

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 80847 BY
SOCIETE DE FABRICATION ET DE DIFFUSION TEXTILE-SOFADITEX
FOR A DECLARATION OF INVALIDITY IN RESPECT OF
REGISTRATION No. 2107668 STANDING IN THE NAME OF
AIROFAME LIMITED**

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No. 80847
by Societe De Fabrication et de Diffusion
Textile-Sofaditex for a Declaration of Invalidity
in respect of registration No. 2107668 standing
in the name of Airofame Limited**

BACKGROUND

1. The following mark is registered under No. 2107668 in respect of “articles of clothing; footwear; headgear; all for ladies and children”:



It has a filing date of 15 August 1996.

2. By application dated 23 May 2002 Societe De Fabrication et de Diffusion Textile-Sofaditex applied for this registration to be declared invalid. The applicants for invalidity have themselves applied for protection of their International Trade Mark Registration No. 709213, OCEAN WEAR, in Class 25 in the United Kingdom. Airofame’s UK registration, No. 2107668, has been cited against it.

3. Also cited as an obstacle to the protection of the applicants’ International Registration in the UK is CTM No. 136226, OCEAN, in Class 25. The applicants say they have obtained consent to the use and protection of their International Registration from the proprietors of the CTM registration. The CTM registration has a filing date of 1 April 1996 whereas the UK registration now under attack has a filing date of 15 August 1996. Hence the applicants say the CTM registration is an earlier trade mark in relation to the UK registration as defined by Section 6(1)(a) of the Act.

4. Furthermore the applicants for invalidity say that both the UK registration and the CTM registration are essentially for the word OCEAN. Although both are presented in a slightly stylised form, the stylisation is not particularly distinctive and the marks are essentially the word

OCEAN. Both relate to identical and/or similar Class 25 goods such that there is a likelihood of confusion.

5. Accordingly the applicants request that the UK registration be declared invalid under Section 47(2)(a) having regard to the provisions of Section 5(1) and 5(2)(a) or, in the alternative, Section 5(2)(b).

6. The registered proprietors filed a counterstatement in which they note that Section 47(2) makes provision for a declaration of invalidity “unless the proprietor of the earlier trade mark has consented to the registration”. They go on to say that the proprietors of the CTM registration have consented to their registration. Attached to the counterstatement is a certified copy of the letter of consent dated 11 June 2002 along with a Form TM23 (Notice of partial surrender) limiting the scope of the registration to the terms of the consent provided by the proprietors of the CTM registration. As a result they submit that the application for invalidity must fail.

7. Both sides ask for an award of costs in their favour.

8. Both sides filed evidence. The parties were invited to say whether they wished to be heard. Neither side asked for a hearing. Written submissions have been received from Mathys & Squire, acting on behalf of the registered proprietors, under cover of their letter of 23 January 2003. Acting on behalf of the Registrar and with the above material in mind I give this decision.

Section 47(2)(a)/Sections 5(1), 5(2)(a) and 5(2)(b)

9. These Sections read as follows:

Section 47(2)

“47.-(2) The registration of a trade mark may be declared invalid on the ground -

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.”

Sections 5(1), 5(2)(a) and 5(2)(b)

“5.-(1) A trade mark shall not be registered if it is identical with an earlier trade mark and the goods or services for which the trade mark is applied for are identical with the goods or services for which the earlier trade mark is protected.

(2) A trade mark shall not be registered if because -

- (a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or
- (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

The evidence

10. This consists of:

Applicants’ evidence in chief:

Witness Statement by Norman Pattullo with Exhibits NP1 – NP3.

Registered proprietors’ evidence in support:

Witness Statement by Michael Christopher Moir with Exhibits MM1 – MM3.

Applicants’ evidence in reply:

Witness Statement by Norman Pattullo with Exhibits NP1 – NP2.

11. Both Mr Pattullo and Mr Moir are trade mark attorneys representing the parties in this case.

12. Mr Pattullo’s first witness statement confirms the background to this case as summarised in the statement of grounds. Sofaditex’s application for protection of their International Registration in the UK is said to have met with objections on the basis of four earlier trade marks. In three cases consent was obtained from the proprietors of the cited marks. The fourth mark is Airofame’s registration. The invalidity action was launched on 23 May 2002 in the light of Airofame’s unwillingness to provide consent and on the basis of an earlier CTM registration.

13. It is noted that the letter of consent from the proprietors of the CTM registration to Airofame is dated 11 June 2002, that is to say after the launch of the invalidity action.

