TRADE MARKS ACT 1994

IN THE MATTER OF Application N^{o}: 2203648
by Tesco Stores Limited
to register a Trade Mark and

IN THE MATTER OF Opposition N^{o}: 50578
by WAL-MART Stores Incorporated.

1. On 22nd July 1999 Tesco Stores Limited, Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL United Kingdom applied to register the mark TESCO PEOPLE MAKE THE DIFFERENCE. The number of goods for which the mark is proposed for registration is large:

Class 3: 'Preparations and substances all for laundry use; waxing, polishing, cleaning, scouring and abrasive substances and preparations; paint stripping preparations; sandpaper; antiperspirants; perfumes; body sprays and eau de cologne; non-medicated preparations; cosmetic preparations; dentifrices; depilatory preparations; toilet articles; shampoos; soaps; essential oils; sun-tanning preparations; after-shave lotions; shaving preparations; bath salts (not for medicinal purposes); beauty masks; bleaching preparations for cosmetic purposes; shoe polish and wax; cotton wool and sticks for cosmetic purposes; emery; false eyelashes; false nails; hair colourants; dyes, lotions, waving preparations and sprays; incense; tissues impregnated with cosmetic lotions; nail care preparations; cosmetic preparations for slimming purposes; cosmetic preparations for the care of babies' and infants' bodies'.

Class 16: 'Paper and paper articles; cardboard; cardboard articles; printed matter; periodical publications; books; magazines; newspapers; photographs; stationery; adhesive materials and tapes; paint brushes; office requisites; playing cards; copying and recording paper; drawing and painting instruments and requisites; easels; paintings; posters; postcards; confetti; bags for microwave cooking; paper replacement bags for vacuum cleaners; bags of paper or of plastics; plastic cling film; toilet paper; albums and almanacs; babies' diapers and napkin-pants; blackboards; blinds of paper; bookends; bubble packs; catalogues; chalk; erasing articles; fountain pens and nibs; paperweights'.

Class 29: 'Meat, fish, seafoods, poultry and game; meat, fish, vegetable and fruit extracts; sausages; prepared meals; snack foods; jellies, jams, fruit preserves, vegetable preserves; sauces; desserts; eggs; milk; dairy products; yoghurt; edible protein derived from soya beans; edible oils and fats; nuts and nut butters; pickles; herbs; tofu; weed extracts for foods; food spreads consisting wholly or substantially wholly of vegetables, milk, meat, poultry, fish, seafoods or of edible fats; soups; bouillons'.

Class 30: 'Coffee, coffee essences, coffee extracts; mixtures of coffee and chicory; mixtures of coffee and chicory, chicory and chicory mixtures, all for use as substitutes for coffee; tea, tea extracts; cocoa; preparations made principally of cocoa; chocolate; chocolate products; sugar, maltose, rice, tapioca, sago, cous-cous; flour and preparations made from cereals and/or rice and/or flour; nut paste, confectionery and candy, breakfast cereals; pastry; pizza, pasta and pasta products; bread; biscuits; cookies; cakes; ice, ice cream, water ices, frozen confections; preparations for making ice-cream and/or water ices and/or frozen confections; honey; preparations consisting wholly or substantially wholly of sugar, for use as substitutes for honey; syrup, treacle, molasses; ketchup; sauces and preparations for making sauces; custard powder; prepared meals; mousses; desserts; puddings; yeast, baking powder; salt, pepper, mustard; vinegar; chutney; spices and seasonings; vegetal preparations for use as drinks; infusions (other

than for medicinal use); meat pies; mayonnaise; meat tenderizers for household purposes; royal jelly for human consumption (other than for medicinal purposes); natural and artificial sweeteners; syrups; salad dressings; frozen yoghurt'.

Class 31: 'Agricultural, horticultural and forestry products and grains not included in other classes; live animals; fresh fruits, vegetables and herbs; seeds, natural plants and flowers; foodstuffs and beverages for animals, malt; products for animal litter; dried flowers and plants'.

