

**TRADE MARKS ACT 1994**

**IN THE MATTER OF:**

**OPPOSITION No. 47027**

**IN THE NAME OF HALFORDS LIMITED**

**TO APPLICATION No. 2115347**

**TO REGISTER A SERIES OF TRADE MARKS**

**IN CLASSES 25 AND 35**

**IN THE NAME OF THE CONSORTIUM OF BICYCLE RETAILERS LIMITED**

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**DECISION**

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**Application No. 2115347**

1. On 11th November 1996 the Consortium of Bicycle Retailers Ltd (“the Applicant”) applied to register a series of two signs for use as trade marks in relation to “*clothing, footwear and headgear*” (Class 25) and “*advertising, all relating to the cycling industry*” (Class 35). The two signs were:

“Cycling **IS** ...”

“Cycling  
**IS** ...”

The signs were put forward for registration in series on the basis that they resemble each other as to their material particulars and differ only as to matters of a non-distinctive character not substantially affecting the identity of the mark applied for: Section 41(2) of the Trade Marks Act 1994. The Applicant made no claim to distinctiveness acquired through use in the United Kingdom prior to the date of the application.

### **Opposition No. 47207**

2. On 17th June 1997 Halfords Limited (“the Opponent”) filed notice of opposition to the application for registration. The application was opposed on various grounds. For the purposes of this decision I need only refer to the Opponent’s contentions that registration should be refused: (1) under Section 3(1)(a) of the 1994 Act on the basis that the signs in question were not capable of distinguishing the goods or services of one undertaking from those of other undertakings as required by Section 1(1) of the Act; (2) under Section 3(1)(b) of the Act on the basis that the signs in question were devoid of any distinctive character; (3) under Section 3(1)(c) of the Act on the basis that the signs in question consisted exclusively of indications which may serve in trade to designate the kind or characteristics of goods and services supplied under or by reference thereto. The Applicant joined issue with the Opponent on these objections.

### **The Evidence**

3. The Opponent filed evidence in support of the opposition. The Applicant filed no evidence in answer.

4. I need only refer to the evidence of Keith Scott, General Manager of the Opponent's Auto Leisure and Two Wheel Business Centre at Redditch in Worcestershire.

5. Mr. Scott produced (as his Exhibit KS1) a copy of a letter dated 6th June 1997 in which the agents for the Applicant stated, in reply to a letter from the agents for the Opponent requesting withdrawal of the trade mark application in suit, that:

“The mark applied for is particularly distinctive and a non-member of our clients' consortium would have no reason for wishing to use the mark complained of unless he is intent on copying the mark. It is not as though registration of the trade mark prevents competitors from using the two words in their descriptive sense.”

and

“Your clients can rest assured that our clients will not be so foolish and try to enforce their registration against your clients if they chose to use the same words in a non-trade mark sense, that is to say descriptively without the second word in very much larger capital letters or without the three full stops following the second word.”

6. In response to the Applicant's suggestion that the signs in question were visually distinctive, Mr. Scott observed that the device of representing words in capital letters and the device of using words followed by three full stops were:

“well-known in the English language, and in particular in advertising, as ways of adding emphasis and, in the second case, introducing a dramatic pause or effect.”

He supported these observations by reference to the contents of two exhibits.

7. Exhibit KS2 was an extract from “Mind The Stop. A Brief Guide to Punctuation with a Note on Proof-Correction” by G.V. Carey (first published by the Cambridge University Press 1939; revised edition 1958 reprinted as a Penguin Reference Book). The extract noted that “*Three full-stops in combination are used to mark the point where words are omitted in a quotation*” and “*This symbol is also occasionally convenient in ordinary narration when something is left for the reader’s imagination to supply*” and that the symbol is also used “*to denote stumbling or excited speech*”.

8. Exhibit KS3 was a bundle of material from various cycling magazines showing the use of capitals and three full stops to produce impact and emphasis in editorial matter and in advertisements.

9. In response to the Applicant’s suggestion that traders who were not members of its consortium of bicycle retailers would not wish to use the signs in issue unless they were intent on copying, Mr. Scott stated:

“My Company frequently arranges advertising for their suppliers and I can readily imagine that we might send out a document in such a situation offering a particular advertising deal in relation to advertising which was headed, for example, “*Cycling IS ... profitable*”. Equally on promotional T-shirts, which are essentially advertising on people’s chests, we might well use the slogan “*Cycling IS ... FUN*”. Similar slogans might suggest it is healthy, economic or green.”

