

O-196-03

THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NO. 2 161 562B IN THE NAME OF CONTINENTAL SHELF 128 LIMITED AND IN THE MATTER OF AN OPPOSITION THERETO BY ELIZABETH FLORENCE EMANUEL

AND

IN THE MATTER OF TRADE MARK REGISTRATION NO. 1 586 464 IN THE NAME OF CONTINENTAL SHELF 128 LIMITED AND IN THE MATTER OF AN APPLICATION FOR REVOCATION BY ELIZABETH FLORENCE EMANUEL

DECISION

Background

1. This is an interim decision in two appeals to the Appointed Person by Elizabeth Emanuel. The appeals are from decisions of Mr. Knight, the Hearing Officer acting for the Registrar, dated the 17th October 2002.
2. At all relevant times, Elizabeth Emanuel was very well known as a designer of fashion clothes, not least because of her involvement with the design of the wedding dress of the Princess of Wales. In 1990 she began trading under the name ELIZABETH EMANUEL from an address in Brook Street. In 1996 she sought financial backing and entered into an agreement with a company called Hamlet International Plc under which a jointly owned company called Elizabeth Emanuel Plc ("EE Plc") was formed. Elizabeth Emanuel assigned to EE Plc, inter alia, the business of designing and selling garments formerly

run by her under the name ELIZABETH EMANUEL, all assets of the business, including its goodwill, and an application for a registered trade mark comprising a device and the words ELIZABETH EMANUEL. That trade mark (“the Registered Mark”) was duly registered in 1997 under No. 1586464.

3. In September 1997 Elizabeth Emanuel fell into financial difficulties, with the result that EE Plc entered into a further agreement with a company called Frostprint Limited (“Frostprint”). Under that agreement EE Plc assigned to Frostprint, inter alia, the business of EE Plc as a going concern, including its goodwill, and the Registered Mark. At the same time Frostprint changed its name to Elizabeth Emanuel International Limited (“International”). Elizabeth Emanuel was employed by International.
4. In October 1997 Elizabeth Emanuel left the employment of International. In November 1997 International assigned the Registered Mark to another company called Oakridge Trading Limited (“Oakridge”). In March 1998 Oakridge applied to register the mark ELIZABETH EMANUEL (“the Application”).
5. On the 7th January 1999 a Mr. Anthony Drew filed a notice of opposition to the Application and on the 9th September 1999 he applied to revoke the Registered Mark.
6. The application for revocation and the opposition were heard by the Hearing Officer on the 18th April 2002 at a combined hearing. By the time of the

hearing the Application and the Registered Mark stood in the name of Continental Shelf 128 Limited (“CSL”) and the name of the opponent and applicant for revocation had been changed from Anthony Drew to Elizabeth Emanuel. Nothing turned on these matters before the Hearing Officer.

7. Both the opposition and the application for revocation were dismissed by the Hearing Officer. On the 16th December 2002 Elizabeth Emanuel issued Notices of Appeal to an Appointed Person.

8. On 4th March 2003 CSL requested that these appeals be referred to the High Court pursuant to section 76 of the Trade Marks Act 1994 (“the Act”).

Section 76(3) of the Act provides:

"(3) Where an appeal is made to an appointed person, he may refer the appeal to the court if—
(a) it appears to him that a point of general legal importance is involved;
(b) the registrar requests that it be so referred, or
(c) such a request is made by any party to the proceedings before the registrar in which the decision appealed against was made. "

Before doing so the Appointed Person must give the appellant and any other party to the appeal an opportunity to make representations as to whether the appeal should be referred to the court. Accordingly, Elizabeth Emanuel was invited to respond to the request that the appeals be referred. She has done so and objects to the request.

Applicable Principles

9. In *Academy Trade Mark* [2000] RPC 35 Mr. Simon Thorley Q.C, sitting as an Appointed Person, considered an application to refer to the High Court an appeal from a decision of a Hearing Officer arising out of an application for revocation. He said:

"9. The provisions of the Act providing for a right of appeal to the Appointed Person are significant in that they provide for a quick and cheap method of testing any decision of the Registrar. The fact that no appeal lies from the decision of the Appointed Person enables finality at an early date. The Act however expressly provides for appeals to the Appointed Person to be referred to the court and I have gained assistance in considering the circumstances in which the Appointed Persons should refer by some observations of Matthew Clarke Q.C acting as one of the Appointed Persons in *A.J. and M.A Levy's Trade mark No. 1343470*, a decision given subsequent to a hearing on July 2, 1998.

