

**TRADE MARKS ACT 1994
IN THE MATTER OF APPLICATION No 2200148
BY WAL-MART STORES, INC**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER No 50360
BY TESCO STORES LIMITED**

TRADE MARKS ACT 1994
IN THE MATTER of Application No 2200148
by Wal-Mart Stores, Inc

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IN THE MATTER OF Opposition thereto under No 50360
by Tesco Stores Limited

Background

1. On 14 June 1999, Wal-Mart Stores, Inc, applied under the Trade Marks Act 1994 to register the trade mark ALWAYS LOW PRICES ALWAYS WAL-MART for a specification of goods which reads

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.

2. The application was accepted and published and on 28 October 1999, Tesco Stores Limited, filed notice of opposition to the application. The statement of grounds accompanying the notice of opposition set out various grounds of opposition under section 3 of the Trade Marks Act 1994. Those pursued at the hearing can be summarised as follows:

under section 3(1)(b) and 3(1)(c) in that the applicants' mark consists of an expression which is devoid of distinctive character in that it is an expression or terms very similar to terms which others may wish to legitimately use in the course of their trade and business to indicate to customers that the products are ALWAYS LOW PRICE, ALWAYS LOW PRICED or similarly LOW PRICED. In the alternative, the mark consists of indications which service to prove to customers the value of the goods being used by the trade.

3. The applicant filed a counterstatement denying the grounds of opposition. Both sides seek an award of costs. The matter came to be heard on 4 October 2001. The applicants were represented by Ms Charlotte May of Counsel, instructed by Appleyard Lees, the opponents were represented by Mr Guy Tritton of Counsel, instructed by Trademark Owners Association.

Evidence

4. Both parties filed evidence in these proceedings. The opponents filed a witness statement together with exhibits, dated 13 April 2000 by Mr Martin John Field, Assistant Company Secretary of Tesco Stores Limited. The applicants filed a witness statement and exhibits dated 2 January 2001 by Mr Anthony Paul Brierley of Appleyard Lees, the applicants'

representatives in this matter. In so far as it is necessary I will refer to this evidence as part of my decision.

Decision

5. The grounds of opposition pursued at the hearing refer to sections 3(1)(b) & (c) of the Trade Marks Act 1994. The relevant provisions read as follows:

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

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.”

6. Objection is said to arise under sections 3(1)(b) and (c). It has long been stated that:

“Wealthy traders are habitually eager to enclose part of the great common of the English language and to exclude the general public of the present day and of the future from access to the enclosure”; per Sir Herbert Cozen-Hardy MR in *Joseph Crosfield & Son’s Application* (1909) 26 R.P.C. 837 at page 854.

7. After quoting this passage, Mr Justice Jacob in *British Sugar Plc v. James Robertson & Sons Ltd* [1996] R.P.C. 281 continued:

“The trade mark registration Acts up until 1994 stood firmly in the way of wealthy traders. Where they adopted marks which other traders were likely to want to use descriptively they found it either difficult or impossible to register their marks.....In some cases their policy may have gone too far: registration was denied even to marks which were “100% distinctive” ie those which had, through both use and recognition as trademarks, come to be taken by all concerned as denoting the proprietor’s goods. The Trade Marks Act 1994, implementing an E.C. Directive, has swept away old law.”

8. In this case, the applicants seek registration of the phrase or slogan “ALWAYS LOW PRICES ALWAYS WAL-MART”. Mr Tritton argued that the phrase “ALWAYS LOW

PRICES ALWAYS” would, absent use, be devoid of distinctive character. He acknowledged that the other element in the applicants’ mark, the word WAL-MART, was even without use, distinctive per se. Mr Tritton noted that the applicants already held a registration for the word WAL-MART solus and so questioned what the effect would be of the application in suit.

9. Mr Tritton referred me to a decision of the First Board of Appeal of OHIM, *MAXIMA* (Case 51/1998). Here the First Board referred to the provisions of Articles 7(1)(b) and (c) of the Regulation, the equivalent to sections 3(1)(b) and (c) of the Trade Marks Act 1994. Part of the passage quoted in Mr Tritton’s skeleton states:

“No undertaking may be given an exclusive right to use in the course of trade a sign which does no more than describe in ordinary language, the nature, quality or intended purpose of the goods or services in respect of which it is to be used.

As a general rule, there are compelling reasons for not allowing an individual trader to monopolise the use of ordinary words, or obvious adaptation of ordinary words, which imply that a product possesses exceptional characteristics as regards quality, power, performance, size, fitness for purpose and so forth.”