### **The Hearing Officer’s Decision**

10. The opposition proceeded to a hearing before Mr. M. Reynolds acting on behalf of the Registrar of Trade Marks on 26th November 1999. In a written decision issued on 21st

December 1999 the hearing officer upheld the Opponent's objection under Section 3(1)(b) of the Act. He refused the application for registration and awarded the Opponent £735 as a contribution towards its costs of the proceedings.

11. On the basis of my observations in AD2000 Trade Mark [1997] RPC 168 at 173 as to the limited effect of Section 3(1)(a) of the Act, the hearing officer held that the signs in question were not objectionable under that section because they were not liable to be regarded as "*signs which cannot constitute a trade mark*" (see Article 3(1)(a) of Council Directive 89/104/EEC of 21st December 1988).

12. He considered that the application should be examined from the standpoint of Section 3(1)(b) on the basis that if it did not fall foul of that provision it was also likely to be free of objection under Section 3(1)(c).

13. He approached the question of registrability under Section 3(1)(b) on the basis that the Applicant had (in the letter of 6th June 1997 noted in paragraph 5 above) recognised the potential for descriptive use of the words *cycling is* and was relying on the combination of the words and other visual features in support of its claim that the signs in question possessed a distinctive character.

14. He took account of my observation in AD2000 Trade Mark [1997] RPC 168 at 176 that:

“Although section 11 of the Act contains various provisions designed to protect the legitimate interests of honest traders, the first line of protection is to refuse registration of signs which are excluded from registration by the provisions of section 3.”

15. He found that the signs in question lacked a distinctive character for the following reasons:

“Self-evidently the mark applied for does not convey a complete idea. Rather it relies on the devices of quotation marks and full stops to suggest or leave space for further text. It invites the viewer or reader to look for missing words or seek further explanation. It is in that context that the mark is particularly suited to the needs of advertising. I therefore agree with the opponents that the words themselves are open to objection.

As already noted, the applicants place some reliance on the presentational impact of the mark. [The opponent’s agent] suggested that this ‘surplus’ was insufficient to have any effect on the issue of distinctiveness. He referred me to the P.R.E.P.A.R.E. case where it was held that *‘the grammatical significance of the full stops is swamped by the linguistic significance of the letters and the sign would accordingly be used and understood by people in the same way as the word PREPARE’*. The circumstances in the case before me are somewhat different. I would not go so far as to say that the presentational features are swamped by the words themselves. However, the problem the applicants face is that quotation marks, full stops and capitalised letters are commonplace devices and have been shown to be used freely in advertising etc.

In the final analysis it is a matter of judgment as to whether the mark taken as a whole can be said to meet the requirements of the Act. The contribution that the presentational features make may be to reduce the length of actual trading that would be necessary for such a mark to acquire the necessary distinctiveness, but it cannot in my view overcome the difficulty it faces as an unused mark.”

In essence he concluded: (i) that the signs in question differed non-distinctively from the expression *cycling is*; and (ii) that the expression *cycling is* was non-distinctive for the goods and services of interest to the Applicant.

## The Appeal

16. The Applicant gave notice of appeal to an Appointed Person under Section 76 of the 1994 Act. The notice should have been filed by 21st January 2000. However, it was transmitted by fax on Sunday, 23rd January 2000 and was not officially received by the Trade Marks Registry until Monday, 24th January 2000. On 28th March 2000 Mr. C.J. Bowen acting as hearing officer for the Registrar of Trade Marks regularised the late filing by granting a retrospective extension of time over until the 24th January 2000. He did so for the reasons he gave in writing in a decision subsequently issued on 14 June 2000.

17. In its grounds of appeal and statement of case the Applicant maintained that its application for registration was not objectionable under Section 3(1)(b) of the Act and that even if it was the Opponent should not have been awarded as much as £735 in respect of its costs of the opposition because it had not succeeded on all of the grounds of objection it had raised against the application for registration.

18. The statement of case in support of the appeal confirmed (paragraph 3) that: *“It is quite correct that the Appellant would not enforce a registration of its trade mark against the use of ‘cycling is’ in a non-trade mark sense, for instance as ‘cycling is fun’ or ‘cycling is fab’.*

19. It criticised the hearing officer for not differentiating between the application for registration in Class 25 and the application for registration in Class 35. It stated with reference to the application for registration in respect of “clothing, footwear and headgear” in Class 25 that “the trade mark is of a distinctive character in relation to those goods”. This might be thought to have carried the inference that the application for registration in Class 35 was not

being pursued on appeal. However, the Applicant's written Outline of Argument before the hearing officer was appended to its statement of case on appeal on the basis that "the Appellant reiterates the points set out [therein]." That implied that the appeal related to all aspects of the hearing officer's rejection of the application for registration.

