

O-362-03

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NUMBER 2217459
IN THE NAME OF THE TESCO STORES LIMITED
TO REGISTER A TRADE MARK IN CLASSES 1 to 42

AND

IN THE MATTER OF OPPOSITION THERETO UNDER NUMBER 52426
BY ASDA STORES LIMITED

Trade Marks Act 1994

In the matter of Application number 2217459
in the name of Tesco Stores Limited
to register a trade mark in Classes 1 to 42

And

In the matter of Opposition thereto under number 52426
by Asda Stores Limited

Background

1. On 16 December 1999, Tesco Stores Limited applied to register a trade mark in Classes 1 through to 42. The mark applied for is as follows:



2. On 24 April 2001, Asda Stores Limited filed notice of opposition to the application, in which they say that they are owned by Wal-Mart Stores, Inc, a US company that uses the trade mark WE SELL FOR LESS in the United States, and that on 14 June 1999 had applied to register the same in the UK. They say that the applicants have publicised an intention to seek to register words and or phrases which are the same or similar to trade marks that Asda and Wal-Mart have applied to register in the UK, and were aware of their interest in WE SELL FOR LESS at the time of filing the application in suit. The ground of opposition is as follows:

Under Section 3(6) because the applicants were aware of the opponent's interest in the trade mark applied for and the application is an attempt to prevent and/or restrict the opponent's rights to use and/or register the mark in the UK, and that in any event, the applicants have no bona fide intention to use the opposed trade mark in respect of goods and/or services, having only used the mark in relation to a price cutting and/or price promotion programme.

3. The applicants filed a counterstatement in which they admit that they became aware of the Asda and Wal-Mart's intention to register slogans, some of which were the same as or similar to those they themselves had previously used, were currently using or were likely to use in the near future. They say that they have used and continue to use TESCO WE SELL FOR LESS and adopted the term independently of any application filed by Wal-Mart, and have no knowledge of any interest of the

opponent in the slogan WE SELL FOR LESS. The ground of opposition is denied. Both sides asked for an award of costs to be made in their favour.

4. Only the opponents filed evidence in these proceedings. The matter came to be heard on 10 June 2003, when the applicants were represented by Mr Guy Tritton of Counsel, instructed by Hallmark IP Limited, their trade mark attorneys, and the opponents by Mr Iain Purvis of Counsel, instructed by Appleyard Lees, their trade mark attorneys.

Opponents=evidence

5. This consists of a Witness Statement dated 12 February 2002 from Anthony Paul Brierley, a trade mark attorney with Appleyard Lees, the opponents' representatives in these proceedings.

6. Mr Brierley refers to the purchase of Asda Group Plc by Wal-Mart Stores, Inc, exhibit APB1 consisting of extracts from various web sites relating, inter alia, to the acquisition. He goes on to set out various trade marks that Wal-Mart applied to register in the UK on 14 June 1999, details of which are shown at exhibit APB2. The marks listed are **AGREAT VALUE HOME@**, **AALWAYS@**, **AALWAYS LOW PRICES ALWAYS WAL-MART@**, **AWE SELL FOR LESS@**, **AEVERYDAY LOW PRICES@** AND **AOUR PEOPLE MAKE THE DIFFERENCE@**, all of which had been applied for in Class 16 in respect of various items of printed matter, packaging etc.. Mr Brierley confirms that the application to register WE SELL FOR LESS has been withdrawn.

7. Mr Brierley next refers to the filing of eight trade marks, filed by the applicants on 22 July 1999, that he says were similar to marks used or registered by Wal-Mart in the US, or Asda in the UK, details of which are shown at exhibit APB3. The marks listed are **ATESCO PEOPLE MAKE THE DIFFERENCE@**, **AALWAYS LOW PRICES ALWAYS TESCO@**, **ATESCO GREAT VALUE HOME@**, **ATESCO EVERY DAY LOW PRICES@**, **ATESCO ALWAYS@**, **ATESCO WE SELL FOR LESS@**, **ATESCO VAT FREE ZONE@** and **ATESCO PERMANENTLY LOW PRICES FOR EVER@** which had been applied for in respect of goods and services in Classes 3, 16, 29, 30 31, 32 and 35.

8. Mr Brierley refers to exhibit APB4, which consists of details of applications filed by Asda to register **AVAT FREE@** and **APERMANENTLY LOW PRICES FOREVER@**, which, he says are similar to those applied for by the applicants, and had been applied for at an earlier date. He notes that the application to register VAT FREE has been withdrawn.

9. As a convenient means of comparison Mr Brierley sets out the marks applied for by Asda and Wal-Mart, shown next to a mark applied for by Tesco that he says is similar. He goes on to say that on a visit to the applicants' Halifax store he did not see any of the eight marks applied for by Tesco in use. He accepts that WE SELL FOR LESS is now used in Tesco's Halifax store, exhibit APB5 consisting of a window sign and free-standing sign board stating **A1000's of products are now cheaper than last year-** also at www.tesco.com- **We sell for L, SS@**.

