

TRADE MARKS ACT 1994
IN THE MATTER OF AN APPEAL TO
THE APPOINTED PERSON AGAINST
THE DECISION OF THE REGISTRAR

IN THE MATTER OF REGISTRATION
No. 1374248

In the name of Nordic Saunas Limited
And

IN THE MATTER OF AN
APPLICATION FOR REVOCATION
AND A DECLARATION OF
INVALIDITY UNDER No. 10096

In the name of the Nordic Timber Council
AB

D E C I S I O N

1. Nordic Saunas Limited (NSL) are the registered proprietors of the trade mark “NORDIC” (No. 1374248) registered as of 21st February 1989 in respect of

Buildings; building materials; windows, doors, panelling and panels; timber; lumber; stone; reconstituted and artificial stone for walls; floors; door frames; marble; reconstituted stone and artificial stone; works of stone masonry; tiles; non-metallic building framework; parts and fittings for all the aforesaid goods.

2. On 28th April 1998 Nordic Timber Council AB (NTC) applied to revoke or in the alternative have declared invalid this registration. The grounds relied upon were, in simple terms,

3. Under section 47, that the mark should never have been registered having regard to the provisions of section 3(1)(b) or (c) of the Act in that the mark consisted solely of a word which denoted geographical origin and that the use made of the mark by the proprietors was insufficient, at the date of application, to invoke the proviso to section 3 (acquired distinctiveness by reason of use)

4. Under section 46, that there had in fact been no genuine use in the United Kingdom of the mark by the proprietors on the goods for a continuous period of 5 years since registration.

5. By their counterstatement, NSL disputed point (i) above but also invoked, so far as necessary, the provisions of section 47(1) of the Trade Marks Act 1994 which permits a proprietor to retain a registration which should not have been registered pursuant to section 3 and the proviso, having regard to the use that had been made of it by the date of registration if, subsequent to registration, the mark has acquired the necessary distinctive character by reason of the subsequent use.

6. With regard to point (ii), NSL contended that they had used the mark on all the goods covered by the registration.

7. A good deal of evidence was filed and the matter came for hearing before Mr. Foley, acting for the Registrar. By his decision of 12th June 2000, Mr. Foley held that the mark was partially invalid. I can summarise his reasoning shortly as follows:

- (i) He held that the word NORDIC was a descriptive term denoting, if not the individual countries, the geographical area comprising Scandinavia and that he saw no reason why the public should see the word NORDIC when used in connection with building materials as indicating anything other than the geographical area from which they had originated. (See his Decision page 9 lines 35-38).
- (ii) He concluded that the evidence filed on behalf of NSL in support of the original application for registration did not substantiate a claim to acquired distinctiveness in respect of all the goods for which the mark was registered. (Decision page 10 lines 10-16).
- (iii) But, as a result of considering the more detailed evidence of use filed on the application for revocation, he held that acquired distinctiveness had been proved in respect of
“Buildings for use as saunas, windows, doors and door frames for such buildings, doors and door frames for plant rooms for saunas, all made principally of wood, and peridotite rock for saunas”. (Decision page 10 lines 17-23).
- (iv) Finally he held that the use up to the date of the application for revocation in respect of all the other goods covered by the registration was insufficient to show that the trade mark had acquired a distinctive character in respect of those goods; particularly in respect of wooden panelling. (Decision page 10 lines 30-38).

1. Accordingly the application for revocation succeeded in part having regard to section 47 and it was not necessary for Mr. Foley to consider separately the question of non use under section 46. As a result of his findings, the specification of goods which he was prepared to allow to remain on the Register was in the following form

“Buildings for use as saunas; windows for use in buildings containing saunas; doors and door frames for use in buildings for saunas and in plant rooms for saunas; all being principally of wood; peridotite rock for use in saunas”.

2. Neither party was content with that specification of goods. On 2nd August 2000 NTC and on 9th August 2000 NSL gave Notice of Appeal to the Appointed Person. Both parties helpfully filed full and detailed Grounds of Appeal and prior to the hearing skeleton arguments were filed by Mr. Richard Meade on behalf of NTC and by Mr. Tim Ludbrook on behalf of NSL who represented their respective clients at the hearing before me. As a result, it is now possible to distil down the issues calling for a decision on this appeal to the following;

- (i) Is the mark “NORDIC” inherently distinctive in respect of some (and if so which) of the goods the subject of the registration such that registration would have been proper notwithstanding the provisions of section 3(1)(c) without evidence of use? (Both parties are agreed that I could concentrate on section 3(1)(c) and ignore (b)).

