

O-081-14

**TRADE MARKS ACT 1994**

**TRADE MARK APPLICATION No. 2628277**

**BY MONRO HORTICULTURE LIMITED**

**TO REGISTER THE MARK 'KALOAM'**

**AND**

**OPPOSITION 104063**

**BY**

**H.H. AND D.E. DREW LIMITED**

## Background and pleadings

1. This is an opposition by H.H. and D.E. Drew Limited against an application made on 13 July 2012 by Monro Horticulture Limited to register KALOAM as a trade mark for:

Class 1

Chemical used in agriculture and horticulture; soil; loam.

Class 31

Agricultural, horticultural and forestry products; turf.

Class 44

Horticultural services; laying of turf, loam, soil.

2. The grounds of opposition are that:

- The mark consists of a commonly used shortening of 'Kaolinite Loam', which is a type of loam used in turf for, amongst other things, cricket pitches.
- 'Kaloam' has been sold by a number of companies over the years. Current suppliers include the opponent, Binder Loams Limited, Boughton Loams and GCB Loams.
- The mark therefore consists exclusively of a sign which may serve, in trade, to designate the goods or their characteristics, and it is a sign which has become customary in the current language or in the *bona fide* and established practices of the trade.
- Registration of the mark would therefore be contrary to sections 3(1)(a),(b),(c) and (d) of the Trade Marks Act.
- The applicant cannot have had a *bona fide* intention to use the mark at the date of filing the application because it was in liquidation.
- The application was therefore intended to prevent competitors from being able to use the name KALOAM, and it was therefore made in bad faith, contrary to section 3(6) of the Act.
- The mark was first used in 1997 by Roffey Brothers Limited, who supplied a product under this name to Bashley Cricket Club.
- The name KALOAM was subsequently used in relation to the same descriptions of goods as set out above for the opposed application.

- Roffey Brothers Limited was later “hived down” to Roffey Limited and all rights in the name owned by that that company were acquired in 2011 by Edward Fuller, who assigned such rights to the opponent.
- If the mark is distinctive, the opponent is the owner of an earlier right to it and registration would therefore be contrary to section 5(4)(a) of the Act.

3. The applicant filed a counterstatement in which it:

- Denied the grounds of opposition.
- Put the opponent to proof of its statement that KALOAM has been used by different companies and has become a customary term for Kaolinite Loam, or products including that material.
- Put the opponent to proof of its claim of title to any relevant rights acquired from Roffey Brothers Limited.
- Claimed that the opposition was vexatious.

4. Both sides ask for an award of costs.

### **The Facts**

5. The opponent’s evidence takes the form of a witness statement by Edward John Fuller. Mr Fuller has been involved in the horticultural industry since 1996 when he purchased the business known as Roffey Brothers Limited (company number 685691). He later twice transferred the assets of that company to new companies called Roffey Limited (company numbers 3238336 and 5751859) before in 2006 selling the latest company of that name, together with its business, to Monro Horticultural Limited, the applicant.

6. According to Mr Fuller, KALOAM is short for kaolinitic loam. This is based on kaolinitic clay, which can be found in soils around the country. It is suitable for use as a dressing for cricket pitches.

7. Mr Fuller says that KALOAM was first placed on the market by a company owned by David Goundrey (he calls it Goundrey’s, but it appears that the correct name was E.A.Goundrey & Sons Limited). In 1997, Roffey Brothers Limited (company number 685691) started supplying KALOAM to the marketplace. Mr Fuller recalls that it was sold to Bashley Cricket Club. He believes that it was sold in a Roffey Brothers bag and that the invoice detailed the product as KALOAM. However, there are no records available to confirm this.

8. Mr Fuller says that Roffey Limited, company number 3238336, also supplied KALOAM to the marketplace. He exhibits (an undated) single page from that company's marketing literature showing that it sold KALOAM (and, I note, Ongar loam) products.

9. In 2011, Mr Fuller found out that the applicant was in financial trouble and he approached the Administrator, Simon Paterson of Moore Stephens and, he says, purchased back the assets of Roffey Limited. He then sold these assets to the opponent.

10. Mr Fuller's evidence is that the opponent has sold KALOAM products under the supplier name, Roffey Brothers, since mid 2011.

11. According to Mr Fuller, two other companies, called Binder and Boughton, also started supplying KALOAM in 2011 under their own names.

12. Although Mr Fuller does not mention it in his evidence, the opponent attached some exhibits to its notice of opposition, one of which suggests that another company called GSB Loams Ltd may also have been supplying KALOAM in 2011.