10. To that list, and based on the mark in the instant case, Mr Tritton would no doubt add cost or value for money.

11. It was Mr Tritton’s submission that I should have regard to the principle that honest traders should not have to look for a defence in section 11 of the Act in relation to use of descriptive marks and that the first line of defence for such traders should be the refusal of registration for such marks. Mr Tritton referred me to the decision of Mr Geoffrey Hobbs QC in AD2000 [1997] R.P.C. 168. At page 176, lines 9 to 23, Mr Hobbs stated:

“Although Section 11 of the Act contains various provisions designed to protect the legitimate interests of honest traders, the first line of protection is to refuse registration of signs which are excluded from registration by the provisions of section 3. In this regard, I consider that the approach to be adopted with regard to registrability under the 1994 Act is the same as the approach adopted under the old Act. This was summarised by Robin Jacob Esq Q.C., in his decision on behalf of the Secretary of State in the *Colorcoat Trade Mark* [1990] R.P.C. 511 at 517 in the following terms:

“That possible defences (and in particular that the use is merely a bona fide description) should not be taken into account when considering registration is very well settled, see e.g. *Yorkshire Copper Works Ltd’s trade mark application* (1954) R.P.C. 150 at page 154 lines 20 to 25 per Viscount Simonds LC. Essentially the reason is that the privilege of a monopoly should not be conferred where it might require “honest men to look for a defence”.”

12. Mr Tritton argued that this approach applied equally to slogan type marks as can be seen in the decision *EVERY IDEA SAFELY DELIVERED* a decision of the registrar (SRIS 0/380/99). This decision was an appeal to the Appointed Person (SRIS 0/275/00) who upheld the registrar’s decision to refuse registration under section 3(1)(b) and (c) of the Act. Relying

on the decision of Mr Hobbs, in *DAY BY DAY* (unreported 12 April 1994) he noted that regard should also be taken of the natural use of a slogan mark in advertising.

13. Before dealing with the substance of the opposition in this case I should address the issue of onus. This was raised in the skeleton argument of Ms May. Ms May's skeleton, relying on the decision of Mr Thorley, Q.C., sitting as the Appointed Person in *Tonalite Henne Trade Mark* [2001] R.P.C. 36 at paragraph 29, suggested that the onus was on the opponents. Mr Tritton was surprised at this line of argument and referred to the decision of the Court of Appeal in *Proctor & Gamble* [1999] R.P.C. 673 and that of the Appointed Person, Mr Hobbs in *Eurolamb* [1997] R.P.C. 279. Relying on these authorities he argued that there was essentially a neutral burden on questions of absolute registrability. In his view *Tonalite* was not an authority that established a general principle. In that case, the opponents had to show that the mark was descriptive in a foreign language, this had to be shown to the registrar and therefore the onus was on the opponents.

14. I should say, that in this case my view is that nothing will turn on the issue of onus and it seemed to me that both counsel agreed. However, I note that Mr Tritton's authorities were all ex parte proceedings concerned with the question of burden between the applicant and registrar. Mr Tritton accepted this but in his view the difference between ex parte and inter partes was one of procedure. I would not characterise the differences so lightly. It seems to me that where a party in opposition proceedings comes forward and argues that a trade mark, which has been accepted and published under section 38, should not be registered then it is for them to make good their case in argument or by way of evidence. This is so in relation to relative grounds for refusal, I see no reason why it should not be so for absolute grounds.

15. I will deal first with the opponents' ground of objection under section 3(1)(c). I should at this point mention the evidence filed by the opponents. As noted above, this consists of a witness statement by Mr Martin John Field, Assistant Company Secretary of Tesco Stores Limited. Both parties sought to rely on this evidence in so far as it purports to show use by traders of phrases referring to price or value of their products. Mr Tritton suggested that the evidence showed that traders frequently use phrases referring to price or value. Examples at exhibit MJF2 of those used by Tesco Stores Ltd, include: LOW PRICE NO MISTEAK; NO END OF LOW PRICES; ULTRA LOW PRICES. Phrases used by other traders are shown at exhibit MJF3. These include NOBODY BEATS US ON PRICE; LOW ON PRICE HIGH ON SERVICE; LOW PRICES ALWAYS; ALWAYS LOW PRICES- GUARANTEED.

16. Ms May referred to the examples and noted they did not show any use of ALWAYS LOW PRICES ALWAYS. As such, she suggested that the ground under section 3(1)(c) was not made out. Section 3(1)(c) relates to signs or indications which **may** serve, there is no requirement that the phrase is one which is in current usage.