(ii) Insofar as the mark was not inherently distinctive in respect of some or all of the goods, had it, by reason of use, acquired distinctiveness in respect of some and, if so, which goods by the date of application for revocation in 1998? Both parties sensibly approached the matter in relation to this date only and not the date of application.

1. In relation to the second issue, Mr. Ludbrook contended that the evidence showed that, by reason of use by NSL, the mark had acquired distinctiveness in relation to the following class of goods:

“Buildings for use as saunas; windows, doors; floors; door frames; panelling and panels, timber; lumber; peridotite rock used for saunas; parts and fittings for the aforesaid goods; all included in class 19”.

Mr. Meade rejected this and asserted that, although there had been some use in relation to saunas, mere use did not constitute trade mark use and that the evidence of trade mark use even in relation to saunas was too flimsy to meet the requirements of the proviso to section 3.

2. It will thus be necessary on this issue to pay close regard to the evidence but first I shall deal with the question of inherent distinctiveness.

Inherent Distinctiveness

3. Mr. Ludbrook accepted that the hearing officer was correct when he held
“Whilst Scandinavia may be the better known description for this group of countries, I take the view that the alternative description of NORDIC will also be known to the public”. (Decision Page 9 lines 21-23).

4. He also accepted the hearing officer’s finding that since the public would associate saunas and goods for use in saunas with the Scandinavian countries, they would regard the word Nordic, prima facie, when used in relation to saunas as indicating origin in those countries. (Decision page 9 lines 31 & 33).

5. However he contended that such a conclusion did not extend to building materials in general which were not for use in saunas. He contended that a legally correct analysis required me to enquire and enquire only
“Is the name liable to be used by others as an indication of origin?”.

He asserted that in relation to non sauna goods, the answer to this was no and that accordingly the mark could be registered for non saunas goods without proof of use.

6. Mr. Meade disagreed. He contended that section 3(1)(c) was of wider scope so that, once Mr. Ludbrook had made the concession he had with regard to the word “NORDIC” being an indication of geographical

origin, that was an end of the question of inherent distinctiveness save in those rare cases where it was apparent from the nature of the mark and of the goods that there could be no question of geographical origin. He cited the well known example of North Pole for bananas.

7. The public policy underlying section 3(1)(c) (which equates to Article 3(1)(c) of the first Council Directive, 89/104/EEC) was the subject of consideration by the European Court of Justice in the *Windsurfing Chiemsee* case in paragraphs 24-37 of the Judgment (1999 ETMR 585). I shall set out those paragraphs in full.

24. It should first of all be observed that Article 3(1)(c) of the Directive provides that registration is to be refused in respect of descriptive marks, that is to say marks composed exclusively of signs or indications which may serve to designate the characteristics of the categories of goods or services in respect of which registration is applied for

25. However, Article 3(1)(c) of the Directive pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the categories of goods or services in respect of which registration is applied for may be freely used by all, including as collective marks or as part of complex or graphic marks. Article 3(1)(c) therefore prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks.

26. As regards, more particularly, signs or indications which may serve to designate the geographical origin of the categories of

goods in relation to which registration of the mark is applied for, especially geographical names, it is in the public interest that they remain available, not least because they may be an indication of the quality and other characteristics of the categories of goods concerned, and may also, in various ways, influence consumer tastes by, for instance, associating the goods with a place that may give rise to a favourable response.

27. The public interest underlying the provision which the national court has asked the Court to interpret is also evident in the fact that it is open to the Member States, under Article 15(2) of the Directive, to provide, by way of derogation from Article 3(1)(c), that signs or indications which may serve to designate the geographical origin of the goods may constitute collective marks.

28. In addition, Article 6(1)(b) of the Directive, to which the national court refers in its questions, does not run counter to what has been stated as to the objective of Article 3(1)(c), nor does it have a decisive bearing on the interpretation of that provision. Indeed, Article 6(1)(b), which aims, inter alia, to resolve the problems posed by registration of a mark consisting wholly or partly of a geographical name, does not confer on third parties the right to use the name as a trade mark but merely guarantees their right to use it descriptively, that is to say, as an indication of geographical origin, provided that it is used in accordance with honest practices in industrial and commercial matters.

29. Article 3(1)(c) of the Directive is not confined to prohibiting the registration of geographical names as trade marks solely where they designate specified geographical locations which are already

famous, or are known for the category of goods concerned, and which are therefore associated with those goods in the mind of the relevant class of persons, that is to say in the trade and amongst average consumers of that category of goods in the territory in respect of which registration is applied for.