13. Mr Fuller says that consumers use KALOAM to distinguish a particular type of loam (made from kaolinitic clay) rather than the goods of any particular undertaking. Apart from the uses by third parties described above, he relies on three further things to support his claim<sup>1</sup>.

- Firstly, Mr Fuller provides copies of pages dated in 2010 from an internet 'chat room' called Landscape Life Message Board in which those with an interest in cricket pitches exchange views about the relative merits of various loams, including KALOAM and Ongar (I note that both words are usually spelt with capital first letters).
- Secondly, he provides a copy of an undated article from an unnamed publication, which covers the use of KALOAM in cricket pitches (I again note that KALOAM is spelt with a capital first letter).
- Thirdly, he provides a copy of a page from the applicant's advertising literature in which both Ongar loam and KALOAM are offered for sale and he points out that Ongar is accompanied by the symbol 'tm' whereas KALOAM is not. Mr Fuller says that this shows that the applicant considers

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<sup>1</sup> See exhibit EJF1

that Ongar loam, which he considers to be a created name<sup>2</sup>, is a trade mark whereas KALOAM is not.

14. Three witness statements were filed on behalf of the applicant. These were from Graeme Jennings, who is a Director of Monro Horticulture Limited (the applicant), Niamh Hall, who is Trade Mark Attorney with F R Kelly, which represents the applicant in these proceedings, and David Elliott, who is an insolvency practitioner working for Moore Stephens, the firm handling the liquidation of Monro Horticulture Limited.

15. Mr Jennings was appointed as a Director of Monro Horticulture Limited in 1999. Mr Jennings says that in 2000 his company bought E.A.Goundry & Sons Limited and took over the production and marketing of KALOAM. He says that to the best of his knowledge and belief, no other company marketed a product of that name prior to 2000. After the acquisition of the business of E.A.Goundry & Sons Limited, the name KALOAM was used solely by his company.

16. Mr Jennings says that the majority of KALOAM was marketed directly by his company. Occasionally a company such as Roffey Limited (before it was purchased by his company in 2006) would order KALOAM. However, prior to 2006 neither Roffey Limited nor the opponent company were licensees or distributors for his company or for E.A.Goundry & Sons Limited. Rather, he says they would have been customers of Monro Horticulture Limited and resellers of KALOAM products.

17. Ms Hall provides the results of various research she has conducted on behalf of the applicant. I note, in particular, that these show that:

- The web pages of Binder Loams Limited and GSB no longer list KALOAM for sale (if the latter ever did).
- The web pages of Boughton Loams indicate that it has purchased an exclusive long term licence to manufacture and sell "KALOAM" cricket loam in the UK.
- There is no entry for KALOAM in the Oxford or Collins dictionaries, or in the Encyclopaedia Britannica.

18. Mr Elliott says that his firm was involved in the administration of Roffey Limited in 2011 and is still involved in the administration and liquidation of Monro Horticulture Limited. He therefore has access to the companies' records.

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<sup>2</sup> Mr Fuller is mistaken about this: Ongar is a place in Essex.

19. He provides<sup>3</sup> a copy of a memorandum of sale covering the transfer of the business of E.A Goundry & Sons Limited to Monro Horticulture Limited in 2000. He points out that the trade mark KALOAM was listed as asset of E.A Goundry & Sons Limited. After Roffey Limited was acquired in 2006, it acted as an authorised distributor of the products of Monro Horticulture Limited. He provides copies of invoices dated 2010<sup>4</sup> recording sales of KALOAM from Monro Horticulture Limited to Roffey Limited. Mr Elliott points out that the agreement of 11 March 2011,<sup>5</sup> through which certain assets of Roffey Limited were transferred to Mr and Mrs Fuller, did not include the trade mark KALOAM.

20. Mr Elliott says that Monro Horticulture Limited acquired C H Binder Limited in 2002. He exhibits two invoices<sup>6</sup> dated 2010 recording sales of KALOAM from the former company to the latter. Mr Elliott says that C H Binder Limited acted as an authorised distributor of the products of Monro Horticulture Limited.

21. As part of the administration of Monro Horticulture Limited the business of C H Binder Limited was sold to Binder Loams Limited in 2011. However, he points out that although the various sale agreements<sup>7</sup> listed certain trade marks and names (including Ongar Loam), KALOAM was not listed. Mr Elliott says that this shows that C H Binder Limited did not own any rights to KALOAM.

22. Finally, Mr Elliott says that his firm became aware that certain parties started using the trade mark KALOAM after R Monro Horticulture Limited went into administration. His firm instructed solicitors to issue cease and desist letters on behalf of Monro Horticulture Limited. He exhibits a copy of a reply received from GSB Loams Limited<sup>8</sup> stating that it does not use KALOAM.