Class 32: 'Beers; mineral and aerated and effervescing waters and other non-alcoholic drinks; fruit juices; syrups, essences and extracts and other preparations for making beverages; isotonic beverages'.

Class 35: 'Advertising and promotional services; dissemination of advertising and promotional materials; direct mail advertising; market research; marketing services; distribution of samples; shop window dressing; organisation, operation and supervision of sales and promotional incentive schemes; information, advice and assistance relating to all the aforementioned services; compilation of information into computer databases; business appraisals and research; cost price analysis; document reproduction and photocopying; and offset printing and all services related thereto business management and administration services relating to printed matter; organisation of exhibitions for commercial or advertising purposes; economic business forecasting; management and all services related thereto; office machines and equipment rental; word processing and all services related thereto'.

2. The opponents are WAL-MART Stores Incorporated, and their grounds for objection are under s. 5(2)(b) of the Act, s 5(3) and s. 3(6).

3. A Counter Statement was provided by the applicants, in which the grounds of opposition are denied, but did not submit any evidence. Both parties ask for costs to be awarded in their favour. The opponents have applied for the mark:

Mark	Number	Filing date	Goods
OUR PEOPLE MAKE THE DIFFERENCE	2200198	14.06.1999	Class 16: 'Stationery, paper and plastic bags, printed paper signs, printed forms, advertising supplements to newspapers for general circulation, privately circulated newsletters, packaging, price tags'.

4. The matter came to be heard on 26th October 2001, with Ms. May of Counsel, instructed by Appleyard Lees, representing the opponents, and Mr. Tritton of Counsel, instructed by the Trademark Owners Association, representing the applicants.

Decision

5. The s. 5(3) objection was dropped at the hearing. I want to deal with s. 3(6) first, as I think this is a clear 'winner' for the opponents. This section states:

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

6. The opponents, Wal-Mart, are an American based multinational company that employs approximately 1M people world-wide (see Exhibit APB1). It has a turnover of $137B and acquired Asda in a widely publicised takeover in 1999, described in the Witness Statement of Mr. Anthony Paul Brierley (a partner in Appleyard Lees (paragraph 2)).

7. Mr. Brierley points out that the opponents applied for registration of a number marks in the UK on 14th June 1999, the same day the cash offer for Asda was made. These included the mark in suit. This mark has been registered in the USA since 1989 (Exhibit APB3), and appears to have been a significant part of the opponents' marketing strategy in that country (Exhibit APB4). Against this background Mr. Brierley says that 'On 22 July 1999, Tesco Stores Limited filed 8 trade mark applications for trade marks which are similar to marks in use and/or registered by the opponent in the US and/or by Asda Stores Limited'. He lists these marks:

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 FOREVER

Mr. Brierley also points out that slogans are commonly used, and registered as trade marks, by supermarkets. Examples of applications filed are:

TESCO: EVERY LITTLE HELPS, UNBEATABLE VALUE and VALUE.

J Sainsbury plc: MAKING LIFE TASTE BETTER and GOOD FOOD COSTS LESS AT SAINSBURY.

Safeway Stores Limited: PRICE WATCH and LIGHTENING THE LOAD.

8. Also included in the opponents' evidence is a Witness Statement by Nicolas Aragawal, who is the Head of Media Relations at Asda. This refers to the following press release, dated August 19th 1999, from TESCO, which I have reproduced in full here (Exhibit NA1):

'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 far 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".'

9. Ms. May's attack on the application under the bad faith head was based on two main submissions. First, that the application represented 'spoiling tactics' on behalf of the applicant and, second, that they had no *bona fide* intention to use the mark. There were two ingredient to the latter contention: (a) that the specification was so wide that it could not reflect an authentic aspiration to apply it to all the goods specified by the applicant, and/or (b) because the mark was chosen as a 'blocking device' it was not applied for with genuine use in mind.

