

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO. 2109330

BY ROVER GROUP LIMITED

TO REGISTER A TRADE MARK IN CLASS 12

DECISION

On 6th September 1996 Rover Group Limited (“the Applicant”) applied to register the signs XE and Xe as a series of two trade marks for use in relation to motor land vehicles in Class 12.

The Trade Marks Registry objected to the application on the basis that the signs put forward for registration were “*devoid of any distinctive character*” and therefore excluded from registration by the provisions of Section 3(1)(b) of the Trade Marks Act 1994.

A hearing was appointed to enable the Applicant to make representations in support of the application. This took place before Mr. M. Foley acting as hearing officer for the Registrar of Trade Marks on 15th July 1997. The Applicant was represented by its appointed agent Mr. P. Cooper.

At the hearing Mr. Cooper elected to amend the application by deleting the first sign in the series (the letters XE in upper case). The hearing officer's note of the hearing (which is accepted as accurate by the Applicant) recorded the course of events in the following terms:

Mr. Cooper began by saying that he wished to delete the first mark in the series XE in upper case. This left the second mark which was Xe which should be accepted under the registry practice on two letter marks. I explained that although certain two letter marks that would be seen as a word could be accepted, the letters Xe were an usual and unnatural combination in the English language and unlikely to be taken as a word. I referred Mr. Cooper to the final paragraph of paragraph 6.2 of the WM which said that in cases of doubt an objection should be raised which could be overcome by filing evidence to show the public would take the two letters as a word. In view of the fact that I had doubt that the letters would be taken as a word I was maintaining the objection. Mr. Cooper said that he would not be filing evidence and the application was refused.

It appears from this note that the sign Xe was taken to represent an unusual and unnatural combination of letters in the English language, but that it was nevertheless regarded as prima facie ineligible for registration because it was prima facie unlikely to be regarded as a word.

At that stage the hearing officer's approach to registrability was based on the practice noted in paragraph 6.2 of the Trade Marks Registry Work Manual (June 1996 edition). According to that statement of practice:

Marks which consist of two letters will be regarded as devoid of any distinctive character, object under Section 3(1)(b). Where two letters form a word the mark will be accepted unless that word is otherwise open to objection. **The test is not whether the letters can be pronounced but whether the letters are likely to be taken as a word by the public.** The Registrar takes the view that the public are unlikely to take most two letter combinations as a word. However, where two letters form an English dictionary word (which is not otherwise objectionable) the mark can be accepted. Other two letter combinations can be accepted if: (1) they are **clearly** pronounceable; and (2) they are filed as words in upper and lower case. In cases of doubt an objection should be raised. This can be overcome if the applicant provides survey or other evidence showing that the public are likely to take the two letters, in the form filed, as a word (emphasis supplied).

In support of the practice summarised in these passages, the Work Manual referred to the decision given by Mr. Robin Jacob Q.C. on behalf of the Secretary of State in relation to Application No. 1,409,562 for the registration of a trade mark in Class 28 in the name of I.U. Corporation. That decision was issued on 18th January 1993. The mark put forward for registration was IUC CHOICE with exclusive rights to the use of the word “choice” disclaimed. Registration was requested and refused under the provisions of the Trade Marks Act 1938 (as amended).

With reference to the request for registration in Part A of the Register Mr. Robin Jacob Q.C. observed that:

an unused mark can only be registered if it satisfies one of the criteria set out in s.9(1)(a)-(d). Even then it must also be “distinctive” within the meaning of the section. **Here the only possibly relevant criterion is “an invented word”. Are these**

letters such? Three letters can obviously form a word sometimes. The test must be whether the public would take the letters as signifying a word. The question is not “can these letters be pronounced as a word” but “would these letters be taken as a word? (emphasis added)

He then referred to the Registrar’s practice relating to the registration of three letter marks under the 1938 Act (as noted in paragraph 9-210 of the then current edition of the Trade Marks Registry Work Manual) and said:

I think this practice is a useful guide as to the common sense of the position, provided it is remembered that pronounceability is being used to test whether sets of three letters would, as the practice says, really be taken as words [by] the public.