### **Submissions received**

23. The opponent was given the opportunity to file evidence in reply to that of the applicant, but did not do so. The parties were also given an opportunity to request a hearing, but neither side did. I received written submissions from the applicant in lieu of a hearing. The opponent made no submissions. The following decision is based on all the evidence and submissions filed.

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<sup>3</sup> As exhibit 5

<sup>4</sup> See exhibit 6

<sup>5</sup> A copy of the agreement is exhibited as exhibit 1

<sup>6</sup> As exhibit 2

<sup>7</sup> Attached in redacted form as exhibit 3

<sup>8</sup> As exhibit 4

## The earlier right claim

24. Section 5(4)(a) is as follows:

“(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade.”

25. The opponent has not identified any basis in law for its claim to have an earlier right, other than the law of passing off.

26. Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) summarises the law of passing off at paragraph 165. The guidance given is with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731. The passage reads:

“The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

(1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.”

27. It is clear that the opponent’s claim must fail because it has not shown that KALOAM distinguished its products at the date at which the opposed application was filed, or at any other date. Indeed the opponent’s only witness – Mr Fuller – gives evidence that KALOAM is understood by the relevant public to designate a particular type of loam made from kaolinitic clay, and is not therefore distinctive of the goods of any particular undertaking.

28. The opponent has therefore failed to provide even a *prima facie* case that it is entitled to restrain the applicant’s use under the law of passing off. Consequently, I reject the s.5(4)(a) ground of opposition.

## **The bad faith ground**

29. I also reject the s.3(6) ground of opposition based on the allegation that the application was filed in bad faith because the applicant company was in liquidation when the application was filed.

30. It is clear from the evidence of Mr Elliott that the liquidator has consented to this application and is helping to defend it. It seems equally clear from the applicant's evidence that the purpose of the application is to secure the applicant's claim to established rights in KALOAM so that the mark can be licensed or sold as an asset of the company. That is an entirely proper course of conduct. The allegation that the application is purely a blocking mechanism to prevent others in the industry from using KALOAM is plainly wrong. There is therefore no need to review the case law covering bad faith because, however bad faith is assessed, the behaviour complained about here cannot amount to bad faith.

## **The lack of distinctiveness grounds**

31. Section 3(1) of the Act is as follows:

“The following shall not be registered -

(a) signs which do not satisfy the requirements of section 1(1),

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

(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,

(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade:

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) 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.”

32. It is convenient to start with the s.3(1)(d) ground. The scope and purpose of article 3(1)(d) of the Directive was considered by the Court of Justice of the European Union (“CJEU”) in *Merz & Krell & Co.* [2002] ETMR 21. For the purposes of this case it is sufficient to record the court's answer to the second of the two questions asked of it, which was as follows.



“Article 3(1)(d) must... be interpreted as meaning that it subjects refusal to register a trade mark to the sole condition that the signs or indications of which the trade mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought. It is immaterial, when that provision is applied, whether the signs or indications in question describe the properties or characteristics of those goods or services.”

33. In deciding whether at the date of the application KALOAM had become “customary in the current language or in the bona fide and established practices of the trade” the views of consumers are usually of decisive importance. However, where intermediaries influence decisions to purchase the goods, their views should also be taken into account.<sup>9</sup>

34. The opponent claims that it marketed KALOAM products from 1997 prior to the applicant company buying any rights to the name from E.A.Goundry & Sons Limited in 2000. However, there is no documentary evidence to support this claim or show how the goods were marked. Any KALOAM goods that Roffey Brothers Limited may have sold from 1997 may have come from E.A.Goundry & Sons Limited, which Mr Fuller acknowledges first marketed products under that name. I note in this context that Mr Elliott’s evidence, which I accept, is that E.A.Goundry & Sons Limited regarded KALOAM as its trade mark and included that mark in the sale of its business to the applicant company in 2000.

35. Mr Fuller says that Roffey Limited, company number 3238336, also supplied KALOAM to the marketplace. However, Mr Jennings’ evidence is that prior to the sale of that company to the applicant in 2006, it was just an occasional customer and re-seller of KALOAM. In support of his claim Mr Fuller exhibits (an undated) single page from Roffey Limited’s marketing literature showing that it sold KALOAM products. However, this is equally consistent with KALOAM being the applicant’s trade mark as it being a generic name for a type of loam. In this connection, I note that the page also lists ONGAR, which Mr Fuller acknowledges is (or was) a trade mark belonging to the applicant. I therefore find that there is no established independent use of KALOAM by parties outside the applicant’s control prior to 2011.