10. There was much debate at the hearing in relation to the second of these - lack of intention to use – under s. 32(3). This section states:

'(3) The application [for a trade mark] 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.'

11. Though I do not believe that part (a) of Ms. May's second line of argument can succeed in the context of the Registry's historical reluctance to accept a 'service' mark for retailing, I do

consider that the reasons given for applying for the mark in the Press Release above are not consistent with 'good faith' under the Act. I will return to this point shortly, but I wish, first, to take a short excursus so as to comment on the parties submissions on bad faith.

12. Ms. May referred me to *Demon Ale* [2000] RPC 345, which I think is helpful to quote in full, from page 355:

> 'Article 3(2)(d) of Council Directive No. 89/104/EEC of 21st December 1988 to approximate the laws of the Member States relating to trade marks gave Member States of the European Union the option to:
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> > '..provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that … the application for registration of the trade mark was made in bad faith by the applicant'.
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> Article 51 of the Community Trade Mark Regulation (Council Regulation (EC) No. 40/94) similarly provides that 'A Community trade mark shall be declared invalid … where the applicant was acting in bad faith when he filed the application for the trade mark' subject to the qualification that 'Where the ground for invalidity exists in respect of only some of the goods or services for which the Community trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only'. The United Kingdom opted in Section 3(6) of the 1994 Act to provide that 'A trade mark shall not be registered if or to the extent that the application is made in bad faith.' I do not see any difference of substance in the variations between the language of Section 3(6) and the language of the parallel Community legislation.
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> The focus of attention under Section 3(6) is the propriety of the applicant's claim to the protection he seeks. The words 'if or to the extent that the application is made in bad faith' in Section 3(6) and the similar wording in the parallel Community legislation emphasise that the propriety of the application must be tested with particular reference to the specification of goods or services (and therefore the scope of protection) for which registration of the sign in issue has been requested. That accords with Article 13 of the Directive which provides (with emphasis added) that:
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> > "Where grounds for refusal of registration **or for revocation or invalidity of a trade mark** exist in respect only of some of the goods or services for which that trade mark has been applied for **or registered**, refusal of registration **or revocation or invalidity** shall cover those goods or services only."
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> Although the words I have emphasised do not appear to have found their way into the text of the 1994 Act, they are binding upon the Registrar of Trade Marks as the person whose task it is to implement Article 13 on behalf of the State in Registry proceedings in the United Kingdom. Article 13 serves to confirm that no grounds for refusal of registration should exist in respect of any of the goods or services for which a trade mark is to be registered. It envisages that the coverage of an application for registration will (where possible) be restricted to the extent necessary to confine it to goods or services for which the trade mark in question is fully registrable.
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> With these considerations in mind, it appears to me that Article 13 of the Directive and Section 3(6) of the Act (Article 3(2)(d) of the Directive) combine to require that a sign should only be registered for use as a trade mark in relation to goods or services specified (i) without bad faith on the part of the applicant; and (ii) within limits which leave the application altogether free of

objection under the provisions of the 1994 Act. I do not think that Section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, 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 do seem to me to 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.

In *Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd* [1999] RPC 367 Lindsay J. said (p.379):

> '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".

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. Quite how far the concept of "bad faith" can or should be taken consistently with its Community origins in Article 3(2)(d) of the Directive is a matter upon which the guidance of the European Court of Justice seems likely to be required: *Road Tech Computer Systems Ltd v. Unison Software (UK) Ltd* [1996] FSR 805 at 817, 818 per Robert Walker J.'

