent contends that in any event the Hearing Officer misconstrued the 1982 Agreement. As far as I understand it, in particular from the appeal hearing, the Applicant's main contention is that the mark in suit falls within the literal interpretation of the 1982 Agreement.
17. The Hearing Officer focussed his attention on clauses 2 and 3 of the 1982 Agreement:

“2. The primary purpose of this Agreement is to define the ways in which the word “Storz” can be used as a trademark or service mark, or as part of a trademark or a service mark by STORZ INSTRUMENT or by KARL STORZ, such as on their respective goods, on displays associated with their respective goods, in catalogs and in advertisement, as examples of typical trademark and service mark usages. Company names and their usages are not the primary concern of this Agreement, and the word “Storz” can continue to be used as part of the company names of STORZ INSTRUMENT or of KARL STORZ or of any of their distributors presently in existence, including the existing company names, for the purpose of identifying the company. However, it is agreed that, in any company name that includes the word “Storz”, only KARL STORZ may use any of the following words: “Endoskop”, “endoscope”, “endoscopy”, the word or formative “endo”, or any foreign word or term having the same meaning or a similar meaning to any of the foregoing.

3. With the foregoing in mind, the parties agree that wherever they use the word “Storz” in the trademark or service mark sense, it will be used alone only as specified below, and when used with a formative, only as specified below:

As to STORZ INSTRUMENT:

- (i) STORZ-USA
- (ii) STORZ INSTRUMENT CO. – St. Louis, MO
- (iii) STORZ INSTRUMENT CO. – USA
- (iv) STORZ INSTRUMENT – USA

- (v) STORZ INSTRUMENT – USA – GmbH
- (vi) STORZ-STORZ Block Logo Design as shown in Exhibit A hereto
- (vii) STORZ in stylized letter form as in U.S. Reg. No. 623,625 (Karl Storz GmbH & Co. agrees not to use the stylized letter form as in U.S. Reg. No. 623, 625).

As to KARL STORZ:

- (i) KARL STORZ GERMANY
- (ii) STORZ-GERMANY
- (iii) KARL STORZ
- (iv) KARL STORZ USA
- (v) KARL STORZ ENDOSCOPY-AMERICA
- (vi) KARL STORZ-ENDOSCOPY
- (vii) STORZ ENDOSKOP
- (viii) KARL STORZ ENDOSKOP
- (ix) KS STORZ
- (x) The initial “K” may be substituted for 'KARL' in any of the foregoing.

As to both parties, they may supplement any of the above examples with additional trademark formatives, whether by way of letters, numbers, words, syllable, or designs.

STORZ INSTRUMENT will not object to the use of KS alone or as a formative with other material as a trademark or service mark by KARL STORZ.”

18. The Hearing Officer instructed himself with reference to a decision of Mr. David Kitchin QC sitting as the Appointed Person in *BACTI GUARD Trade Mark*, BL O/236/05, paragraph 15:

"It is now well established that the proper approach to contractual interpretation is to seek to ascertain the meaning which the document would convey to a reasonable man having all the background knowledge which would reasonably have been available to the parties in the situation in which they were at the time of the contract."

19. That is the first of the general principles of contractual interpretation summarised by Lord Hoffmann in *Investors Compensation Scheme Ltd v. West Bromwich Building Society* [1998] 1 WLR 896, 912 – 913, in turn summarised by Lord Bingham of Cornhill in *Bank of Credit and Commerce International SA v. Ali* [2002] 1 AC 251, 259:

"In construing this provision, as any other contractual provision, the object of the court is to give effect to what the contracting parties intended. To ascertain the intention of the parties the court reads the terms of the contract as a whole, giving the words used their natural

and ordinary meaning in the context of the agreement, the parties' relationship and all the relevant facts surrounding the transaction so far as known to the parties. To ascertain the parties' intentions the court does not of course inquire into the parties' subjective states of mind but makes an objective judgment based on the materials already identified."

20. Naturally, there was no suggestion that the Hearing Officer got the law wrong. Nevertheless, I find it helpful to set out the *I.C.S.* fourth and fifth principles in full:

"(4) The meaning which a document ... would convey to a reasonable man is not the same thing as the meaning of its words. The meaning of words is a matter of dictionaries and grammars; the meaning of the document is what the parties using those words against the relevant background would reasonably have been understood to mean. The background may not merely enable the reasonable man to choose between the possible meanings of words which are ambiguous but even ... to conclude that the parties must, for whatever reason, have used the wrong words or syntax: see *Mannai Investments Co. Ltd. v. Eagle Star Life Assurance Co. Ltd.* [1997] A.C. 749.

(5) The "rule" that words should be given their "natural and ordinary meaning" reflects the common sense proposition that we do not easily accept that people have made linguistic mistakes, particularly in formal documents. On the other hand, if one would nevertheless conclude from the background that something must have gone wrong with the language, the law does not require judges to attribute to the parties an intention they plainly could not have had. Lord Diplock made this point more vigorously when he said in *Antaios Compania Naviera S.A. v. Salen Rederierna A.B.* [1985] A.C. 191, 201:

"if detailed semantic and syntactical analysis of words in a commercial contract is going to lead to a conclusion that flouts business commonsense, it must be made to yield to business commonsense.""