36. There is evidence of such independent use starting in 2011 after the applicant went into administration, particularly by Binder Loams Limited and Boughton Loams Limited. However, the evidence indicates that after being challenged about this use the former ceased such use and the latter appears to have acquired a licence to use the mark. The opponent also appears to have used the mark, but this does not show that it had become “customary in the current language or in the bona fide and

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<sup>9</sup> See paragraphs 24 and 25 of the judgment of the CJEU in Case C-371/02 *Björnekulla Fruktindustrier AB v Procordia Food AB*

established practices of the trade”. Such use is equally consistent with the applicant’s claim that the opponent has infringed its rights.

37. Apart from showing use of KALOAM by third parties, Mr Fuller also provided copies of pages dated in 2010 from an internet ‘chat room’ called Landscape Life Message Board in which those with an interest in cricket pitches exchange views about the relative merits of various loams, including KALOAM and Ongar. I find these references ambiguous. However, I note that both words are usually spelt with capital first letters, which is consistent with the words being trade marks.

38. The undated page from the unnamed publication also relied upon by Mr Fuller does not support his claim either. In that article KALOAM is again spelt with a capital first letter, which I noted above, is consistent with its status as a trade mark.

39. The extract from the applicant’s own website adds no further weight to Mr Fuller’s evidence. It appears that ONGAR is a registered trade mark whereas KALOAM is not (yet). Therefore the use of “tm” for ONGAR products was most likely intended to indicate that it was a registered mark, rather than that KALOAM was not a trade mark.

40. Finally, I have considered the nature of the applicant’s own use of KALOAM as shown in Mr Fuller’s evidence in order to assess whether it shows that the mark has become “customary in the current language or in the bona fide and established practices of the trade” as a result of the way that the applicant itself has used the mark to designate the goods. However, I find that the limited material available shows use of KALOAM which is, at least, as consistent with trade mark use as it is with generic use.

41. I therefore find that the s.3(1)(d) ground is not supported by the evidence and I reject it accordingly.

42. I turn next to the s.3(1)(c) ground of opposition. The principles to be applied under Article 7(1)(c) of the Community Trade Mark Regulation were conveniently summarised as follows by the CJEU in the following paragraphs from the court’s judgment in *Case C-51/10P Agencja Wydawnicza Technopol sp. z o.o. v OHIM* (with references to previous case law omitted):

“33. A sign which, in relation to the goods or services for which its registration as a mark is applied for, has descriptive character for the purposes of Article 7(1)(c) of Regulation No 40/94 is – save where Article 7(3) applies – devoid of any distinctive character as regards those goods or services.

36. ... due account must be taken of the objective pursued by Article 7(1)(c) of Regulation No 40/94. Each of the grounds for refusal listed in Article 7(1) must be interpreted in the light of the general interest underlying it.

37. The general interest underlying Article 7(1)(c) of Regulation No 40/94 is that of ensuring that descriptive signs relating to one or more characteristics of the goods or services in respect of which registration as a mark is sought may be freely used by all traders offering such goods or services.

38. With a view to ensuring that that objective of free use is fully met, the Court has stated that, in order for OHIM to refuse to register a sign on the basis of Article 7(1)(c) of Regulation No 40/94, it is not necessary that the sign in question actually be in use at the time of the application for registration in a way that is descriptive. It is sufficient that the sign could be used for such purposes.

39. By the same token, the Court has stated that the application of that ground for refusal does not depend on there being a real, current or serious need to leave a sign or indication free and that it is therefore of no relevance to know the number of competitors who have an interest, or who might have an interest, in using the sign in question. It is, furthermore, irrelevant whether there are other, more usual, signs than that at issue for designating the same characteristics of the goods or services referred to in the application for registration.

50. The fact that the legislature chose to use the word 'characteristic' highlights the fact that the signs referred to in Article 7(1)(c) of Regulation No 40/94 are merely those which serve to designate a property, easily recognisable by the relevant class of persons, of the goods or the services in respect of which registration is sought. As the Court has pointed out, a sign can be refused registration on the basis of Article 7(1)(c) of Regulation No 40/94 only if it is reasonable to believe that it will actually be recognised by the relevant class of persons as a description of one of those characteristics."

43. In addition, I note that a sign is caught by the exclusion from registration in Article 7(1)(c) if at least one of its possible meanings designates a characteristic of the goods or services concerned.<sup>10</sup>

44. Although the case law cited above relates to the application of the Community Trade Mark Regulation, the provisions in question are identical to corresponding provisions in the Trade Marks Directive, which find expression in the UK in s.3(1) of the Act. The judgments of the CJEU therefore provide authoritative guidance as to the correct application of s.3(1)(c) of the Act.