13. Ms. May highlighted, in particular, from this extract the objective nature of bad faith (also confirmed in *Decon Laboratories Ltd v Fred Baker Scientific Ltd* [2001] RPC 17). I did not understand Mr. Tritton to deviate from this assessment. However, he appeared to part company from Ms. May in relation to the degree of unacceptable behaviour that would amount to bad faith. I was referred to the recent (unpublished) decision of *South Cone Incorporated v Jack Bessant and others* (16th May 2001):

> 'The meaning of "*bona fide*" must also be considered. Under the Trade Marks Act 1938, a mark could be removed from the register either if it was applied for without a *bona fide* intention to use it and it had not in fact been used prior to the application to remove it from the register, or alternatively if it had not been used *bona fide* for five years prior to the application. In relation to removal for non-use, the term *bona fide* had a wide meaning, extending to acts which were reprehensible but not necessarily dishonest: see *Imperial Group v Philip Morris* [1982] FSR 72 (CA) and the discussion of this topic in Robert Walker J's judgment in *Road Tech Computer Systems Ltd v Unison Software (UK) Ltd* [1996] FSR 805: Robert Walker J considered in this case that this question might require a reference to the Court of Justice, as there was no clear answer to the question. The Community Trade Mark Office (Office for the Harmonisation of the Internal Market, OHIM) considers that the provisions of the Regulation corresponding to section 3(6) require subjective bad faith. I shall assume (without deciding) that the old criterion that the applicant's conduct has to be reprehensible, is enough'.

Mr. Tritton emphasised the 'reprehensible' nature of bad faith, agreed that the test was objective, but was determined by the 'common man' in a type of 'jury test'. He viewed bad faith as including something other than illegality, encompassing that which was 'morally reprehensible'. He cited the following as an example: A UK distributor of a foreign principal's goods who, though subject to contractual obligations concerning the ownership of principal's trade names, applies for them in the UK without permission. He stated: "Have you taken somebody else's mark and hijacked it?" That is the sort of thing about which people would say, "That cannot be right." ' and therefore in bad faith. As a consequence, Mr. Tritton said that care must be taken in equating bad faith with a procedural requirement such as that in s. 32(3). This did not satisfy the test he espoused.

14. I do not disagree that that behaviour indicative of bad faith must be identified as 'reprehensible' in the sense that it is open to criticism, but this must be by 'reasonable and experienced men in the particular area being examined', who might observe that Tesco's actions have fallin short of the standards of acceptable commercial behaviour. I'm not sure the opinion of the common man is a variable in that equation. Mr. Tritton stated:

> 'It may be .. the average man will say, "You can apply for a trade mark. If you want to use it over the next five years, that is up to you". It is not something which is morally reprehensible. It is something which is a peculiarity to trade mark law'

15. I think this rather misses the point. Bad faith can arise when an applicant signs a Form TM3 declaring that he has used, or intends to use, his mark. If he has not, and has no such intention – because the rationale behind the application lay elsewhere – this rather makes the veracity of the claim on the TM3 questionable. Even on the basis of the test sponsored by Mr. Tritton, most people will say that if you put something in writing, and do not mean it, you will open yourself up to criticism.

16. Mr. Tritton also pointed out that the requirement for an intention to use a mark as part of an application, as in s. 32(3), was clearly out of kilter with the procedures for the registration of a Community Trade Mark (CTM), and with that in other countries (see *Harte-Hanks Data Technologies v. Trillium Digital Systems Inc* C-53447/1, 28th March 2000). He stated:

> '..Quite clearly, under section 32(3) there is an obligation to state that you have a *bona fide* intention to use. I am saying that very great care must be taken in equating a person who has no *bona fide* intention to use, necessarily, as being an application made in bad faith. In that respect, it would be an oddity if one can make an application for a CTM and not have that requirement, and one can make an application in the UK and be deemed to have made it in bad faith. The reason why I say it would be an oddity is simply that the expression "*bad faith*" does come from the same genesis as in the CTM Directive. It cannot have been the Community legislators' intention that bad faith would have one meaning under the Regulation and another meaning under the Directive'.