14. The factual circumstances underpinning this case are not, so far as I can see, disputed. The remainder of Mr Pattullo’s first witness statement and much of the remainder of the evidence consists of submissions as to the legal position regarding consent and the relevance of the consent given in this case. The nub of the applicants’ submission is that, if successful, an invalidity action results in a registration being declared invalid ab initio. If the registration was invalid to start with, it is said that the subsequent granting of consent cannot make matters good. It is suggested that the phrase “has consented to the registration” in Section 47(2) should be

construed as meaning that the registration can only have been validly granted if consent had already been received.

15. In further support of this submission the applicants point to a comparable provision contained in Council Regulation 40/94 on the Community Trade Mark. Article 52 dealing with 'Relative Grounds for Invalidity' contains the following (emphasis added):

“3. A Community trade mark may not be declared invalid where the proprietor of a right referred to in paragraphs 1 or 2 consents expressly to the registration of the Community trade mark before submission of the application for a declaration of invalidity or the counterclaim.”

16. Mr Moir, for the registered proprietors, submits that the proper construction to be placed on the words “unless the proprietor of that earlier trade mark has consented to the registration” is that if, at the time the declaration of invalidity would be made, the owner of the earlier trade mark has consented to the registration, then the declaration cannot be made.

17. In relation to the provisions of Section 47(6) (under which, if a registration is declared invalid, it is deemed never to have been made) Mr Moir suggests that this only specifies the consequences if a declaration of invalidity is made. In his submission the fact that the invalidity if and when declared is retrospective is irrelevant to the current issue.

18. In relation to Mr Pattullo's point regarding Article 52(3) of the Community Trade Mark Regulation he suggests that it is in his clients' favour that Section 47(2) does not adopt similar wording. Furthermore the First Council Directive 89/104 does not require the domestic trade mark laws of Member States and the CTM Regulation to be identical with each other in this respect.

19. On the applicants' analysis of the matter he submits that, where the Registrar had not brought a potentially conflicting mark to an applicants' attention such that consent could at least be sought, the proprietor would have no opportunity to rectify the situation. Such an outcome, he submits, would be unjust.

20. I should also record that the registered proprietors have obtained and exhibited an acknowledgement from the proprietors of the earlier CTM registration that their consent to Airofame's registration is retrospective from a date (1 August 1998) earlier than the entry of Airofame's mark on the register (14 August 1998).

21. Mr Pattullo's reply evidence picks up on a number of the above submissions. In particular he suggests that consent in the context of Section 47(2) must be equivalent to the consent provision contained in Section 5(5) of the Act. Thus, as consent has to be obtained prior to registration in the context of Section 5(5) the same must be true in the context of Section 47(2). He also suggests that the fact that the proprietors of the CTM registration have provided Airofame with what he refers to as a retrospective letter of consent is of no relevance as the consent was still obtained after the registration had issued.

22. Those are the main points to emerge from the evidence and submissions contained therein. I confirm that I have read and borne all the submissions in mind to the extent that they are not summarised above.

DECISION

The issue of consent

23. The consent provisions contained in Sections 5(5) and 47(2) of the 1994 Act are based on Article 4(5) of First Council Directive 89/104 which reads:

“5. The Member States may permit that in appropriate circumstances registration need not be refused or the trade mark need not be declared invalid where the proprietor of the earlier trade mark or other earlier right consents to the registration of the later trade mark.”

24. Article 4(5) is an optional provision of the Directive but one which has been adopted in the UK law as indicated above. The single Directive provision arises because Article 4 deals with “Further grounds for refusal or invalidity concerning conflicts with earlier rights” whereas the UK law makes separate provision for grounds for refusal of registration and grounds for invalidity. As Mr Moir has pointed out the First Council Directive requires EU Member States to approximate their domestic trade mark law not to achieve complete harmonisation.

25. Recitals 3, 5 and 7 read as follows:

“Whereas it does not appear to be necessary at present to undertake full-scale approximation of the trade mark laws of the Member States and it will be sufficient if approximation is limited to those national provisions of law which most directly affect the functioning of the internal market;”

and

“Whereas Member States also remain free to fix the provisions of procedure concerning the registration, the revocation and the invalidity of trade marks acquired by registration; whereas they can, for example, determine the form of trade mark registration and invalidity procedures, decide whether earlier rights should be invoked either in the registration procedure or in the invalidity procedure or in both and, if they allow earlier rights to be invoked in the registration procedure, have an opposition procedure or an *ex officio* examination procedure or both; whereas Member States remain free to determine the effects – of revocation or invalidity of trade marks;”

and

“Whereas attainment of the objectives at which this approximation of laws is aiming requires that the conditions for obtaining and continuing to hold a registered trade mark are, in general, identical in all Member States; whereas, to this end, it is necessary to list examples of signs which may constitute a trade mark, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other

undertakings; whereas the grounds for refusal or invalidity concerning the trade mark itself, for example, the absence of any distinctive character, or concerning conflicts between the trade mark and earlier rights, are to be listed in an exhaustive manner, even if some of these grounds are listed as an option for the Member States which will therefore be able to maintain or introduce those grounds in their legislation; whereas Member States will be able to maintain or introduce into their legislation grounds of refusal or invalidity linked to conditions for obtaining and continuing to hold a trade mark for which there is no provision of approximation, concerning, for example, the eligibility for the grant of a trade mark, the renewal of the trade mark or rules on fees, or related to the non-compliance with procedural rules;”