45. As with s.3(1)(d), the matter must be assessed from the perspective of "the relevant class of persons", which in this case is composed primarily of consumers

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<sup>10</sup> see Case C-191/01 P *OHIM v Wm Wrigley Jr Co*

and end users of the goods and services listed in paragraph 1 above, particularly turf and loam, including goods of that kind for use in sports and leisure grounds.

46. There is no real evidence that relevant consumers and end users understand that loam can be, and is, made in part from kaolinitic clay. However, even if relevant consumers understand that much, there is no reason to believe that they will recognise KALOAM as a natural shortening of kaolinitic loam made from kaolinitic clay.

47. Further, even if relevant consumers recognise that KALOAM has been derived from the words kaolinitic loam, it does not follow that they will recognise the mark as a designating a characteristic of the goods. Many trade marks allude to characteristics of the goods or services for which they are used, but nevertheless make good trade marks.<sup>11</sup> The CJEU's reference to the signs which are "easily recognisable by the relevant class of persons" is not to be taken as meaning that marks that are recognisable as having been derived from two or more descriptive indications must themselves be excluded from registration. In fact the CJEU has found that even a combination of complete descriptive elements:

".... may not be descriptive within the meaning of Article 3(1)(c) of the Directive, provided that it creates an impression which is sufficiently far removed from that produced by the simple combination of those elements."<sup>12</sup>

48. There is no doubt in my mind that, *prima facie*, KALOAM is sufficiently far removed from 'kaolinitic loam' so as create an impression that is not descriptive for the purposes of s.3(1)(c). Nothing in the evidence causes me to change that *prima facie* assessment.

49. No one has any reason to use KALOAM simply to designate products containing kaolinitic loam, and registration of KALOAM will not prevent anyone from truthfully describing products as being made from kaolinitic loam. Therefore KALOAM is not a sign or indication "which may serve, in trade, to designate.... characteristics of goods or services." Consequently, there is no need to exclude the mark from registration in order to give effect to the policy underlying s.3(1)(c), which is to prevent the registration of "descriptive signs relating to one or more characteristics of the goods or services in respect of which registration as a mark is sought [so that they] may be freely used by all traders offering such goods or services."

50. For these reasons, I reject the s.3(1)(c) ground of opposition.

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<sup>11</sup> See, for example, Hallgarten's Application ("Whisqueur") [1948] 66 RPC 105

<sup>12</sup> See paragraph 40 of the judgment of the CJEU in Case C-242/00, *Campina Melkunie BV and Benelux-Merkenbureau*

51. This brings me to the s.3(1)(b) ground. The principles to be applied were conveniently summarised as follows by the CJEU in Case C-265/09 P *OHIM v BORCO-Marken-Import Matthiesen GmbH & Co KG* (again with references to previous case law omitted):

“29. ... the fact that a sign is, in general, capable of constituting a trade mark does not mean that the sign necessarily has distinctive character for the purposes of Article 7(1)(b) of the regulation in relation to a specific product or service.

30. Under that provision, marks which are devoid of any distinctive character are not to be registered.

31. According to settled case-law, for a trade mark to possess distinctive character for the purposes of that provision, it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings.

32. It is settled case-law that that distinctive character must be assessed, first, by reference to the goods or services in respect of which registration has been applied for and, second, by reference to the perception of them by the relevant public.

52. I have already identified the goods and the relevant public and found that the public would not consider KALOAM to be a description of the goods or services at issue. I see no other reason why KALOAM is *prima facie* incapable of distinguishing the goods and services at issue as being those provided under the control of one particular undertaking.

53. Consequently, I reject the s.3(1)(b) ground of opposition.

54. It follows that I also reject the s.3(1)(a) ground of opposition.

## **Conclusion**

55. The opposition is rejected.

## **Costs**

56. The opposition having failed, the applicant is entitled to an award of costs. It is common ground that the award should be calculated on the registrar's published scale of costs.

57. I find that the applicant is entitled to an award of £1600 towards its costs. This is made up of:

£300 - for considering the notice of opposition and filing a counterstatement  
£1000 - for considering the opponent's evidence and filing its own  
£300 - for preparing written arguments in lieu of a hearing

58. I therefore order H.H. and D.E. Drew Limited to pay Monro Horticulture Limited the sum of £1600. This sum to be paid within 35 days of the date of this decision (subject to any appeal).

**Dated 19<sup>th</sup> February 2014**

**Allan James  
For the Registrar**