17. Against this, Ms. May made the point::

> 'I do not think, for the purposes of this application, you have to decide whether or not there is a consistency or inconsistency between approaches or if there should be consistency or, if it matters, that there is inconsistency between the Regulation and the Directive. The reason for that is that I think it is clear on the approach of this Court and the Registry in this jurisdiction that the concept of bad faith can include concepts of commercial behaviour, unfair practice, underhand conduct and so forth. In my respectful submission, those are the

kind of concepts which you should have in mind when considering this particular application'.

I think she is right. Whether there is some degree of inconsistency between the approach to bad faith under the Regulation and the Act is not for me to decide - nor indeed, if I found there was, to pronounce whether something should be done so as to bring them together on this point; I have clear guidance on the Act from Decisions of the Appointed Person and from the UK Courts. There are some very cogent reasons why a lack of intention to use a mark should be considered an example of bad faith (see *Kerly's Law of Trade Marks and Trade Names*, 13th Edition), and that the practice in OHIM is flawed. Anyhow, I note that though the Directive 89/104/EEC and the CTM Regulations share a similar genesis (the Paris Convention), both in the *Trillium* decision and elsewhere (*Milliken & Company v Ronald George Jenkins Murgitroyd & Company* R 66/1998-1, 30th September 1998; the '*Comfort Plus*' decision, paragraph 18) OHIM has made clear that it regards the CTM system as 'autonomous', and that it, and national systems exist 'in parallel' with each other.

18. Mr. Tritton sought to distinguish *Demon Ale*: in that case the applicants had completely misunderstood the significance of the declaration on the application form, which they grasped, once explained. Mr. Hobbs stated (page 356):

> 'In the present case the objection under section 3(6) related to the applicant's breach of a statutory requirement. Section 32(3) of the Act required him to be a person who could truthfully claim to have a *bona fide* intention that DEMON ALE should be used (by him or with his consent) as a trade mark for beer. His application for registration included a claim to that effect. However, he had no such intention and could not truthfully claim that he did. That was enough, in my view, to justify rejection of his application under section 3(6). I see no reason to doubt that section 32(3) is compatible with Community law. The 8th recital to the Directive specifically confirms that "in order to reduce the total number of marks registered and protected in the Community ... it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation". I am satisfied that this is not a case which tests the limits of section 3(6) of the Act (article 3(2)(d) of the Directive) from the point of view of Community law'.

19. I'm inclined to make the same comment about this case. In *Demon Ale* the applicants could have had no intention to use their mark on beer as they clearly intended to apply it to lemonade. Here, the applicants declared intention in the press release is that they are applying for the marks in a public spirited campaign to ensure the language used remains in the public domain. Nowhere do they state that they intend to use the mark themselves. As Ms. May pointed out, the applicants submitted no evidence and, in particular, did not explain how the mark was to be used. In referring to *Demon Ale* Ms. May said that there was no reason why I could not come to the same finding as in that case: 'by virtue of the statement given by the Applicants in their counterstatement particularly so as they have chosen not to put in any evidence. There is no counter evidence in the form of witness statements saying "That is not our intention". There is no illustration of how they have used it to date or what their commercial plans are about using it at some time in the future'. Mr. Tritton said I could infer nothing from the lack of response, because his clients believe there was no case against them: 'You cannot draw a inference from the failure to file evidence if the Applicant considers there is nothing to file evidence against'. I do not believe I can accept this. Once a *prima facie* case for a lack of intention to use a mark has been made there must an onus on the other side to respond, particularly where evidence such as that contained in the press release exists.

20. There is another element to the bad faith claim here. In my view, bad faith under the Trade Marks Act must be understood against the background of the purpose of a trade mark, as an indicator of trade origin. In applying for a mark, one is seeking to register rights in a name that is intended to be an indicium of ones goods. There is no necessity to establish rights by use, as was the case under common law in the UK before 1875. A new mark, however distinctive, cannot function as an indicator of origin until it is used in the market place; registration recognises its potential to perform that function and it allows the registrant a permanent monopoly right, on the basis - and this is their part of the 'bargain' - that the mark is used. Not to do so, leaves the mark open to revocation and it is wholly correct that the property right colonised by registration should be taken by another if it not utilized; further, if no intention exists to use the mark in the first place, it rather become like a contract entered into with no intent to perform.