20. The attempt to satisfy the requirements of Rule 57(1) of the Trade Marks Rules 1994 (now Rule 63(1) of the Trade Marks Rules 2000) by reiterating all of the points set out in the earlier Outline of Argument was unhelpful. It failed to take account of what the hearing officer had subsequently decided in relation to those points and so failed to perform the key function of a statement of case on appeal which is (as the decision of Mr. Simon Thorley QC sitting as the Appointed Person in Coffeemix T.M. [1998] RPC 717 at 721,722 makes clear) to focus on the decision under appeal, identify the particular respects in which it is said to have been erroneous and provide a succinct statement of the grounds upon which it is contended that the decision was erroneous in the respects identified.

21. The task of reinterpreting the earlier Outline of Argument as a statement of case on appeal from the Registry decision was made no easier by the non-attendance of the Applicant at the hearing of its appeal.

22. In the absence of any submissions to the contrary, I have assumed for the purposes of the decision which follows that the Applicant disavows any claim to protection for use of the expression *cycling is* in statements such as "*cycling is fun*" or "*cycling is fab*" (in accordance with the confirmation provided in its statement of case as noted in paragraph 18 above) and for use "*descriptively without the second word in very much larger capitals or*

*without the three full stops following the second word*” (in accordance with the letter of 6th June 1997 noted in paragraph 5 above).

## **Decision**

### ***Article 6(1): Section 11(2)***

23. Section 11(2) of the 1994 Act implements Article 6(1) of Council Directive 89/104/EEC. Article 6(1) forms part of the regime for the protection of registered trade marks contained in Articles 5 to 7 of the Directive. The European Court of Justice (“ECJ”) has held that Articles 5 to 7 must be construed as embodying a complete harmonisation of the rules relating to the rights conferred by registration of a trade mark: Case C-355/96 Silhouette International Schmied GmbH & Co. KG v. Hartlauer Handelsgesellschaft mbH [1998] ECR I-4799, paragraph 25.

24. In that connection the provisions of Article 6(1) operate (as the Directive explicitly indicates) by way of “*limitation of the effects of a trade mark*”. They limit the rights of trade mark proprietors by providing (in the words of the Act) that a registered trade mark is not infringed by:

- “ (a) the use by a person of his own name or address,
- (b) the use of indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services, or
- (c) the use of the trade mark where it is necessary to indicate the intended purpose of a product or service, (in particular, as accessories or spare parts),

provided the use is in accordance with honest practices in industrial or commercial matters.”

Claims for protection under subsisting registrations cannot extend to these modes of expression.

25. It seems to me that the combined effect of sub-paragraph (a) and the proviso is to equate honest practices with legitimacy in relation to the use by a person of his own name or address as an indication of trade origin.

26. Sub-paragraph (b) “*does not confer on third parties the right to use [a sign or indication] as a trade mark but merely guarantees their right to use it descriptively*”: (Joined Cases C108/97 and C109/97 Windsurfing Chiemsee Produktions-und Vertriebs v. Boots-und Segelzubehör Walter Huber and Franz Attenberger [1999] ECR I-2779, paragraph 28). It may none the less have a powerful corrective effect upon the operation of a trade mark registration, as in the SPORK trade mark case where the Court of Appeal decided that eating utensils in hybrid form (spoons with physical modifications that enabled them to be used as forks) could honestly and accurately be identified in price lists and customer correspondence as SPORKS whether or not they came from the proprietor of the trade mark SPORK registered for “*cutlery, forks and spoons, all included in Class 8*”: D. Green & Co (Stoke Newington) Ltd v. Regalzone Ltd [2001] IP & T 1071, paragraphs 27 to 35 of the Judgment of Chadwick LJ.

27. Beyond that “*it is apparent from [sub-paragraph (c)] ... and the case law of the Court (Case C-63/97 BMW [1999] ECR I-905, paragraphs 58 to 60) that the use of another person’s trade mark may be legitimate where it is necessary to inform the public of the nature of the products or the intended purpose of the services offered*”: Case C-

112/99 Toshiba Europe GmbH v. Katun Germany GmbH (25th October 2001) paragraph 34.

**Article 3(1)(c): Section 3(1)(c)**

28. Articles 3(1)(c) and 3(3) of the Directive were implemented in Section 3(1)(c) and the proviso to Section 3(1) of the Act in the following terms:

“3(1) The following shall not be registered ...

- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services, ...