21. The Hearing Officer identified what he perceived to be an ambiguity in clause 3 of the 1982 Agreement:

"22. The opponent based its claim on the issue of the above paragraph [clause 3] providing a definitive list of ways that each of the parties could use the word "Storz". However, whilst at the beginning of paragraph 3 the agreement states that "... the word "Storz" in the trademark or service mark sense, it will be used only as specified below, ... ", later in the paragraph, underneath the various specified ways of using the mark it refers to them as "the above examples". In paragraph 2 the agreement also refers to "examples". To my mind, there is some ambiguity as to whether the agreement provides guidance or absolutes in the use of the word "Storz"."

22. He then cited paragraph 15 of *BACTI GUARD* (see above, para. 18) and expressed his conclusions at paragraphs 24 to 27 (reproduced at para. 13 above).
23. The Hearing Officer did not however appear to consider clause 3 in the context of the 1982 Agreement as a whole. The background to that Agreement is clear from the recitals. The parties were locked in opposition proceedings concerning a German application made by the Applicant for the mark KARL STORZ and the parties wished to enter into a co-existence agreement not only to settle that opposition but also to regulate their respective relations worldwide. Thus the Agreement recites:

"WHEREAS STORZ INSTRUMENT is the owner of: (1) German Registration 809,015 for the trademark "STORZ" in a stylized form, which was registered on August 31, 1965 for certain surgical instruments and accessories in International Classes 9 and 10; (2) United States Registration 623, 625 for the trademark "STORZ" in a stylized form, which was registered on March 20, 1956 for a number of medical and surgical instruments and accessories in International Classes 9 and 10; and (3) United States Registration 1,156,220 for the trademark "STORZ-STORZ" Block Logo Design, which was registered on June 2, 1981 for a number of medical and surgical instruments and accessories in International Classes 9, 10 and 15; and

WHEREAS STORZ INSTRUMENT has filed applications to register trademarks and service marks in a number of countries throughout the world; and

WHEREAS STORZ INSTRUMENT is currently marketing its products under the above-identified trademarks and service marks in numerous countries throughout the world and desires to continue to do so and also desires to register and use those trademarks and service marks in all countries of the world; and

WHEREAS KARL STORZ has filed application St 12 189/10Wz to register the trademark "KARL STORZ" in Germany, such application being filed on February 15, 1980 for surgical, medical and veterinary instruments and apparatus in International Class 10; and

WHEREAS KARL STORZ has further obtained International Trademark registration 451,893 for the trademark "KARL STORZ" in certain countries of the world, including most European countries, and has also filed additional applications for registration for such mark in other countries, including the United States (application Serial No. 274,168, filed on August 13, 1980); and

WHEREAS KARL STORZ is currently marketing its products and services under the above-identified trademarks and service marks in various countries of the world and desires to continue to do so and also

desires to register and use said trademarks and service marks in such countries; and

WHEREAS STORZ INSTRUMENT has filed an opposition proceeding in Germany against the above-identified German application of KARL STORZ, and no final decision has been rendered to date; and

WHEREAS the parties hereto wish to resolve the differences between them as to the registration and use of their respective marks in all countries of the world, and to settle the above-identified opposition proceeding;"

24. Against that detailed identification of the parties' registrations and applications for registration, clause 1 excludes from the ambit of Agreement any mark of past, present or future interest, which does not include or consist of the word "Storz". Clause 2 states that the primary purpose is to define how the word "Storz" can be used as trademark or service mark and makes clear that company names are not affected with the exception that "endoscope" (or variations thereof) is reserved to Karl Storz in any company name including the word "Storz".
25. The disputed clause 3, to which I shall return, states: "With the foregoing in mind, the parties agree that wherever they use the word "Storz" in the trademark or service mark sense, it will be used alone only as specified below, and when used with a formative, only as specified below". Lists are set out for both parties, provision is made for the use of additional formatives and special provision is made for use of "KS".
26. Clause 4 states that the parties intend their settlement to be worldwide and: "shall result in respective tradename, trademark and service mark positions which will properly be enforceable not only as between the parties, but also against all other entities". The respective parties' licensees, distributors etc. may use names and marks in accordance with the Agreement and the parties agree to use their best endeavours to ensure that such persons: "use the names and marks that are the subject of this Agreement only as specified herein".
27. Clause 5 acknowledges that the parties' present uses may not be in accordance with the Agreement and allows the parties two years for compliance.
28. By virtue of clauses 6 and 7, the Opponent's predecessor in title agrees to withdraw the opposition against the German mark and not to challenge the validity of the ensuing registration.
29. Clauses 8 and 10 impose reciprocal obligations on the parties not to challenge the use or registration of any of the marks "specified for its use in paragraph 3 above" anywhere in the world.