21. In a recent decision, (*IN THE MATTER OF UK Registered Trade Marks Nos 1338514 (in Class 5) and 1402537 (in Class 3) in the name of Laboratories Goemar SA and IN THE MATTER OF Applications for Revocation thereof Nos 10073 and 10074 by La MerTechnology Inc*, CH APP.s 010568 and 010569, 19th December 2001) Jacob J stated:

> '(a) There is an obvious strong public interest in unused trade marks not being retained on the registers of national trade mark offices. They simply clog up the register and constitute a pointless hazard or obstacle for later traders who are trying actually to trade with the same or similar marks. They are abandoned vessels in the shipping lanes of trade.
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> (b) The 8th recital of the Directive gives express recognition of that public interest. It says: "Whereas in order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation."
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> (c) The same goes for Community Trade marks. Again there is an express recognition of the importance of use. This is in the 9th Recital of the Community Trade Mark Regulation which reads: "Whereas there is no justification for protecting Community trade marks or, as against them, any trade mark which has been registered before them, except where the trade marks are actually used."
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> (d) The wider the specifications of goods or services permitted by the registration authorities, the greater the extent of the problem of unused marks.
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> (e) In practice there is likely to be a greater problem caused by wide specifications in the case of Community marks than in the case of, at least, UK marks. For UK registrations, the application form (TM3) requires the applicant or his agent to say "The trade mark is being used by the applicant or with his or her consent, in relation to the goods or services stated, or there is a *bona fide* intention that it will be so used." If that statement is untrue then it seems fairly plain that the registration is vulnerable to an attack as one made in bad faith (s.3(6) of the UK Act, implementing Art. 3(2)(d) of the Directive). There is no such requirement in the case of Community Trade Mark Applications (see the requirements for the content of the application in rule 1 of the Implementing Regulation 2868/95). An applicant for a CTM does not expressly have to say he uses or intends to use the mark applied for. So, unless the mere making of an application is taken as an implicit statement of an intention to use, then a bad faith attack based on any lack of intention to use (under Art. 51(1)(b) of Regulation 40/94) may fail. The First Cancellation Division of OHIM so

held in *Trillium TN* (Case C000053447/1, March 28 1h 2000). The decision is not particularly satisfactory (see the criticisms in *Kerly's Law of Trade Marks and Trade Names*, 13th Edn. at para. 7-230). If it is right, however, there is simply no deterrent to applicants seeking very wide specifications of goods or services for CTMs - with all the greater potential for conflict that may give rise to. I understand that in practice OHIM are quite content to permit such very wide specifications - indeed often all the goods or services within a class are asked for and granted. The Trillium point will undoubtedly come up again - for it seems bizarre to allow a man to register a mark when he has no intention whatever of using it. Why should one have to wait until 5 years from the date of registration before anything can be done?'

22. As an alternative line of argument, Mr. Tritton said that the applicants *had* intended to use the mark:

> 'It is precisely because OUR PEOPLE MAKE THE DIFFERENCE or TESCO PEOPLE MAKE THE DIFFERENCE, which of course is the absolute mark, that they want to be able to be free to use these phrases and that they do want to use them, and they have applied for this because, of course, it gives them the protection under section 11(1). It is the exact opposite of what is being said against them that they do not want to use them. It is because they do. That is made so clear in the news release. It is difficult, really, to further advance argument on that one. As they say, "In a counter move Tesco is seeking to register some of the same phrases - to ensure they remain in the public domain". It is not to ensure that nobody can use them, but to ensure that they can remain in the public domain. The reason, therefore, why they have applied for them is because they do want to use them'.