10. In that decision, Mr. Clarke referred to the court the question of whether there was a residual discretion under section 46(1) of the 1994 Act to allow a trade mark to remain on the register in a case where there had been no genuine use of the registered trade mark and no proper reasons had been established for its non use. Mr. Clarke stated:

At the hearing before me, Mr. J. Pennant, agent for the applicant submitted that the appeal should not be referred to the High Court. He emphasized that his client was a private individual who had deliberately elected to use the appeal procedure for the Appointed Person under section 76 of the 1994 Act so that a quick, final and relatively inexpensive decision on the matter of revocation could be obtained. If the matter were now to be referred to the High Court, that objective could be defeated since there would then be the prospect of further appeals and possible reference to the European Court of Justice, with all the attendant additional costs and delay that would involve. (It would of course be competent for the Appointed Person if so advised to refer the issue to European Court of Justice). Mr. Pennant stressed that there would be many new questions of law arising

from the provisions of the 1994 Act and it would appropriate that the Appointed Person should seek to deal with these as and when they arise.”

11. Mr. Clarke then went on to cite section 76(3) and continued:

“On my reading of those provisions, even if the Appointed Person himself did not consider that a point of general legal importance is involved, he may refer the appeal to the court where a request is made by either the registrar or one or the parties, after he has heard representations relating thereto. Having said that I am firmly of the view that the power to refer under section 76 should be used sparingly, otherwise the clear object of the legislation to provide a relatively inexpensive, quick and final resolution of appeals by a specialist tribunal would be defeated. Moreover, I am of the opinion that it will normally be a matter of particular significance if the registrar requests the Appeal to be referred because he considers that it raises a point of general legal importance.”

12. In that case Mr. Clark directed that the appeal be referred to the court because the question of residual discretion was not the subject of any authoritative guidance and because it raised an issue of wide general importance. It should be noted that he rejected an attempt by counsel to raise an additional ground for reference as follows:

“Counsel also attempted to persuade me that there was another reason why the appeal should be referred to the High Court and that was that the Hearing Officer had concluded that there had been no genuine use by the registered proprietors of the mark in respect of cigarettes. His clients wished to challenge that decision having regard to the evidence that they had placed before the Hearing Officer. I should make it clear that I would not have decided to refer this appeal to the High Court simply to enable that point to be raised.”

13. I accept and intend to apply the principles set out by Mr. Clarke. Whilst it is not essential for a reference that a point of general legal importance is identified, the power to refer should be used sparingly and I anticipate that it will be rare in the extreme that a reference is made in circumstances where a point of general legal importance cannot be

identified. The attitude of the registrar is important but not decisive. The registrar's officers have considerable day to day experience in matters relating to trade mark registrations and applications for revocation. Their views as to whether a particular point is a point of general legal importance should be given great weight.

14. So also should consideration be given to the views of the party not seeking to refer. The relative importance of cost and expense to that party should be taken into account. Where that party is a large corporate entity, the necessary cost and expense of legal advisers is, perhaps, of less significance than in the case where the party in question is an individual or a small company or partnership which has not gone and does not wish to go to the expense of employing legal advisers.

15. Finally I believe it is proper to have regard to the public interest. There are plainly two conflicting public interests. One is the public interest in having the uncertainty of a pending application for a trade mark or a pending application for revocation disposed of finally at the earliest possible date, so that not only the parties but rival traders may know the state of the Register, but, equally, there is a public interest that important points of law are decided by the higher courts."

10. Mr. Thorley was unable to identify any point of general legal importance arising in the case before him and declined to refer the appeal to the High Court. So far as relevant to the matters before me, I believe that the following principles emerge from these cases:

- (a) The Appointed Person has a discretion whether or not to refer an appeal to the court ; he has that discretion even if it appears to him that a point of general legal importance is involved.
- (b) The power to refer appeals to the court should be used sparingly, otherwise the clear object of the legislation to provide a relatively inexpensive, quick and final resolution of appeals by a specialist tribunal would be defeated.

- (c) It will be very rare to make a reference in circumstances where a point of general legal importance cannot be identified.
- (d) The cost and expense to the party not seeking to refer should be taken into account; this is a matter which may be of particular significance in a case where the party in question is an individual or small company or partnership.
- (e) Regard must be had to the public interest generally. There is a public interest in having any uncertainty as to the state of the Register resolved as soon as possible. On the other hand there is a public interest in having important points of law decided by the higher courts.
- (f) The attitude of the Registrar is important but not decisive.

The Request for a Reference

11. Elizabeth Emanuel contended before the Hearing Officer that the Application and the Registered Mark were objectionable under section 3(3)(b) of the Act on the following basis. At the relevant dates Elizabeth Emanuel was a world famous designer of fashion garments. Consequently use of the trade mark ELIZABETH EMMANUEL upon goods which were not designed by her was liable to lead to deception.
12. CSL disputed this allegation and contended that Elizabeth Emanuel had sold the goodwill in the business of designing and manufacturing garments, along with a trade mark which included her name. Thus, any deception would be short lived and similar to that which arose in any assignment of a trade mark

from one person to another. This was the “lawful deception” recognised and sanctioned by Dankwerts J. in *Reuter v. Mulhens* (1953) RPC 102.