10. Mr Brierley goes on to refer to exhibit APB6 which consists of a Witness Statement dated 4 August 2000, by Nicholas Agrawal, Head of Media Relations at Asda Stores Limited. The Statement introduces a news release issued by Tesco on 19 August 1999, headed "Tesco fights the Americans - dawn raid on the English language". The notice refers to Wal-Mart's/Asda's attempts to give them ownership of words such as "ALWAYS", and common business slogans including "WE SELL FOR LESS", and goes on to say that to counter this move Tesco is seeking to register some of the same phrases to ensure they remain in the public domain. Exhibit APB7 consists of a Witness Statement dated 4 August 2000 from Jane Earnshaw, Company Secretarial Assistant at Asda Stores. Ms Earnshaw details the chronology of Wal-Mart's acquisition of Asda, that Asda has over 200 stores in the UK, and that Wal-Mart is a US company whose shares are traded on the New York Stock Exchange. Exhibit APB8 consists of details of an article that appeared in the 20 August 1999 edition of the Daily Mail recounting Tesco's stated intent to acquire Wal-Mart's catchphrases, stating that on each mark it has simply replaced Wal-Mart's name with its own.

Applicants' evidence

11. This consists of a Witness Statement by Dr Deborah Prince, a solicitor employed by Tesco Stores Limited. Dr Prince says that she is responsible for the management of her company's trade marks, and confirms that the facts contained within her statement are derived from the records of the company to which she has full access.

12. Dr Prince outlines her company's philosophy of providing best value, and to its use of campaigns that highlight a range of "value for money" offers, using expressions as "permanently low prices", "permanently reduced prices" and "new lower prices". She says that a campaign in 1999 featured the device of a "A", being cut by a pair of scissors, exhibits DP1 to DP4 being examples of how the logo is used. Exhibits DP1 and DP3 (undated) depict the logo that is the mark applied for; DP2 is an advertisement showing the word "L, SS" in the same style and can be dated as being prior to 14 November 1999; exhibit DP4 consists of the year 2000 Tesco Annual Review and Financial Statement, showing use of "WE SELL FOR LESS" with the "L, SS" logo beneath.

13. Dr Prince says that her company took the decision to make the application because they were actually using the mark and had every intention of continuing to do so. She says that her company was aware that Asda/Wal-Mart had also made applications for the same or similar slogans, which is not surprising given the fact that they refer to pricing competition.

Opponents' evidence in reply

14. This consists of a Witness Statement dated 4 June 2002 from Anthony Paul Brierley.

15. Mr Brierley refers to Dr Prince's Statement, in particular to the claim that Tesco had started a

campaign in 1999, stating that he did not see any evidence of this during his visit to the Halifax store referred to in his earlier statement, and that there is no evidence that they started using the mark prior to the applications being filed by Asda/Wal-Mart.

That concludes my review of the evidence insofar as it is relevant to these proceedings.

DECISION

16. The opposition consists of an objection under Section 3(6). That section reads as follows:

“3.- (6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

17. So how stands the law on the matter of bad faith? In *Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd* [1999] RPC 367 Lindsay J. said

“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. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short as to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances”.

18. In the *Demon Ale* trade mark case [2000] RPC 345, Geoffrey Hobbs QC sitting as the Appointed Person took the following view on bad faith:

“These observations recognise that the expression “bad faith” has moral overtones which appear to make it possible for an application for registration to be rendered invalid under Section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant.”

19. The observations of Lord Nicholls on the subject of dishonesty in *Royal Brunei Airlines Sdn. Bhd. v. Philip Tan* [1995] 2 AC 378 (PC) at p. 389 provide strong support for the view that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour.

20. The opponents’ objection has two strands. They first allege that through Wal-Mart’s use and registrations of various slogans in the United States, or Asda’s use and or application to register in the United Kingdom, the applicants were aware of their interest in the trade mark applied for, and the

application is an attempt to prevent and/or restrict their rights to use and/or register the mark in the UK

21. There is nothing in the evidence that I can see that establishes that Tesco were aware of Wal-Mart's registration and/or use of WE SELL FOR LESS in the United States. Had they been, they could reasonably have expected that, following their purchase of Asda, Wal-Mart would want to import their own particular corporate and promotional identity, including their trade marks, as part of the package. In the absence of evidence that proves that at the time of making their application, Tesco were so aware, I do not see that I can conclude that Tesco made the application in the face of Wal-Mart's possible extension of their use of WE SELL FOR LESS into the United Kingdom.

22. In her first Statement, Dr Prince states "The TESCO WE SELL FOR LESS campaign has been running for two years, which has consisted of press advertisements, flyers and in-store material", which given that her Statement was given in February 2002, would put their use as commencing around February 2000, a matter of some months after the date on which they made their application to register the phrase as a trade mark. In her second Statement Dr Prince seeks to take this date back further, highlighting that the Tesco PLC Annual Review and Summary Financial Statement 2000 (exhibit DP4) refers to a lowering prices campaign in 1999, in particular showing display cards bearing, inter alia, WE SELL FOR LESS with the "scissor and £ sign" logo. She also notes a flyer shown as exhibit DP3 which is endorsed "Oct 99", saying that the lead-in time for such a campaign is between 3 and 9 months, in essence, claiming that Tesco's adoption or use of WE SELL FOR LESS could have taken place any time from January 1999, but certainly did from July 1999.