23. This rather misunderstands the meaning of 'use' under the Act. Mr. Tritton is confusing use as a trade mark - the concern of the Act and the nature of the declaration on the TM3 form - and use of English phrases in general. The declaration, and the purpose of s. 32(3), is that it is a statement that the applicant will use the mark applied for as a *trade mark* (this point was accepted by Mr. Justice Pumfrey *South Cone* (paragraph 11). Mr. Tritton appears to be stating that the applicants never intended use of the sign as a trade mark at all – but only descriptively, as common English. He later said that 'You may think that what Tesco has done is a bit odd, but if you think about it, it makes eminent commercial sense because of the section 11(1) ground' and the fear Tesco had of infringement proceedings if 'one of our salesmen said "WE MAKE THE DIFFERENCE" or "TESCO PEOPLE MAKE THE DIFFERENCE" or something like that'. This fear seems misplaced in view of the provision made by s. 11(2).

24. Before leaving the issue of a 'lack of intention to use a mark' on behalf of the applicants, I ought to say, as stated above, that I see little merit in the argument that the breadth of the applicants specification is also indicative of bad faith in this matter. As was pointed out at the hearing, though the policy of the Registrar has changed in relation to applications for 'retail services' (Practice Amendment Circular 13/00: Change of practice on "Retail Services"), this change occurred after the date of the instant application; it was the practice before this for supermarkets to apply for a large number of goods on their trade mark applications.

25. I now wish to turn to the second strand of the opponents' attack on the application under the bad faith head: what Ms. May called 'spoiling tactics'. She conflated this with a lack of intention to use the mark, saying that a proprietor should not be entitled to block another individual's desire to use or register a mark, using the Register in order to obtain a monopoly right as a sort of 'dog in the manger' approach. Though the two are separate issues - the one

is concerned with applying for a mark which will never, in practice, be a mark of trade, and the other with using registration for a purpose other than which it is established in law - in this case, the first is a consequence of the second.

26. Mr. Tritton said that his clients were not engaged in 'spoiling' tactics:

> 'The point in this case is that the reason why we have applied for it is so that we can use it. It is not to spoil all of their plans. It is not a spoiler. We did this after they made a clear intention that they were going to register half the English language in relation to the sales and promotion of products. Where is the evidence that we are trying to stop them from using it? We are doing it so that we can use it, not them. … All the evidence suggests is that the reason why it is being done is so that us and others can keep it "in the public domain". Is that anything to do with spoiling or hijacking?'.

27. In summary, on the bad faith point, Mr. Tritton stated:

> 'In my respectful submission, far from this being the obvious case of bad faith, they have no goodwill in this country, their interest is one as a slogan, they want to stop everybody else from using the slogan in this country, and Tesco, in effect, is acting as the White Knight on behalf of all retail traders, as it is said, and it says, "Let's not let Wal-Mart get this mark". In respect of that, they have sought to protect their own position to be able to be free to use a mark which they say they intend to use. Really, Tesco is the white knight in this one and Wal-Mart is the black knight. To put it the other way round is to be entirely contrary to the way the man in the street would see it'.

The evidence indicates some concern on behalf of Tesco in the industry about the competition between itself and Asda, as newly acquired by Wal-Mart (see Exhibit APB 1), and it is against this background the application should be considered. Further, I suspect that the 'man in the street', even if one applies the test for bad faith espoused by Mr. Trition, is likely to be more cynical about Tesco's motives than he suggests. I note the following extract from Exhibit APB 11, which is from an article in the Daily Mail, quoting the view of a trade mark agent:

> 'I think you could describe this as sharp practice …. Most people would see it as underhand, but personally I don't think there is much that Asda and Wal-Mart can do about it. If companies value slogans they really should have registered them as trade marks themselves.'