13. The Hearing Officer preferred the submissions of CSL and rejected the objections based on section 3(3)(b) of the Act. It is against those decisions that Elizabeth Emanuel appeals. It seems from the Notices and Grounds of Appeal that Elizabeth Emanuel will advance the same arguments on the appeal as before the Hearing Officer. But, say, CSL, there is one significant addition. In the Registry, Elizabeth Emanuel did not challenge the submissions advanced on behalf of CSL that the law in relation to “lawful deception” had not materially altered with the introduction of the 1994 Act. On the appeal it appears that Elizabeth Emanuel will contend that even if the Hearing Officer was right as to the position under the 1938 Act, then the law changed with the coming into force of the 1994 Act.

14. In these circumstances CSL contend that a point of general legal importance arises. They identify the question as follows:

Under the law now in force, can a purchaser buy from an existing trader a business, goodwill and registered mark and then freely continue the business under that mark thereafter, or will the purchaser only avoid having the mark revoked (and be able to trade under that mark) if, on the facts, the “average consumer” would not think that the business is still associated with the vendor at the moment when the purchaser takes over trading?

15. CSL submit that the question is likely to affect a very large number of transactions involving the sale of a business. Accordingly, they say, the appeal raises an important point of law that ought to be decided by the High Court.
16. Elizabeth Emanuel resists the application. On her behalf it is contended that the appeals do not raise any issue of general legal importance, and therefore should not be referred. Moreover, it is said that Elizabeth Emanuel is impecunious, her lawyers are presently acting *pro bono publico*, and the risks associated with the higher costs of the High Court would in all likelihood force her to discontinue her appeals. This latter point has not been disputed by CSL.
17. I have come to the conclusion that I should not refer these appeals to the High Court. I accept that these cases do raise an issue of legal importance as to the scope of section 3(3)(b) of the Act. However I am more doubtful that it may be regarded as an issue of general legal importance. I anticipate that many cases will turn on their own facts. In *Scandecor Development AB v. Scandecor Marketing AB* [2002] FSR 7 the House of Lords referred to the European Court of Justice the question of whether a trade mark is to be regarded as liable to mislead the public within the meaning of Article 12(2)(b) of the Directive if the origin of the goods denoted by the mark is a bare exclusive licensee. Lord Nicholls said at paragraphs 42 to 44:

"42. Before proceeding further I must mention some of the practical implications of the view expressed above, starting with the position which exists while an exclusive licence is in operation. The mere fact that, during this period, some customers may associate the trade mark with the exclusive licensee does not mean that it has become

deceptive or that it lacks distinctiveness. During the licence period the goods come from only one source, namely the licensee, and the mark is distinctive of that source.

43. The position after the licence has ended is different. Then the right to use the mark reverts to the proprietor of the mark. He can then apply the mark to his goods. The position is indeed, comparable to the position which arises when a trade mark is assigned without any assignment of the assignor's business. Whether this change in the person entitled to use the mark gives rise to deception will depend primarily on what then happens to the erstwhile licensee's business. If the former licensee ceases to carry on the business in which he used the mark, no question of deception due to lack of distinctiveness will normally arise. Henceforward the mark will be distinctive of one source, namely the proprietor of the mark. This will be a different source from the source during the licence period, but this change in the source is not itself inherently deceptive. Such a change occurs whenever a trade mark changes hands.

44. What happens if, after the licence has ended, the former licensee continues to carry on the same business as he did during the licence period? Suppose he continues to manufacture the same goods and deal with the same customers, but without using the licensed mark. In such a case there may be scope for confusion and deception. Any customers who were aware of the identity of the source during the licence period may continue to associate goods bearing the mark with the former licensee and his continuing business. When that is the position, the mark may no longer be distinctive of one business source. Whether that is so will depend on the facts of the case."

18. As Lord Nicholls indicated, whether or not a mark is no longer distinctive of one business source will depend on the particular facts of the case in issue.
19. I must also take into account the financial status of Elizabeth Emanuel. To my mind this is a very important factor. If I refer these appeals to the High Court then Elizabeth Emanuel will probably have to discontinue them due to the financial risks involved and her current financial position. The power to refer

to court should be used sparingly and, I believe, particularly sparingly if it would result in an appellant having to abandon an appeal. I believe it is in the public interest that cases are resolved justly and in accordance with their merits rather than the financial strengths of the parties.

20. I have also had regard to other aspects of the public interest. I accept that there is a public interest in having important points of law decided by the higher courts. But I am concerned that if I refer these appeals to the High Court then it is likely Elizabeth Emmanuel will have to abandon them with the result that, at least as between these parties, the point of law which arises will not be decided at all. On the other hand, if I do not refer the appeals then they will be resolved relatively speedily by a specialist tribunal. I also note that there has been no request by the Registrar to have the appeals referred.
21. For all these reasons the application is refused. I direct that the issue of costs be reserved until the substantive hearing.

David Kitchin QC

27th June 2003