Provided that, a trade mark shall not be refused registration by virtue of paragraph ... (c) ... above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

These provisions apply to signs and indications that are both descriptive and non-distinctive in relation to the goods or services for which protection has been requested.

29. The exclusion was held in paragraphs 39 to 42 of the Judgment of the ECJ in Case C-383/99P Procter & Gamble v. OHIM (“BABY-DRY”) (20th September 2001) to be applicable to signs and indications which consist simply and solely of designations

*“which may serve in normal usage from a consumer’s point of view to designate, either directly or by reference to one of their essential characteristics, goods or services such as those in respect of which registration is sought”* (paragraph 39) and which may therefore be viewed as a normal way of referring to the goods or services or of representing their essential characteristics in common parlance (paragraph 42). In paragraphs 43 to 46 of its

Judgment the Court held that the exclusion did not apply to signs or indications identifiable as “*syntactically unusual juxtapositions*” of words in the nature of “*lexical inventions*” (in that case BABY-DRY for disposable diapers made out of paper or cellulose and diapers made out of textile).

30. The ECJ had previously held in paragraph 35 of its Judgment in Windsurfing that it is not necessary for there to be “*a real, current or serious need to leave a sign or indication free*” in order for it to be excluded from registration as a sign or indication which “*may*” serve in trade to designate the characteristics of goods or services. Article 3(1)(c)/Section 3(1)(c) was therefore held to be applicable to a geographical name when it “*designates a place which is currently associated in the mind of the relevant class of persons with the category of goods concerned or ... it is reasonable to assume that such an association may be established in the future*”. Windsurfing paragraphs 29 to 34.

31. This is an aspect of the Judgment in Windsurfing which was called into consideration by the approach adopted in paragraphs 75 to 81 of the Advocate General’s Opinion in the Baby-Dry case. However, the Judgment of the Court of Justice does not appear to me to have gone so far as to reverse the decision (which formed part of the ruling) in Windsurfing that the words “*may serve in trade to designate ... the characteristics of goods or services*” allow for a degree of foreseeability in the application of the exclusion from registration contained in Article 3(1)(c)/Section 3(1)(c).

32. There is a degree of foreseeability in the conclusion that a syntactically unusual juxtaposition of words in the nature of a lexical invention would not be understood purely descriptively by the relevant class of persons. There is likewise a degree of foreseeability

in the opposite conclusion that a sign or indication would simply be perceived by such persons as a new form of description. The latter conclusion points to unregistrability. I do not understand the Judgment of the Court in the Baby-Dry case to have decided otherwise and I can see no reason why the exclusion from registration contained in Article 3(1)(c)/Section 3(1)(c) should make no allowance for the advent of new forms of descriptive expression.

***Article 3(1)(b): Section 3(1)(b)***

33. Articles 3(1)(b) and 3(3) of the Directive were implemented in Section 3(1)(b) and the proviso Section 3(1) of the Act in the following terms:

“3(1) The following shall not be registered ...

(b) trade marks which are devoid of any distinctive character...

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b) .... above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.

In the light of the proviso, I understand the word “*devoid*” to mean “*unpossessed*”

34. The need for signs to possess a distinctive character in order to be registrable has repeatedly been confirmed in the case law of the ECJ.

35. In paragraphs 27 and 28 of its Judgment in Case C-39/97 Canon Kabushiki Kaisha v. Metro Goldwyn Mayer Inc [1998] ECR I-5507 the Court observed:

“27. Indeed, Article 2 of the Directive provides that a trade mark must be capable of distinguishing the goods or services of one undertaking from those of other undertakings, while the tenth recital in the preamble to the Directive states that the function of the

protection conferred by the mark is primarily to guarantee the indication of origin.

28. Moreover, according to the settled case-law of the court, 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 (see, in particular, Case C-10/89 *HAG GF (HAG II)* [1990] ECR I-3711, paragraphs 14 and 13).

36. The importance of determining whether a sign possesses a distinctive character was recently reaffirmed in paragraphs 20 to 24 of the Judgment of the ECJ in Case C-517/99 Merz & Krell GmbH & Co (4th October 2001): “*signs or indications which are not capable of fulfilling the essential function of a trade mark cannot enjoy the protection conferred by registration*” (paragraph 24).

37. In paragraph 23 of its Judgment in Merz & Krell the Court related the requirement for possession of a distinctive character to Article 2 of the Directive (Section 1(1) of the Act) whereas in paragraphs 44 to 46 of its Judgment in Windsurfing it referred to the distinctive character of a sign as “*one of the general conditions for registering a trade mark under Article 3(1)(b)*” i.e. under Section 3(1)(b) of the Act.