28. There is no evidence that Wal-Mart have a strategy to 'fence in the English language'. Ms. May made this point, and I think she is right. The mark applied for has been in use in the US for some years (Exhibit APB 4), and so have the other marks shown in the Table above. The application(s) in this country merely reflects a mapping of Wal-Mart's corporate identity onto that of their new acquisition – Asda - in the UK. Many other supermarkets use slogans, and the evidence provides a number of examples:

> TESCO: EVERY LITTLE HELPS, UNBEATABLE VALUE and VALUE.
>
> J Sainsbury plc: MAKING LIFE TASTE BETTER and GOOD FOOD COSTS LESS AT SAINSBURY.
>
> Safeway Stores Limited: PRICE WATCH and LIGHTENING THE LOAD.

In seeking to register a word like VALUE, the applicants' accusation that the opponents are seeking to fence in the English language could be subject to the accusation of hypocrisy. Further, as Ms. May said, the stated purpose of their application – to allow free use of the language – was meaningless. Did they plan to licence the marks to everyone once registered? How does their public spirited application keep the marks in the public domain?

29. Finally, on this point, Tesco's position seems to be that no-one should have a monopoly in the words that Wal-Mart are trying to register as trade marks. This must be misconceived. Registration of trade marks does not prevent *bona fide* use of descriptions as such, as indicated above in my reference to s. 11(2). The proper course is to oppose registration of descriptive marks (if they are accepted) by opposition or observations. Applying for the same words oneself as trade marks is an inappropriate way to make the point. All the marks in the Table above were applied for on the same day, all being copied by Tesco. Fighting public spirited battles on behalf of others may be all very well, but that is not the purpose of trade mark law, and applying to register a mark for other than that purpose runs the risk of an accusation of bad faith. In this case it has succeeded, and the application fails.

30. I would like to complete this decision by referring to two cases. The following is from a recent decision of the Appointed Person (SRIS 0-4750-1), admittedly concerned with revocation:

> '18. As Advocate General Jacobs has recently observed in paragraph 34 of his Opinion in Case C-2/00 *Michael Holterhoff v Ulrich Freiesleben* (20th September 200l):
>
> > "A trader registers or acquires a trade mark primarily not in order to prevent others from using it but in order to use it himself (although exclusivity of use is of course a necessary corollary). Use by the proprietor is indeed a central and essential element of ownership, as may be seen from Articles 10 to 12 of the Trade Marks Directive, under which rights may lapse or be unenforceable in the event of non-use".'
>
> It is clear from the eighth recital to the Directive and from the Articles of the Directive which it foreshadows, that loss of protection for non-use should be regarded as the rule not the exception'.

The next extract is from an old Act case (*Imperial Group Limited v Philip Morris & Co. Limited* [1982] FSR 72, the *NERIT* case), but the principle established applies in this matter as well:

> 'In my judgment "a *bona fide* course of trading" involves a trading activity pursued with the primary intention of deriving from it a trading profit coupled with a trading goodwill, these being the ultimate and legitimate objectives of trade……. In the present case if the substance is to be regarded and the appearance does not provide the whole answer, I am satisfied that when the application to register "Nerit" was made, Imperial did not intend to use that mark for the purpose of indicating a connection in the course of trade between them and cigarettes sold under that name. The sales which ensued were inconsequential as part of Imperial's trading. Their true and only function was to bolster a projected use by Imperial of the ordinary word "Merit" and in effect to arrogate to themselves an exclusive right to the use of that word as a brand name for cigarettes. This is not merely outside the scope of the Trade Marks Act 1938, but directly contrary to its spirit and intent'.

Though Tesco are not seeking to register 'ghost' marks, as was the case in *NERIT*, they are

not using the Register for its proper purpose, and their attempt to register this mark is '..directly contrary to [the] spirit and intent' of the 1994 Act.

31. The opposition thus succeeds on the bad faith ground, and I see no need to visit the remaining ground under s. 5(2). The opponents are entitled to a contribution towards their costs. I order the opponents to pay them £1000. This sum is 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 30th Day of August 2001.

Dr W J Trott
Principal Hearing Officer
For the Registrar, the Comptroller General