He went on to accept that the common practice among traders of using initial letters to identify their goods made it inappropriate, in the absence of any evidence of distinctiveness acquired through use, to permit registration of the mark in question in Part B of the Register.

As noted above, Mr. Cooper indicated at the hearing before Mr. Foley that the Applicant did not wish to try and overcome the Registrar’s objection to registration by filing evidence to show that the public would consider Xe to be a word. Formal notice of refusal of the application was then issued under Section 37(4) of the 1994 Act on 30th July 1997. I understand that at some point thereafter Mr. Cooper asked on behalf of the Applicant for an opportunity to file evidence relating to the capacity of the sign Xe to function satisfactorily as an indication of origin irrespective of whether it was likely to be regarded as a word. I further understand that the request was refused on the basis that the formal notice of refusal

had by then to be treated as binding upon the Registrar unless and until it was discharged or varied on appeal. Subsequently, at the request of the Applicant and in accordance with the requirements of Rule 56 of the Trade Marks Rules, the hearing officer issued a formal written decision stating his reasons for refusing the application. This was issued on 13th July 1998.

In his decision issued on 13th July 1998 the hearing officer summarised the Registrar's practice relating to two and three letter signs in the following terms:

The Registrar generally regards random combinations of three or more letters as being distinctive. Whether a random combination of two letters has any distinctive character as a trade mark will depend on various considerations including:-

- a) whether the letters are likely to be taken as a short, pronounceable invented word;
- b) whether the letters are commonly used in the relevant trade(s) as catalogue or model references.

This brief summary was consistent with the revised statement of practice which can now be found set out in paragraph 3.11 of Chapter 6 of the Trade Marks Registry Work Manual (August 1998 edition) in the following terms:

3.11 Letters and Numerals

Section 1(1) of the Act states that trade marks may consist of letters or numerals. Such signs are not therefore excluded from registration *per se*. Whether a letter or numeral mark can be registered *prima facie* will therefore depend upon whether it is

devoid of any distinctive character. Letters and numerals presented with additional features or which are intertwined, conjoined etc and which have a trade mark character will be accepted.

3.11.1 Three letter marks

3 letter marks should be accepted in the prima facie case unless they are objectionable as descriptive words, acronyms, etc.

3.11.2 Two letter marks

Marks which consist of two letters will also be rejected if they are descriptive abbreviations, acronyms etc.

Where two letters form a non-descriptive word the mark will be accepted. In this case the test is not whether the letters can be pronounced but whether the letters are likely to be taken as a word by the public (see the decision of Robin Jacobs (*sic*) acting as the Secretary of State's tribunal in relation to Application No. 1409562).

Marks consisting of two random letters will be usually be regarded as devoid of any distinctive character for goods because of the tendency, in trade, to use letters as model or catalogue references (and because of the limited number of combinations of two letters). However, letters are not commonly used as model and catalogue references for all goods. Two random letters may therefore have distinctive character for goods such as foodstuffs and beverages which are not generally indexed in this way. Two letter marks may also be acceptable for services.

If the applicant or his representative can show that the general use of letters in trade described above does not apply to the specific goods listed in the application there may also be grounds for accepting two letter marks for other goods.

Where the examiner believes that there are grounds to accept a two letter mark he or she should consult his/her Unit Manager before acceptance.

This latter statement of practice broadly accords with the revised approach to the examination of trade marks consisting of one or two letters or numbers which OHIM has adopted following the decision of the Second Board of Appeal of the Community Trade Marks Office in Case R4/98-2 Fuji Photo Film Co Ltd's Application [1998] ETMR 343.

The current statement of practice recognises (correctly in my view) that a combination of two letters *may* be eligible for registration under the 1994 Act even if the combination is *prima facie* unlikely to be regarded as a word. It therefore allows for the possibility of registration in circumstances that would not have satisfied the requirements of the practice noted in paragraph 6.2 of the Trade Marks Registry Work Manual (June 1996 edition). It therefore raises doubts as to whether that practice was too tightly drawn for the purposes of the 1994 Act (because it was framed by reference to observations which had been made in a different context and for a different purpose i.e. the observations made by Mr. Robin Jacob Q.C. when giving his reasons for deciding in the IUC CHOICE case that IUC was not “an invented word” within the meaning of Section 9 of the 1938 Act). It therefore raises doubts as to whether the hearing officer was right to reject the present application on the basis of the practice noted in paragraph 6.2 of the Work Manual (June 1996 edition) at the conclusion of the hearing which took place on 15th July 1997.