38. Whether intentionally or by accident (and bearing in mind the observations in paragraphs 9 to 12 and 61 to 74 of the Advocate General’s Opinion in the Baby-Dry case it may have been accidental rather than intentional) a sign must be “*capable of being represented graphically*” and “*capable of distinguishing the goods or services of one*

*undertaking from those of other undertakings*” and have “*a distinctive character*” in order to be free of objection and eligible for registration under Articles 2 and 3(1)(b) of the Directive (Sections 1(1) and 3(1)(b) of the Act).

39. Lack of distinctive character thus appears to me to give rise to objection under Article 3(1)(b)/Section 3(1)(b) in combination with Article 2/ Section 1(1) rather than under the latter provisions alone.

### ***Legitimate interests of other traders***

40. As stated in the tenth recital to the Directive, the protection afforded to registered trade marks “*is in particular to guarantee the trade mark as an indication of origin*”. In the case of wholly descriptive signs and indications there is nothing for such protection to attach to or bite upon. Such signs and indications can be used with equal truth by traders whose goods or services possess the relevant characteristic. Since they cannot “*fulfil the function of identifying the undertaking that markets them and are thus devoid of the distinctive character needed for that function*”, they are excluded from registration by Article 3(1)(c)/ Section 3(1)(c): Baby-Dry, paragraph 37. In relation to signs and indications of the kind to which it applies, Article 3(1)(c)/Section 3(1)(c) thus has the positive effect of making it unnecessary for honest traders to look for a defence under Article 6(1)(b)/Section 11(2)(b).

41. More generally, the existence of reasons for refusing registration under Article 3/Section 3 has the positive effect of making it unnecessary for anyone to look for a defence to infringement; but the existence of possible reasons for non-infringement does not have the positive effect of making it unnecessary to determine whether the conditions for

registration are satisfied in the first place: Bach Flower Remedies Trade Marks [1999] IP&T 146 (CA), paragraph 26 of the Judgment of Morritt LJ.

42. There is no legal justification for placing traders in jeopardy of proceedings for infringement by registering signs which “*are not capable of fulfilling the essential function of a trade mark and so cannot enjoy the protection conferred by registration*” (see paragraphs 35 and 36 above). It is also worth noting that a well-founded belief in the unregistrability of a sign which has made its way onto the Register appears to provide no defence to liability for unauthorised use of the registered trade mark in criminal proceedings under Section 92 of the 1994 Act: R v. Keane [2001] FSR 63 (C.A.). The whole point of examining applications for registration under Article 3/Section 3 is to screen them for compliance with the statutory requirements for protection. I remain of the view that it is not Article 6(1)/ Section 11(2) or any other saving provision, but the requirement for signs to be free of objection under Article 3/Section 3 which should be seen as the first line of protection for the legitimate interests of other traders.

***Independent operation of Article 3(1)(b)/Section 3(1)(b)***

43. In paragraph 39 of its Judgment in Baby-Dry the ECJ stated that a mark composed of signs or indications which may serve in normal usage from a consumer’s point of view to designate, either directly or by reference to one of their essential characteristics, goods or services such as those in respect of which registration is sought:

“should not be refused registration unless it comprises no other signs or indications and, in addition, the purely descriptive signs or indications of which it is composed are not presented or configured in a manner that distinguishes the resultant whole from the usual way of designating the goods or services concerned or their essential characteristics”.

The Court went on to say in paragraph 40 of its Judgment that:

“Any perceptible difference between the combination of words submitted for registration and the terms used in the common parlance of the relevant class of consumers to designate the goods or services or their essential characteristics is apt to confer distinctive character on the word combination enabling it to be registered as a trade mark.”

44. Taken out of context, these statements might be thought to indicate that signs which are not wholly descriptive should, for that reason, be regarded as distinctive and therefore eligible for registration. However, I do not think that the Court can be taken to have adopted that position for the following reasons:

- (i) it is not a position that the Court could have adopted without deciding that the provisions of Article 3(1)(b)/Section 3(1)(b) are largely if not entirely otiose in relation to signs and indications which are free of objection under the provisions of Article 3(1)(c)/Section 3(1)(c);
- (ii) however, the Court was not seized of any question directed to the provisions of Article 3(1)(b)/Section 3(1)(b): the question it had to decide was whether the contested decision of the Court of First Instance should be annulled in so far as it upheld the decision of OHIM’s First Board of Appeal to refuse registration of the designation BABY-DRY on the basis of the provisions found in Article 3(1)(c)/Section 3(1)(c);
- (iii) it would be remarkable if the Court had decided in passing, in a judgment not given under the provisions of Article 3(1)(b)/ Section 3(1)(b) to deprive those provisions of independent effect; and all the more so in circumstances where it had

previously held in Windsurfing that the distinctive character of a sign is “*one of the general conditions for registering a trade mark under Article 3(1)(b)*” (i.e. under Section 3(1)(b) of the Act);