30. Clause 9 additionally imposes an obligation on the Applicant not challenge any of the Opponent's predecessor in title's current registrations or the pending applications identified in the Agreement.
31. Under clause 11, the parties agree to take all reasonable steps in all countries to avoid a likelihood of confusion including abiding "by the agreed upon use of the tradenames and marks set forth in paragraph 3 above".
32. Finally by clause 12, the Agreement is declared binding upon and for the benefit of affiliates and subsidiaries of the parties and their successors.
33. Leaving aside the later correspondence, the Hearing Officer's interpretation of the Agreement as giving guidance only on the use of "Storz" as a trade mark depended on the presence of "example" in clause 3. I agree with Mr. Bryson that little assistance can be drawn from use of the same word in clause 2: there "example" is being employed in a different context to explain what is meant by trade mark use. Mr. Bryson says that in clause 3 "example" is simply being used to indicate the names/marks already listed to each party. Otherwise the words "supplement" and "additional" have no bearing:

"As to both parties, they may *supplement* any of the above examples with *additional* trademark formatives ...".

34. In order to construe clause 3 of the 1982 Agreement, as a mere guide "example" needs to overcome *inter alia* the following expressions of the parties' intent:
 - (a) The primary purpose of the Agreement was to *define* use of "Storz" as a trade mark (clause 2).
 - (b) "Storz" was *only* to be used alone in a trade mark sense as *specified* and when used with a formative *only* as *specified* (clause 3).
 - (c) The specified names/marks listed to each party could be *supplemented* with *additional* trade mark formatives (clause 3).
35. I do not believe that a reasonable person would read clause 3 as a mere guide. Against the relevant background of existing registrations and applications, settlement of the German opposition proceedings and worldwide co-existence, they would instead understand the parties to be specifying exactly how "Storz" could be incorporated in a trade mark on each party's part in the future. I therefore accept the second ground of appeal and believe that the Hearing Officer misconstrued the 1982 Agreement.

Literal interpretation

36. Looking at the Agreement afresh, Mr. Vanhegan argues that the mark in suit falls within its literal terms. He says that he can achieve this in two ways. First, the trade mark applied for is use of his client's clause 3 allowed items (iii) KARL STORZ and (vii) STORZ ENDOSKOP. I agree that there may be

nothing in the Agreement preventing a party using two marks together, for example, as a house mark and a product mark. However, Mr. Vanhegan's first method entails putting KARL STORZ in the middle of STORZ ENDOSKOP and substituting VIDEOENDOSKOPIE for ENDOSKOP. Like the Hearing Officer I do not believe that this is covered.

37. Second, Mr. Vanhegan argues that the mark in suit is his client's clause 3 allowed item (viii) KARL STORZ ENDOSKOP with formatives (agreed to mean additions). The first and second formatives are the word STORZ and a bulls-eye device in the letter "O" (there is possibly a third formative in the stylisation of STORZ). The remaining formative is the addition of VIDEO to ENDOSKOP it being accepted that different spellings of "Endoskop" are permitted by the Agreement (see clause 2).
38. I put it to Mr. Vanhegan that if STORZ was permitted as an "additional trademark formative" within the penultimate sentence of clause 3 then presumably KARL was too, so that the Opponent could add KARL to any of its allowed items to give, for example, KARL STORZ-USA or KARL STORZ INSTRUMENT – USA. Mr. Vanhegan agreed but sought to make a distinction on the basis that KARL was impliedly within the province of his client only whereas STORZ (not stylised) was not distinctive of either party.
39. I reject this construction of the Agreement. First, it would make nonsense of what the parties agreed as Mr. Vanhegan seemed to accept in relation to my KARL STORZ-USA, KARL STORZ INSTRUMENT – USA hypothetical. Second, it contradicts the plain reading of the opening paragraph to clause 3. Third, the penultimate sentence to clause 3 permits the *supplementation* of the names/marks listed to each party with *additional* formatives. Since those lists already include formatives, the "additional formatives" must be contemplating something else. Fourth, the latter is confirmed in the last sentence of clause 3 whereby the Opponent agrees not to object to the Applicant's use of KS as an additional formative (unnecessary if anything listed could anyway be used).

Conclusion

40. In my judgment, the mark in suit is not covered by the 1982 Agreement. The appeal on the first preliminary point has been successful and the Opponent is entitled to a contribution towards its costs in relation to this hearing. I will order the Applicant to pay the Opponent the sum of £750.00 within 14 days of being notified of this decision. A further time will be appointed for me to hear the Opponent's appeal on the second preliminary point namely, consent for the purposes of section 5(5) of the Act.

Mr. Alan Bryson of Counsel instructed by Messrs. R. G. C. Jenkins & Co. appeared on behalf of the Opponent

Mr. Mark Vanhegan of Counsel instructed by Messrs. Carpmael & Ransford appeared on behalf of the Applicant