26. It is thus open to Member States to establish the detailed procedures under which, inter alia, Article 4(5) will operate once adopted. I note too that, whilst the Directive refers to the consent provision becoming operative in appropriate circumstances, under the 1994 Act consent prevails in all circumstances.

27. I do not accept the submission implicit in Mr Pattullo’s evidence that it is profitable to compare the position under UK law with that pertaining under the CTM Regulation (40/94). The latter establishes a complete code covering the setting up and operation of the Community Trade Mark system but has no part to play in construing the 1994 Act. There are, of course, parallels between the Act and the CTM Regulation reflecting the fact that the wording of the CTM Regulation is in many respects identical to that of the Trade Mark Directive (89/104) in order to give effect to which the 1994 Act was drafted. There are also many points of dissimilarity in the operation of the separate systems. There is no basis, therefore, for imputing into the UK law an intention that the consent provision should operate on a similar basis to the CTM Regulation. On the contrary the adoption of different drafting (with consent not being conditional on its preceding an application for a declaration of invalidity) may be taken as reflecting the different intent behind the UK law.

28. Turning to the wording of the 1994 Act both sides have offered submissions bearing on the interpretation to be placed on the words ‘has consented’ in Section 47(2). Mr Pattullo says:

“The reference to “has consented” in the past tense must relate to a particular time at which something happened. This may be either the date of the declaration of invalidity or the date of the application for the declaration of invalidity or the date on which the Mark was placed on the Register. There is reason to say that the last of these is the relevant time.”

and

“... The phrase “has consented to the registration” should be construed as meaning that the registration can issue validly only if consent has already been granted. If not, the registration issues invalidly and will always remain invalid.”

29. Mr Moir, on the other hand, says:

“The wording “unless the proprietor of that earlier trade mark or other earlier right has consented to the registration” is, in terms of standard English grammar, an adverbial

conditional clause. It qualifies the verbal phrase “may be declared”. Thus if, at the time the declaration of invalidity would be made, the owner of the earlier trade mark has consented to the registration, then the declaration cannot be made. It is submitted that the correct grammatical construction of Section 47(2) admits of no other interpretation.”

30. He draws further support for this interpretation from the differences between Section 47(1) and 47(2). In particular under Section 47(1) a registration may be declared invalid if it was registered in breach of Section 3 whereas Section 47(2) uses the present tense (“that there is an earlier trade mark”). He suggests that it would be illogical and unjust if a registration were to be upheld in invalidity proceedings in circumstances where an earlier conflicting trade mark had lapsed but would be held invalid on the basis of the same earlier trade mark had that trade mark remained in force but its owner had given consent.

31. It is, in my view, important to bear in mind the policy objective behind the consent provision. As the notes on the Trade Marks Act 1994 (based on the Notes on Clauses prepared for use in Parliament while the Trade Marks Bill was before it) records:

“It may for example appear *prima facie* to the registrar that there is a likelihood of conflict between a mark applied for and an earlier trade mark. Where however there is consent by the owner of the earlier mark, this is evidence that, viewed from the marketplace, there is in practice no such risk. The registrar must accept this view, and cannot maintain an objection based on that earlier mark.”

32. The provision thus represents a means by which the Trade Marks register can reflect the commercial realities of parties’ trading positions notwithstanding the *prima facie* concerns of the registrar. If necessary, it may entail adjustment of the later application/registration’s specification to a form that the earlier trade mark proprietor considers will not result in conflict.