- (iv) moreover, to hold that a sign or indication must be regarded as distinctive for the purposes of registration if it is not wholly descriptive of the relevant goods or services would be to ignore the reality of everyday experience: distinctiveness is a matter of fact and degree and signs which are not wholly descriptive do not always or necessarily possess a distinctive character; and
- (v) the Court evidently wished to emphasise that the word “*exclusively*” placed limits upon the operation of Article 3(1)(c) that had not previously been recognised in paragraph 25 of its Judgment in Windsurfing (where it went so far as to say that the exclusion from registration contained in Article 3(1)(c) extended to “*descriptive signs or indications ... including ... as part of complex or graphic marks*”); in this connection it clearly agreed with the view expressed in paragraph 81 of the Advocate General’s Opinion that a registrable trade mark may include signs or indications designating characteristics of the relevant goods or services, but may not consist *exclusively* of such signs or indications.

For these reasons I consider that the statements noted in paragraph 43 above relate to the inapplicability of Article 3(1)(c)/Section 3(1)(c) and are not determinative of the independent operation of Article 3(1)(b)/Section 3(1)(b);

### ***Test for distinctiveness***

45. There is often room for more than one view as to the capacity of a given sign to communicate the fact that the goods or services with reference to which it is used recurrently are those of one and the same undertaking.

46. The degree of idiosyncrasy regarded as prima facie sufficient to justify registration under the parallel provisions of the Community Trade Mark Regulation is examined in an article by Achim Bender (Member of the Third Board of Appeal at OHIM) and Philipp von Kapff (Legal Administrator at OHIM) entitled Born To Be Free - The Community Trade Mark in Practice 32 IIC 625 (Issue 6, 2001). The authors point out that the decisions of the Court of First Instance on appeal from the Boards of Appeal of the Community Trade Marks Office appear to have moved away from an initially rather strict approach to a latterly more generous approach to distinctiveness.

47. As examples of the stricter approach they refer to the decisions of the Court of First Instance in which refusals of registration were upheld in respect of : BABY-DRY for diapers; COMPANYLINE for insurance services; OPTIONS for insurance, warranty, financing, hire-purchase and lease purchase services; TRUSTED LINK for goods and services in the field of electronic commerce; INVESTORWORLD for financial services in Class 36; GIROFORM for paper and printed matter; and ELECTRONICA for organising trade fairs and conferences relating to electronic components and assembly.

48. As examples of the more generous approach they refer to the decisions of the Court of First Instance in which refusals of registration were overturned in respect of: DOUBLEMINT for a wide range of goods in Classes 3, 5 and 30 including chewing gum in various forms for various purposes; VITALITE for mineral water and baby food; CINE

COMEDY and CINE ACTION for the allocation and transfer of rights of access for users of various communication networks (Class 38); cultural activities; organizing competitions in the entertainment field (Class 41); management and exploitation of copyright and industrial property rights for others; technical consultancy in the field of multimedia, interactive television and Pay TV (Class 42); and EASYBANK for internet banking services.

49. To the list of relatively lenient acceptances they would undoubtedly have added the recent decision of the Court of First Instance in Case T-140/00 Zapf Creation AG v. OHIM (3rd October 2001) holding NEW BORN BABY to be registrable for dolls to play with and accessories for such dolls in the form of playthings.

50. The authors conclude that *“it is certainly too early to judge the work of the Luxembourg courts”* in relation to the examination of signs for distinctiveness. I can only say that I agree. Although the BABY-DRY decision has now been reversed by the ECJ, the consequences of other appeals to the Court of Justice have yet to make themselves felt. And it is sobering to think that the cases in which applications for registration are upheld on appeal to the supervising courts in Luxembourg may yet be subject to invalidity applications, supported by evidence, which would need to be considered on their merits under Article 51 of the Community Trade Mark Regulation.

51. In this rather unsettled state of affairs I think it is necessary to bear in mind that registration is granted upon the premise that a likelihood of confusion can be presumed in the event of double identity i.e. in the event of unauthorised use of an identical sign in relation to goods or services identical to those for which the protected sign is registered: see the

tenth recital to the Directive and Article 16(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”) OJ 1994 L 366 p.213. (As to the need for Member States to apply the partially harmonised provisions of the law of trade marks so far as possible in the light of the wording and purpose of the provisions of the TRIPS Agreement in that partially harmonised field, see the Judgment of the ECJ in Case C- 89/99 Schieving – Nijstad v. Groenveld 13th September 2001).