The decision issued by the hearing officer on 13th July 1998 does not refer to paragraph 6.2 of the Work Manual (June 1996 edition) or the question whether the guidance contained in that paragraph was too tightly drawn for the purposes of the 1994 Act. It

nevertheless seeks to support the notice of refusal on a broader basis than that upon which registration was actually refused at the conclusion of the hearing on 15th July 1997. That is to say, it seeks to support the notice of refusal on the basis that the sign Xe was “*devoid of any distinctive character*” and therefore ineligible for registration as a trade mark for motor land vehicles not simply because it was prima facie unlikely to be regarded as a word, but also because it consisted of a combination of letters that was prima facie unlikely to be regarded as a badge of origin.

The latter aspect of the objection to registration is addressed in the decision issued on 13th July 1998 in the following terms:

From my own knowledge I am aware that it is common practice in the trade at issue to designate trim levels, engine capacity or type, special or limited editions, etc, of models of particular vehicles by the use of letters. I acknowledge that certain combinations of letters may be exclusive to one particular trader although that is not always the case and is not the case with respect to the letters “XE” which to my knowledge are, or have been used upon the same goods by at least two other traders, namely Peugeot and Nissan.

Some letters appear to be an abbreviation, eg. “TD” is frequently used to denote vehicles having Turbo Diesel engines, “i” to denote vehicles having a fuel “injection” system, etc. Others appear not to be an abbreviation but indicate an aspect of the vehicle, eg “GTi” is used by a number of traders to indicate that the vehicle has a high performance engine. Other combinations, eg. LX, GLX, SE, etc., do not appear to have any particular meaning, a point acknowledged by the agent at the hearing. Whether the letters Xe have a meaning or not does not materially affect my decision since I am inevitably led to the conclusion that, taking the usual practices of the trade into account, the mark applied for will not be seen by traders or

customers as a badge of origin, and therefore, that it is devoid of any distinctive character.”

There are five interrelated reasons why these observations give me cause for concern as to the basis on which the decision to reject the application was ultimately taken. First, they appear to recognise and accept that the narrow basis upon which registration of the sign Xe was refused at the conclusion of the hearing on 15th July 1997 was not a sufficient basis upon which to refuse registration under the 1994 Act. Second, they seek to justify the refusal of registration on the basis of facts and matters which would not have been addressed by evidence of the kind that the hearing officer was willing to consider in relation to the objection he maintained at the hearing on 15th July 1997 (but which would have been addressed by evidence of the kind which the Applicant apparently sought leave to submit after the notice of refusal based on that objection had been issued on 30th July 1997). Third, they appear to give little or no weight to the view which the hearing officer is noted as having expressed at the hearing on 15th July 1997 to the effect that the letters Xe were an unusual and unnatural combination in the English language. Fourth, they appear to be based in part upon information relating to the use of the letters XE “by at least two other traders, namely Peugeot and Nissan” which the Applicant could not reasonably have expected the hearing officer to cite against its application on the basis of the objection that was actually taken at the hearing on 15th July 1997. Fifth, they are directed to matters which extend beyond those upon which the Applicant was given the opportunity to make representations at the hearing on 15th July 1997.

Rule 48(1) of the Trade Marks Rules 1994 specifies that:

the registrar shall, before taking any decision on any matter under the Act or these Rules which is or may be adverse to any party to any proceedings before him, give that party an opportunity to be heard.

That Rule applies without prejudice to Section 37(3) of the 1994 Act which specifies that:

If it appears to the registrar that the requirements for registration are not met, he shall inform the applicant and given him an opportunity, within such period as the registrar may specify, to make representations or to amend the application.