33. Consent issues almost always arise as a result of the *ex parte* examination process in the Registry where the applicant is responding to citations raised against his application. This particular case is unusual in that it arises as a post registration matter. The applicants for invalidity are not in a position to object on the basis of an earlier trade mark or other earlier right of their own but have instead relied on a third party registration which was not, it seems, raised by the Registry during the examination process. It follows that the registered proprietors were not made aware of the earlier CTM registration and, therefore, had no opportunity at the examination stage to seek consent. Adopting a purposive approach to the construction of the consent provision I can see no good reason why the registered proprietors should not be entitled to address the position when, as has happened, it has been raised in post-registration proceedings. On the contrary it would be inequitable not to allow them to do so. Either the earlier trade mark proprietor is prepared to consent or he is not depending on the commercial circumstances of the parties. There is no overriding policy objective which points to a different outcome and nothing in the wording of the Act which suggests that consent should not be an effective answer to an invalidation action in these circumstances. I might add, in passing, that the particular circumstances that have arisen here would not occur in the context of a CTM registration where only proprietors or licensees of earlier trade marks are eligible to launch invalidity actions by virtue of the combined effect of Articles 42, 52 and 55 (see in particular Article 55 1(b)).

34. I, therefore, take the view that the question of whether consent has been given must be considered at the time the invalidity action falls to be determined. It follows that the consent from the proprietors of the earlier CTM taken with the Form TM23 (adjusting the specification to conform to the basis on which the CTM proprietor has been prepared to give consent) is effective in resisting the application for invalidity. The fact that the CTM proprietors have also made their consent retrospective to a time before No. 2107668 was actually placed on the register may be of some comfort to Airofame but is not essential to the outcome of the case.

35. In the light of the above outcome I have not needed to undertake the usual comparison of marks and goods and assessment of likelihood of confusion. The registered proprietors have (realistically in my view) not sought to argue that they could succeed if my above view of the consent issue is wrong.

OTHER ISSUES

Acquiescence

36. It has also been suggested that the present case can be considered by reference to the acquiescence provisions of Section 48. It reads:

“48.-(1) Where the proprietor of an earlier trade mark or other earlier right has acquiesced for a continuous period of five years in the use of a registered trade mark in the United Kingdom, being aware of that use, there shall cease to be any entitlement on the basis of that earlier trade mark or other right-

- (a) to apply for a declaration that the registration of the later trade mark is invalid, or
- (b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used,

unless the registration of the later trade mark was applied for in bad faith.

(2) Where subsection (1) applies, the proprietor of the later trade mark is not entitled to oppose the use of the earlier trade mark or, as the case may be, the exploitation of the earlier right, notwithstanding that the earlier trade mark or right may no longer be invoked against his later trade mark.”

37. The registered proprietors submit that the acquiescence provisions apply because the proprietors of the third party registration were informed by letter dated 18 October 2001 that there had been five years continuous use since 1996.

38. I do not accept that this alternative defence is available to the registered proprietors. It is clear from the wording of the Act that the provision only applies where the proprietor is “... aware of that use...” and has acquiesced over a five year period (see also Kerly’s Law of Trade Marks, Thirteenth Edition at 9-25). It is not enough that the proprietor of an earlier trade mark, who may previously have been unaware of the use of another registered trade mark, is notified of it after a five year period has elapsed.

Discretion

39. I have also not needed to address a further issue that is dealt with in submissions as to whether the use of the word 'may' in Section 47(2) indicates there is a general discretion available to the registrar in the operation of the invalidity provisions. I am not aware of any reported case where the issue of discretion has arisen in invalidity proceedings. It was touched on in *Invermont Trade Mark* [1997] RPC 125 but essentially only for the purposes of comparison with Section 46. Where the issue of discretion has been formally considered it has usually been in the context of revocation actions. In *Premier Brands UK Ltd v Typhoon Europe Ltd*, [2000] ETMR 1071, Mr Justice Neuberger was of the view that the Court had no discretion once it was established that grounds for revocation had been established. The matter was, however, to have been one of the issues referred to the ECJ in *Scandecor Developments AB v Scandecor Marketing AV*, [2001] ETMR 74 but I understand that case has since fallen away. I will simply say that it has been held in numerous opposition cases that the provisions of Section 3 and 5 of the Act are mandatory in effect. The same must also be true when those same issues arise in the context of an invalidity action. It has been suggested here that the operation of Section 5 has been modified by Section 7 (honest concurrent use) so as to effectively introduce a discretionary consideration. In the light of *CODAS Trade Mark*, [2001] RPC 14 (see in particular pages 246 to 248), honest concurrent use is a factor that may be taken into account in determining whether there is a likelihood of confusion. But it remains the case that once likelihood of confusion has been established the consequences are mandatory.

40. Had it been necessary to reach a view on the matter it would, therefore, have been to the effect that no discretion exists in the operation of Section 47(2).

COSTS

41. The registered proprietors have been successful and are entitled to a contribution towards their costs.

42. I order the applicants to pay the registered proprietors the sum of £1250. 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 7th day of February 2003

**M Reynolds
For the Registrar
the Comptroller General**