52. In paragraph 30 of its Judgment in Canon the ECJ held that there can be no likelihood of confusion of the kind rendered actionable by the Directive where it does not appear that the public could believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings.

53. It thus appears to be legitimate, when assessing whether a sign is sufficiently distinctive to qualify for registration, to consider whether it can indeed be presumed that independent use of the same sign by different suppliers of goods or services of the kind specified in the application for registration would be likely to cause the relevant class of persons or at least a significant proportion thereof, to believe that the goods or services on offer to them came from the same undertaking or economically-linked undertakings.

### *Assessing distinctiveness*

54. The right view to take of a particular sign may well depend upon the use (if any) that has been made of it and more generally upon the usages of persons involved in the relevant field(s) of commercial activity. It follows that evidence of such matters may properly be given in proceedings where the distinctiveness of a sign is in issue.

55. It is necessary (bearing in mind that signs which can, in substance, be expressed as sounds are protected in respect of audible use under the 1994 Act) to ensure that signs expressible as sounds are not assessed by reference only to the characteristics they can be seen to possess when represented graphically in accordance with the requirements of Article 2/Section 1(1).

56. The provisions of Article 13 of the Directive indicate that an application for registration should not cover goods or services of a kind for which the sign is not registrable.

57. The question whether a particular sign possesses a distinctive character cannot be considered in the abstract: Merz & Krell, paragraph 29. It must be considered in relation to the goods or services for which registration has been requested: Merz & Krell, paragraphs 29 and 30. In order to be registrable in that connection the sign in question must possess enough of a distinctive character to be regarded as an indication of trade origin by the relevant class of persons or at least a significant proportion thereof: Windsurfing, paragraph 52.

58. The relevant class of persons consists of the trade and average consumers of the specified goods and services in the territory covered by the application for registration: Windsurfing, paragraph 29. The average consumer of the goods or services concerned is to be regarded as reasonably well-informed and reasonably observant and circumspect: Case C-342/97 Lloyd Schuhfabrik Meyer & Co GmbH v. Klijsen Handel BV [1999] ECR I-3819, paragraph 26. It is to be remembered that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details: Lloyd Schuhfabrik paragraph 25. It should also be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: Lloyd

Schuhfabrik paragraph 26.

59. It is implicit in this approach to the assessment of distinctiveness that the perceptions of the average consumer are to be assessed in context, with due regard for the realities of the market place. In cases where the application for registration contains no limitation as to how the sign in question is to be used, it will be relevant to have regard to the various methods and practices of marketing that the average consumer of the relevant goods or services is likely to encounter under normal and fair trading conditions. It is also appropriate to bear in mind that use on business papers and in advertising is within the scope of the protection that the applicant is seeking to obtain: see Article 5(3)(d) of the Directive (Section 10(4)(d) of the Act).

60. When assessing the capacity of the sign in question to identify the relevant goods or services as coming from a particular undertaking and thus to distinguish them from those of other undertakings, account should be taken of the inherent characteristics of the sign including the fact that it does or does not contain an element descriptive of the relevant goods or services: Lloyd Schuhfabrik, paragraphs 22 and 23.

61. As emphasised in paragraph 11 of the Judgment in Lloyd Schuhfabrik, it is for the national authorities to determine whether any given sign can in fact be said to possess enough of a distinctive character to be registrable when judged according to these criteria. The national authorities are entitled to assess the meaning and significance of the given sign according to the circumstances prevailing in their own territories, it being recognised and accepted that assessments of such matters are liable to vary as a result of linguistic, cultural and social differences between Member States: Case C-313/94 Fratelli Graffione SNC v.

Ditta Fransa [1996] ECR I-6039 paragraph 22; Case C-317/91 Deutsche Renault AG v. Audi AG [1993] I-6227 paragraphs 20 et seq.; Case C-220/98 Estee Lauder Cosmetics GmbH & Co OHG v. Lancaster Group GmbH [2000] IP&T 380 paragraphs 29, 30.

### *The signs in issue*

62. The signs in issue look and sound like the opening words of an emphatic statement relating to cycling. The ellipsis visibly (and when represented audibly by a pause) invites people to add meaning to the words.

63. I agree with the hearing officer in thinking that the signs are unobjectionable under Article 3(1)(a)/Section 3(1)(a): they are not “*signs which cannot constitute a trade mark*” for the goods and services of interest to the Applicant. There is in any event no appeal against that part of the hearing officer’s decision.