30. Indeed, it is clear from the actual wording of Article 3(1)(c), which refers to “... indications which may serve .. to designate ... geographical origin”, that geographical names which are liable to be used by undertakings must remain available to such undertakings as indications of the geographical origin of the category of goods concerned.

31. Thus, under Article 3(1)(c) of the Directive, the competent authority must assess whether a geographical name in respect of which application for registration as a trade mark is made designates a place which is currently associated in the mind of the relevant class of persons with the category of goods concerned, or whether it is reasonable to assume that such an association may be established in the future.

32. In the latter case, when assessing whether the geographical name is capable, in the mind of the relevant class of persons, of designating the origin of the category of goods in question, regard must be had more particularly to the degree of familiarity amongst such persons with that name, with the characteristics of the place designated by the name, and with the category of goods concerned.

33. In that connection, Article 3(1)(c) of the Directive does not in principle preclude the registration of geographical names which are unknown to the relevant class of persons - or at least unknown

as the designation of a geographical location – or of names in respect of which, because of the type of place they designate (say, a mountain or lake), such persons are unlikely to believe that the category of goods concerned originates there.

34. However, it cannot be ruled out that the name of a lake may serve to designate geographical origin within the meaning of Article 3(1)(c), even for goods such as those in the main proceedings, provided that the name could be understood by the relevant class of persons to include the shores of the lake or the surrounding area.

35. It follows from the foregoing that the application of Article 3(1)(c) of the Directive does not depend on there being a real, current or serious need to leave a sign or indication free ('Freihaltebedürfnis') under German case-law, as outlined in the third indent of paragraph 16 of this judgment.

36. Finally, it is important to note that, whilst an indication of the geographical origin of goods to which Article 3(1)(c) of the Directive applies usually indicates the place where the goods were or could be manufactured, the connection between a category of goods and a geographical location might depend on other ties, such as the fact that the goods were conceived and designed in the geographical location concerned.

37. In view of the foregoing, the answer to the questions on Article 3(1)(c) of the Directive must be that Article 3(1)(c) is to be interpreted as meaning that:

- it does not prohibit the registration of geographical names as trade marks solely where the names designate places*

which are, in the mind of the relevant class of persons, currently associated with the category of goods in question; it also applies to geographical names which are liable to be used in future by the undertakings concerned as an indication of the geographical origin of that category of goods;

- *where there is currently no association in the mind of the relevant class of persons between the geographical name and the category of goods in question, the competent authority must assess whether it is reasonable to assume that such a name is, in the mind of the relevant class of persons, capable of designating the geographical origin of that category of goods;*
- *in making that assessment, particular consideration should be given to the degree of familiarity amongst the relevant class of persons with the geographical name in question, with the characteristics of the place designated by that name, and with the category of goods concerned;*
- *it is not necessary for the goods to be manufactured in the geographical location in order for them to be associated with it.*

1. I believe it is plain from this that Mr. Ludbrook's contention is too narrow. When the ECJ in paragraphs 30 and 37 ask the question whether a geographical name is "liable to be used in the future ... as an indication of the geographical origin of that category of goods" they make it plain that this assessment is an objective one which must be

reached by giving due regard to the degree of familiarity amongst the relevant class of persons with the geographical name in question, with the characteristics of the place designated by that name and with the category of goods concerned. Equally, whilst it is plain that Mr. Meade's example of North Pole for bananas would not be capable of designating the geographical origin of bananas, I do not accept that this is necessarily a small category of permissible geographical names as he sought to suggest. Each geographical name must be considered in relation to the goods in question and where there is no current association of that geographical name with the goods in question, all relevant factors must be taken into account in assessing whether the name is capable of designating the geographical origin of that category of goods to the average consumer.

2. There is no difficulty in answering that question in this case. The broad class of goods for which registration is now sought is, (save for peridotite rock), in effect, goods made of wood. At the hearing wooden panelling was focussed upon. Whilst there is no evidence of the expression NORDIC being used in relation to timber at any of the relevant dates, it is not an unnatural expression to use for timber having its origin in the Scandinavian countries. In my judgment, not only is it capable of designating the geographical origin of that category of goods, it is a wholly appropriate means of so doing. Accordingly the mark NORDIC was not capable of being registered in respect of any of the goods for which NSL now seeks registration without proof of acquired distinctiveness by reason of use.