23. Dr Prince goes on to say that when Tesco filed their application on 22 July 1999, neither the opponents, nor Wal-Mart had an application pending for the mark WE SELL FOR LESS. She exhibits an extract taken from the trade marks database (DP5) on 9 December 2002, noting that the application filed by Wal-Mart on 22 June 1999 had been refused. The extract shows that action on the application stopped on 27 March 2001, so clearly, at the time that Tesco made their application, the Wal-Mart application was still current.

24. Tesco do not admit that they were aware of Asda's applications prior to filing their own, but even so, there is, I believe, sufficient for it not to be unreasonable to infer that this was, in fact the case.

25. Asda is one of, if not the applicants' main competitor, and it seems somewhat unlikely that their trade mark attorneys would not have informed them that Asda had filed a number of trade mark applications.

26. Tesco did not file just one, but quite a number of ATesco-ised@versions of the very trade marks that ASDA had applied for only a matter of weeks earlier:

Wal-Mart or Asda applications

Similar Tesco applications

OUR PEOPLE MAKE THE DIFFERENCE TESCO PEOPLE MAKE THE DIFFERENCE

ALWAYS LOW PRICES ALWAYS WAL-MART ALWAYS LOW PRICES ALWAYS TESCO

GREAT VALUE HOME (stylised)

TESCO GREAT VALUE HOME

EVERYDAY LOW PRICES

TESCO EVERYDAY LOW PRICES

ALWAYS

TESCO ALWAYS

WE SELL FOR LESS

TESCO WE SELL FOR LESS

VAT FREE ZONE (stylised)

TESCO VAT FREE ZONE

PERMANENTLY LOW PRICES
FOREVER/Asda PERMANENTLY LOW
PRICES FOREVER

TESCO PERMANENTLY LOW PRICES
PRICES FOREVER

27. Whilst these marks may be considered to be rather ordinary promotional statements that any retailer could just happen to come up with, I find it stretching the bounds of credibility that this could be the case with so many. In their press release, Tesco make the admission that “In a counter move TESCO is seeking to register some of the same phrases...”. Whilst they go on to say that they independently adopted TESCO WE SELL FOR LESS, and have used and continue to use this phrase, there is no conclusive evidence to support their claim to having done so prior to the date of application.

28. 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 applications, which was 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 opponents’ claim.

29. The second strand of the opponents’ objection is that the applicants have no bona fide intention to use the opposed trade mark in respect of goods and/or services, having only used the mark in relation to a price cutting and/or price promotion programme. The objection is 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.

30. This objection goes to the heart of Section 32(3), which reads as follows:

“32.- (3) 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.”

31. This section clearly envisages that the trade mark applied for is to be used in relation to goods and/or services. Tesco do not seem to be entirely sure of their motives for making their application. In applying to register WE SELL FOR LESS as a trade mark, they are saying this is their mark and will serve to tell the consumer the origin of the goods, in other words, that these are Tesco goods. However, in their press statement they describe the mark as a “Common business slogan” and state their rationale for seeking registration of this, and a range of other marks as being to “...ensure they remain in the public domain”. There seems to me to be an all too obvious tension between these claims.

32. Mr Tritton went to the Statement of Case, noting that in paragraph 6(ii) the opponents state:

“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 programme.”

33. This, he said, was a concession that the mark has been used, albeit in relation to a price cutting or a price promotion campaign, and distilled the question down to whether, despite this use, there was no bona fide intention to use the mark.

34. In the *Canon* case (Case C-39-97 *Cannon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.* [1999] RPC 117), the ECJ said the following:

“.. the essential function of the trade mark is to guarantee the identity of the origin of the marked product to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin. For the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish, it must offer a guarantee that all the goods or services bearing it have originated under the control of a single undertaking which is responsible for their quality..”

35. In the *Reef* trade mark appeal [2002] RPC 19, Pumfrey J considered the question of use, and referring to the *Canon* case, stated:

“I shall assume that the hearing officer is correct in his view that use has to be trade mark use, since

I think it is the preferable view.”

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 the 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 mark is affixed, for example, a T-shirt. It would not establish use in relation to the goods or service it promotes.

38. In paragraph 1 of their Counterstatement, Tesco say that as a retailer it uses during the course of its business “...a number of terms and slogans relating to offers deals and in the general terms which it

perceives as being part of the ordinary expressions that grocers and retailers use and should have the right to use.”

39. 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 offers 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”.

40. No matter how public spirited their stated intentions for obtaining a registration, they could not, as described by Mr Tritton, 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.

41. The opposition having been successful, the opponents are entitled to an award of costs. I therefore order that the opponents pay the applicants the sum of , 2,000 as a contribution towards their costs. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 24th day of November 2003

**Mike Foley
for the Registrar
the Comptroller-General**

'TESCO FIGHTS AMERICANS' "DAWN RAID" ON THE ENGLISH LANGUAGE

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 same 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".