17. Both counsel also referred me to the Patent Office's current Practice Amendment Circular on slogans PAC 9/00. The relevant passages of which state:

“Slogans objectionable under Sections 3(1)(b) and (c) of the Act

1. The first question to be answered in assessing the registrability of a slogan is

whether it consists exclusively of a sign which may serve, in trade, to designate characteristics of the goods and services, including "intended purpose". Slogans that fall within this exclusion will be refused under Section 3(1)(c).

2. In assessing the likelihood of other traders using the sign in trade as a description of the goods and services, use in advertising should be taken into account (see the Appointed Person's comments in the "Day by Day" decision, to be reported).

3. Slogans which include the applicant's trade mark will not consist exclusively of a sign which may be used in trade to designate characteristics of the goods and services. Consequently, marks such as "VOLVO FOR LIFE" (Class 12) will be accepted as distinctive in the prima facie.

18. Ms May argued that the mark the subject of the application fell squarely within the example given in paragraph 3 in that it contains the applicants' trade mark. I note Ms May's comment, the PAC sets out the Office's current practice but carries no legal weight.

19. There has been recent guidance from the European Court of Justice in relation to Article 7(1)(c) of Council Regulation 40/94 on the Community Trade Mark in *BABY-DRY* Case C-383/99P. Article 7(1)(c) is equivalent to Section 3(1)(c) of the Trade Marks Act 1994. Mr Tritton and Ms May both made reference to the case. The findings of the Court are set out in paragraph 35 et seq of the judgment. Reference was also made to the Opinion of the Advocate-General in *BABY-DRY*.

20. The provisions of section 3(1)(c) state that trade marks which consists exclusively of signs or indications which may serve in trade to designate certain characteristic of the goods or services shall not be registered. Mr Tritton acknowledged that the applicants' trade mark ALWAYS LOW PRICES ALWAYS WAL-MART contained an element WAL-MART which was distinctive. In his submission the question of whether this application should be refused under section 3(1)(c) was one of degree. Mr Tritton suggested the mark in suit was too much slogan and not enough trade mark. He argued that whilst the section uses the word exclusively, there must come a point where the descriptive matter so overwhelms any distinctive element that the mark should be refused under this section. In Mr Tritton's submission, it was for me to determine whether in the circumstance of this case that point had been reached. Although I can see some logic and force in that argument, I can state at the outset that in my view that point has not been reached in this case.

21. The ECJ in *BABY-DRY* stated that the provisions in Article 7(1) of the Regulation (section 3(1)) and those in Article 12 (section 11) taken together prevent registration as trade marks, signs which are no different from the usual way of designating the relevant goods or services or their characteristics; paragraph 37. Thus, the ECJ concluded that the provision of Article 7(1)(c), (section 3(1)(c)) excluded signs which may serve in normal usage from a consumer's point of view to designate an essential characteristic of the goods or services concerned. Registration should not be refused unless it comprises no other sign or indication; paragraph 39. Further, the Court found that in relation to trade marks composed of words, descriptiveness must be determined not only in relation to each word taken separately but also in relation to the whole which they form; paragraph 40. I must therefore have regard to the individual words but also to the mark as a whole; this approach is consistent with that

advocated by Mr Simon Thorley, Q.C. sitting as the Appointed Person in *EVERY IDEA SAFELY DELIVERED* referred to above.

22. In considering whether a mark consists exclusively of matter covered by the provisions of section 3(1)(c) the ECJ indicated that any perceptible difference between the combination of words submitted for registration and the terms used in the common parlance of the relevant class of consumer to designate the goods or services or their essential characteristic is apt to confer distinctive character on the word combination enabling it to be registered as a trade mark; paragraph 40.

23. On any view, it seems to me that the trade mark ALWAYS LOW PRICES ALWAYS WAL-MART, cannot be said to consist exclusively of signs or indications which may serve in trade to designate the value of the goods. The mark contains the sign WAL-MART and the relatively low hurdle of “any perceptible difference” and “unless it comprises no other sign” has in my view been cleared. Regard must also be taken of the individual words that comprise the trade mark as well as the mark as a whole. I note Mr Tritton’s comment that the distinctive matter comes at the end of the mark, but it is not in my view lost in the totality of the mark. Whilst Ms May advocated that I should have regard to the totality of the mark, she also suggested that the phrases ALWAYS LOW PRICES and ALWAYS LOW PRICES ALWAYS were arranged in a syntactically unusual juxtaposition; *BABY-DRY* at paragraph 43. They were not in her view the usual way of designating a characteristic of the goods. I have considered the trade mark the subject of the application as a whole and find that it should not be refused under the provisions of section 3(1)(c). I make no comment as to the registrability or otherwise of the individual elements of the trade mark. The opponents’ ground of objection under section 3(1)(c) is dismissed.