The use relied upon

3. As indicated above, Mr. Ludbrook contended that the use was adequate to establish distinctiveness not only in sauna goods but also in windows, doors and timber panelling distributed for purposes other than use in relation to saunas. Mr. Meade contended that even the use in relation to saunas was insufficient to demonstrate acquired distinctiveness and reminded me of the well known observations of Jacob J. in the *Treat* case (*British Sugar plc. –v- Robertson* (1996) RPC 281) on the need to draw a distinction between mere use and distinctiveness obtained by reason of use.

4. I turn then to consider the evidence. The primary evidence given on behalf of NSL is in two statutory declarations by Ian Ross-Reid, (the managing director of NSL). In paragraph 6 of his first declaration he states as follows:

“Under the trade mark NORDIC, my company supplies cut timber, lumber, panelling and panels that are used in house construction, joinery and the construction of saunas”.

He purports to support this by exhibiting brochures showing the use of the mark and by giving details of annual turnover and of spending on advertising. He exhibits examples of advertising. In his second declaration he gives direct evidence of sales of pine panelling under the NORDIC brand name over the last 34 years. He estimates that approximately 550 separate packs of timber have been sold under the trade mark NORDIC annually, which would lead to annual sales of

approximately £23,000. He exhibits invoices purporting to relate to the supply of windows as separate items and produces results of questionnaires distributed amongst the trade designed to show a familiarity of those in the trade with the trade mark NORDIC used upon timber.

5. Mr. Ludbrook took me carefully through all of the documentary evidence but I am not persuaded that the documentary evidence is sufficient to justify the contention made by Mr. Reid in paragraph 6 of his first declaration quoted above. I believe it is plain from reading the documents exhibited that the word NORDIC has been used in relation to saunas and that insofar as it has been used in relation to panelling or windows this has only been in conjunction with their use as part of a sauna.
6. The brochures to which I was referred were all brochures relating to saunas and a typical example is the “Nordic 1996 Illustrated Price List and Buyers Guide” forming part of exhibit IRR1. It is true that in this brochure there is reference on page 6 to DIY sauna components which include kiln dried finish pine panelling, sauna benches and duckboards but the description which follows each is directed, not surprisingly, to the use of those materials in saunas.
7. Likewise on page 5 there is a category of window sauna components which makes it plain that the windows are designed to be substituted for a wooden portion of a standard Nordic sauna. The legend reads:

“The prices shown are the “exchange cost” of fitting bronze glazed wall panels and window bays to a standard Nordic sauna. If the glazed wall panels or window bays are purchased separately without the purchase of a sauna then the prices shown are incorrect”.

Whilst this could be indicative of the availability for sale of the windows as separate components, it does not show that such a trade has developed, far less that it has developed under the trade mark NORDIC.

8. Indeed, the contrary appears to be the case. In a brochure forming part of exhibit IRR2 the following promotional matter occurs.

“Windows. Natural product evolution and today’s more sophisticated sauna user dictates this extension to Nordic’s long standing range of genuine finished saunas.

This supplementary brochure should be read in conjunction with our full range brochure available on request.

Now you can add windows and window bays to any sauna in our range. Based on our modular construction system, window panels and wall panels are interchangeable. By simple substitution, a window or window bay can be added to your sauna without fuss and at minimum cost.”

9. Exhibit IRR5 to his first declaration lists magazines in which advertisements have appeared and exhibit IRR6 contains copies of some of those advertisements. Not surprisingly they are all directed at

saunas, steam rooms and sun tan systems or to other bathroom equipment. They are not directed to building equipment per se.

10. In exhibit IRR5 to his second declaration. Mr. Reed exhibits certain invoices which relate to the sale of panelling on its own. A majority of the invoices make it plain that the panelling is being supplied in conjunction with the supply of a sauna but three do not. Mr. Ludbrook invited me to place weight on these three as supporting the proposition that the word NORDIC had acquired distinctiveness when used in relation to timber as a product in its own right as opposed to being an adjunct to a sauna. I am unable to do this. The mere supply of timber simpliciter does not prove that the purchaser perceived that the word NORDIC used in relation to the timber was an indication of origin of the timber in NSL nor that he saw the timber as being a product in its own right. Considerably more information would be needed to satisfy me as to that. Likewise in exhibit IRR6, he exhibits an invoice to a Mr. Brian James which includes the delivery of two special opening double windows. However it is quite plain from that invoice that the windows were supplied as part of a completed sauna and there is no evidence of a separate use of the word NORDIC to indicate the windows as opposed to the sauna system as a whole.