It is clear from these provisions that a decision to refuse registration should be based upon grounds of objection which the applicant has, in substance, been given the opportunity to address in representations to the Registrar, made orally to one of the Registrar's hearing officers if so desired.

The importance of this principle was emphasised in the decision given by Mr. Hugh Laddie Q.C. on behalf of the Secretary of State in relation to Application No. 1,497,607 for the registration of a trade mark in Class 30 in the name of Northumbrian Fine Foods plc. The decision was issued on 1st March 1994. The mark put forward for registration (in respect of biscuits) was the word DUNKERS. Following a hearing to consider whether the mark was eligible for registration the Registrar's hearing officer had issued a written decision

explaining why he maintained that registration should be refused. He supported his reasoning by reference to three documents. These were annexed to his written decision. None of them had previously been identified to the applicant as raising matters of interest or concern to the Registrar. Mr. Hugh Laddie Q.C. observed that the hearing officer should not have relied on those documents:

If he came to the conclusion at the hearing that the application should be refused, his written decision should have explained why he came to that conclusion at that time. If the three documents, which were not present at the hearing, were not necessary to his decision, then there was no need to cite them. If, on the other hand, they played a significant part in his reasons for dismissing the application, it was wrong to rely on them without giving the Applicant the opportunity to comment upon them.

In the present case, the rejection of the application for registration was based partly on matters which the Applicant was not given an opportunity to address in representations to the Registrar and partly upon matters in respect of which the opportunity to make representations was duly given. It would therefore seem right for me to consider whether the decision to refuse registration can be upheld, without injustice or unfairness to the Applicant, on the limited basis of the matters in respect of which the opportunity to make representations was duly given. If it then appears that the decision cannot be upheld without injustice or unfairness to the Applicant, the element of non-compliance with the provisions of Rule 48 and Section 37(3) of the Act may properly be taken to have prejudiced the Applicant to an extent that ought to be remedied by setting aside the adverse decision.

It appears to me that the decision issued on 13th July 1998 simultaneously: (i) acknowledges that the narrow objection canvassed at the hearing on 15th July 1997 was insufficient, without amplification, to justify refusal of registration; and (ii) amplifies that objection by reference to matters not canvassed at that hearing, they being the matters referred to in the paragraphs from the hearing officer's decision which I have quoted above. I think that the inclusion of those matters in the decision issued on 13th July 1998 involved non-compliance on the part of the Registrar with the provisions of Rule 48 and Section 37(3) of the Act and that the elimination of those matters from consideration in relation to the decision to refuse registration would, on the face of it, leave no sufficient justification for refusing registration. The Applicant has not yet had a proper opportunity to make representations in response to the additional matters raised by way of objection in the decision issued on 13th July 1998. It was the stated position of the Applicant at the hearing before me that Xe is an idiosyncratic and unlikely combination of two letters and that it wished to contest the views to the contrary which had been expressed on behalf of the Registrar. In the circumstances I consider that the decision cannot be upheld without injustice or unfairness to the Applicant.

For these reasons I propose to determine the Applicant's appeal against the Registrar's decision by setting the decision aside and remitting the application to the Registrar for further examination on the basis: (a) that the Applicant will be notified in writing of the ground(s) upon which the Registrar currently considers the sign Xe to be ineligible for registration in respect of the goods of interest to the Applicant; and (b) that the

Applicant will be given the opportunity to make representations in response to the objection(s) thus defined, including the opportunity to make representations at a hearing to be appointed under Rule 48 if so desired.

In case there should be any doubt about it, I confirm that nothing I have said in this decision is intended to express any view one way or the other on the merits of the wider objections raised in the decision issued on 13th July 1998 or the merits of the application for registration in the light of those objections.

Given that the outcome of the application for registration remains uncertain and that it cannot be assumed that the present appeal has saved a registrable sign from rejection, I propose to follow the usual practice and make no order in relation to the costs of the appeal.

Geoffrey Hobbs Q.C.

3rd August 1999

Mr. P. Cooper, Head of Trade Marks at Rover Group Ltd, appeared on behalf of the Applicant.

Mr. A. James, Principal Hearing Officer, appeared on behalf of the Registrar.