24. It could be argued that as I have found that the applicants’ mark should not be refused under section 3(1)(c) this leads inevitably to the view that it should not be refused under section 3(1)(b). This argument is based on the premise that as the mark does not consist exclusively of signs or indications which may serve in trade, the mark cannot be devoid of distinctive character. I do not agree. A mark which does not consist exclusively of such matter may, nevertheless, be devoid of distinctive character if it cannot perform the function of a trade mark, that of identifying the origin of the goods or services in question. To use the words of Mr Hobbs Q.C. sitting as the Appointed Person *Joe Boxer Holdings Inc Trade Mark Application* SRIS 0-313-01, such signs may be origin neutral. In particular, I refer to Mr Hobbs’ comments at page 18 paragraph 39 of his decision, where he comments as follows

“39. The [Trade Marks] Act gives effect to the provisions of Council Directive No. 89/104/EEC of 21st December 1988. It is clear from paragraph 46 of the Judgment of the European Court of Justice in Joined Cases C-108/97 and C109/97 Windsurfing Chiemsee Produktions-und Vertriebs v. Boots-und Segelzubehör Walter Huber and Franz Attenberger [1999] ETMR 585 that possession of a distinctive character “*is one of the general conditions for registering a trade mark under Article 3(1)(b)*” i.e. under Section 3(1)(b) of the 1994 Act. The distinctive character required by Section 3(1)(b) is “*a pre-requisite for its registration*” (paragraph 44).

40. In order to be registrable a visual device, no less than any other sign, must possess enough of “*a distinctive character*” to be perceived as an indication of trade

origin by “*the relevant class of persons or at least a significant proportion thereof*”. Windsurfing (above) paragraphs 44, 46 and 52. Paragraph 29 of the Judgment in Windsurfing case further confirms that the “*relevant class of persons*” consists of “*the trade and ... average consumers of that category of goods in the territory in respect of which registration is applied for*”. The “*average consumer*” of the products concerned is to be regarded as “*reasonably well-informed and reasonably observant and circumspect*”. Case C-342/97 Lloyd Schuhfabrik Meyer GmbH v. Klijsen Handel BV [1999] ETMR 690 paragraph 26.

41. The purpose of the inquiry is to determine whether the sign put forward for registration is, in and of itself, sufficiently distinctive in the United Kingdom as a whole to perform “*the essential function of a trade mark*” which “*according to the settled case-law of the Court ... is to guarantee the identity of the origin of the marked product to the consumer or end user by enabling him, without the possibility of confusion, to distinguish the product or service from others which have another origin*”. Case C-39/97 Canon Kabushiki Kaisha v. Metro Goldwyn Mayer Inc [1998] ECR I-5507, paragraph 28.

42. If it is, the absolute protection envisaged by Sections 5(1) and 10(1) of the 1994 Act (Articles 4(1)(a) and 5(1)(a) of the Directive) can properly be conferred upon it consistently with the provisions of Article 16(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPs”) O.J. 1994 L 366 p.213 which envisage that “*a likelihood of confusion shall be presumed*” in the event of unauthorised use of an identical sign in relation to goods or services identical to those for which the protected sign has been registered.

43. It is precisely because I consider that use of the smiley face by rival suppliers of the relevant goods would not, of itself, have given rise to any likelihood of deception or confusion in the United Kingdom in 1995 that I do not regard the smiley face as, of itself, eligible for the absolute protection requested in the present application for registration. The smiley face appears to me to be meaningful (as an origin-neutral expression of amiability) to a degree which makes it unacceptable for registration under Section 3(1)(b) in the absence of evidence sufficient to establish that it has come, through use in the United Kingdom, to be seen and understood as a single source specific indication of trade origin.”

25. As noted above, it is therefore my view that the question of registrability of the mark in suit with reference to section 3(1)(b) remains to be answered.

26. Both counsel made submission on this section but I think that in this particular case the answer can be given quite briefly. The element ALWAYS LOW PRICES, ALWAYS may or may not be devoid of distinctive character. Mr Tritton argued it was, as noted above, Ms May suggested that the words were arranged in a syntactically unusual juxtaposition. I need express no view on this, the trade mark in the instant case includes the word WAL-MART and this in my view is sufficient to confer distinctive character on the mark. The word WAL-MART is there for all to see, it is not lost or buried in the mark. As such, I reach the view that the opponents’ case under section 3(1)(b) must be dismissed.

27. The applicants have been successful and are entitled to a contribution towards their costs. I order that the opponents pay the applicants the sum of £835-00 as a contribution towards their costs. 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 20 day of December 2001

**S P Rowan
For the Registrar
the Comptroller General**