11. Finally, I turn to the questionnaires which form Exhibit IRR15 to his second declaration. To my mind these raise more questions than they answer. There are three of them. Each one is completed by a person with many years experience in the builders merchant trade who had all

plainly dealt in Nordic saunas. Mr. Reed does not indicate how these questionnaires were obtained, nor even whether they constituted the totality of the questionnaires obtained. The questions asked were leading questions. The question in relation to knowledge of the use of the trade mark NORDIC on timber was not asked in a way which would serve to distinguish between timber supplied on its own and timber supplied as an adjunct to a sauna. In my judgment it is quite impossible to place any weight on such questionnaires and I do not propose to do so.

12. More weight can be placed upon a witness statement of Geoffrey Michael Green, a partner in a firm of commercial investigators, who approached NSL and spoke to Sarah Cox, the Customer and Exports Liaison Manager of NSL who showed him around the customer demonstration area. He relates that Ms. Cox told him, amongst other things, that

“The wood used in the construction of the pre-fabricated sauna unit is not suitable for any other domestic use either externally or internally”

“That a customer can order extra panelling of the wood used in the construction of the sauna units for infill purposes and for wall cladding in the room where the sauna is to be erected”.

“That the windows and doors to the sauna are supplied with the glass in the pre-fabricated frames”.

Mr. Reed refers to this incident in paragraph 19 of his second declaration and does not deny that it occurred in the manner related by Mr. Green. He draws attention to the fact that timber can be supplied as indicated by Ms. Cox as an adjunct to a sauna.

13. To my mind the exchange with Ms. Cox is a fair indication of the nature of NSL's trade in building materials. It is, so far as the evidence goes, solely a trade as an adjunct to their primary business of supplying saunas. The use of the trade mark NORDIC has thus not been such as to acquire any distinctiveness as indicating origin in NSL when used in relation to building materials other than those used as an adjunct to their sauna business.
14. Mr. Ludbrook's argument to the contrary therefore fails as does NSL's appeal on this point.
15. There then remains the question of whether the use of the trade mark NORDIC in relation to saunas and materials for use in connection with saunas has been sufficient for the mark to acquire the relevant distinctiveness in relation to those goods. Mr. Meade accepted that there had been some use but said that this use was insufficient. I do not agree. The evidence shows, both by way of details of sales and of advertising, a longstanding use in relation to saunas and parts thereof over more than 30 years prior to the date of application for revocation of the trade mark. The business has by no means been huge but it has been substantial and continuous. The word NORDIC has repeatedly

been used in a trade mark sense. I have concluded that this evidence is more than sufficient to prove the necessary acquired distinctiveness in relation to saunas and parts therefore.

16. NTC'S appeal therefore fails as well.

The Specification of Goods

17. Both counsel however questioned the correctness of the hearing officer's conclusion as to the specification of goods for which the registration should remain in the event that both appeals were to be dismissed.

18. Mr. Meade contended that the correct classification was as follows:

“Buildings for use as saunas; windows for use in (~~buildings containing~~) saunas; doors and door frames for use in (~~buildings for~~) saunas and in plant rooms for saunas; all being principally of wood; peridotite rock for use in saunas. (I indicate the changes by brackets and deletions).

Mr. Ludbrook suggested that a simpler approach would be to say

“buildings for use as saunas; parts and fittings therefor; all being principally of wood; peridotite rock for use in saunas”.

19. Mr. Meade’s criticism was that the wording as drafted by the Registry would extend to any building no matter how large which contained a sauna and there is substance in this. I am reluctant to adopt Mr. Ludbrook’s wording in a case where the registration is being maintained solely on the grounds of use which would leave open for argument in the future as to the scope of the expression “parts and fittings”.

20. Having regard to my analysis of the evidence, I have concluded that the relevant reputation resides in saunas and in the particular building materials used therein and that the correct specification of goods should be

“Buildings for use as saunas; windows, doors and door frames for use in saunas, all being principally of wood; peridotite rock for use in saunas”.

Conclusion

21. In the result therefore both appeals fail. The mark will remain on the register in respect of the specification stated above.

22. I turn then to consider the question of costs. Mr. Foley awarded NTC a full contribution to their costs since NSL had sought to defend the registration almost in its entirety. I do not propose to interfere with that order.

23. Before me, Mr. Meade contended that even if he were to fail on his appeal, success in resisting the appeal by NSL was the primary commercial aim of his clients and that this should be recognised in a further award of costs in his favour. I do not agree. NTC elected not only to defend the decision of the hearing officer but sought also to challenge it by seeking a decision more favourable to them. They have failed. Likewise NSL have failed in seeking a more favourable decision from their point of view. In these circumstances I have concluded that the correct order is to make no order for costs on this appeal.

SIMON THORLEY Q.C.

25th May 2001