64. The word “cycling” is apt to describe a class or category of “clothing, footwear and headgear” no less than it is apt to describe “advertising all relating to the cycling industry”. The expression “cycling is” cannot be described as a syntactically unusual juxtaposition of words in the nature of a lexical invention. The combination of words does not lack descriptive power, but the description is unfinished. And then there are the presentational elements of the signs to be taken into account.

65. I do not think that the signs as a whole are caught by the exclusion from registration contained in Article 3(1)(c)/Section 3(1)(c) because I do not think that they can be said to consist “*exclusively*” (i.e. simply and solely, as contemplated by the ECJ in Baby-Dry) of matter that is descriptive of the kind or characteristics of the goods and

services for which registration has been requested.

66. That brings me to the question whether the signs possess a distinctive character enabling them to fulfil the essential function of a trade mark in relation to goods and services of the kind specified in the application for registration.

67. The case for allowing registration rests upon the proposition that the signs are cryptic to a degree which makes it more likely than not that they would carry connotations of trade origin (whatever other connotations they might also carry) in the minds of the relevant class of persons or at least a significant proportion thereof.

68. The case for refusing registration rests upon the proposition that the signs are visually and linguistically meaningful in a way which is more likely than not to relate the goods and services to the activity of cycling without also serving to identify trade origin in the minds of the relevant class of persons.

69. The difference between these two positions resides in the question whether the perceptions and recollections the signs would trigger in the mind of the average consumer of the specified goods and services would be origin specific or origin neutral.

70. The relevant perspective is that of the average consumer who does not know there is a question, but who is otherwise reasonably well-informed and reasonably observant and circumspect.

71. I do not suppose that such a person would pause to construe the signs when encountering them in any of the different settings (including advertising and promotional settings) in which they might be used. Even so, the degree of attention required to take

note of the signs in the first place would be sufficient, in my view, to leave a reasonably well-informed and reasonably observant and circumspect person with the clear impression that the signs were being used with reference to goods and services related to cycling.

72. The Applicant's position on descriptiveness and distinctiveness (see paragraphs 5, 18 and 22 above) attaches significance to the presence of inverted commas, capital letters and an ellipsis in the signs put forward for registration. I think that these features give the signs a degree of individuality, but do so in a way which accentuates rather than subordinates their linguistic content. The treatment of the words does not appear to be significantly unconventional in the light of the advertising and editorial techniques illustrated by the extracts in Exhibit KS3 to Mr Scott's declaration.

73. Doing the best I can on the materials before me, I think that the signs in question would be perceived by the relevant class of persons as pronouncements identifying cycling as the *raison d'être* for the marketing of the goods and services to which they related. That is a message that the members of a consortium of bicycle retailers might naturally be interested in putting across to customers and potential customers. I do not think that the nature of the pronouncement or its presentation can in either case be regarded as sufficiently striking to function as an indication of trade origin in relation to goods or services of the kind specified in the application for registration that is now before me.

74. It seems to me that the perceptions and recollections the signs would trigger in the mind of the average consumer of the specified goods and services would be origin neutral (relating to the general commercial context of the relevant trading activities) rather than origin specific. I am not satisfied that confusion of the kind contemplated by the ruling in the

Canon case could rightly be presumed in the event of double identity (see paragraphs 51 to 53 above).

75. For these reasons the hearing officer's rejection of the application for registration will be upheld.

### ***The appeal as to cost***

76. Paragraphs 8 and 9 of the Applicant's grounds of appeal and statement of case demonstrate that the hearing officer awarded the Opponent the minimum figures specified in the then current scale of costs for: (i) preparing and filing evidence; and (ii) preparing for and attending the hearing. I infer that the hearing officer confined his award to the minimum figures for those items with due regard for the fact that the Opponent had not succeeded upon all of the grounds of objection it had raised in its notice of opposition. I do not detect any error in the exercise of the hearing officer's discretion as to costs. His award of costs in the sum of £735 will therefore be upheld.

### **Conclusion**

77. The appeal is dismissed and I direct the Applicant to pay the Opponent £700 as a contribution towards its costs of the unsuccessful appeal. That sum is payable in addition to the sum of £735 awarded in respect of the proceedings below.

Geoffrey Hobbs Q.C.

28th November 2001

The Applicant did not appear and was not represented at the hearing.

The Opponent was represented by Mr Brian Dunlop of Messrs Wynne-Jones, Laine & James

The Registrar was not represented at the hearing.