

O-119-04

**TRADE MARKS ACT 1994**

**IN THE MATTER OF TRADE MARK REGISTRATION NO. 2197330  
IN THE NAME OF STUART JAMES MR PRICE WEEKEND MATERIAL LTD**

**AND**

**IN THE MATTER OF APPLICATION FOR A  
DECLARATION OF INVALIDITY NO. 81373  
THERE TO BY MR PRICE GROUP LIMITED**

**IN THE MATTER OF** trade mark registration No. 2197330  
in the name of Stuart James Mr Price Weekend Material Ltd

**AND**

**IN THE MATTER OF** application for a Declaration of Invalidity  
No. 81373 thereto by Mr Price Group Limited

## **BACKGROUND**



1. The trade mark was filed on 4 May 1999 and has been registered since 29 October 1999 under number 2197330. It stands in the name of Stuart James Mr Price Weekend Material Ltd. and is registered in respect of:

Class 25: Clothing.

2. On 29 July 2003, Mr Price Group Limited filed an application for a declaration of invalidity of the registration. The action was filed on Form TM26(I) together with the appropriate fee. The statement of case accompanying the application set out the grounds of action, which are as follows:

- Under sections 47(1) and 3(4) of the Act.
- Under sections 47(1) and 3(6) of the Act.
- Under sections 47(2)(b) and 5(4)(b) of the Act.

3. In the statement of case the applicant asserted that their mark has been extensively used in South Africa since 1985, they plan to extend their business worldwide and have recently opened outlets in Chile; that they have registrations and applications for trade marks in many countries around the world; that they own the copyright in a number of artistic works used by them as trade marks; that after registration of the trade mark in suit the registered proprietor entered into correspondence with the applicant with the aim of obtaining a franchise, as part of this correspondence the applicant required the registered proprietor to assign the trade mark to the applicant. They also assert that the trade mark is confusingly similar to the trade marks of the applicant and that it infringes their copyright in those marks.

4. On 8 August 2003 a copy of the application for invalidation and the statement of grounds were sent to the address for the registered proprietor recorded on the register. The registered proprietor did not file a counter-statement to defend his registration. The consequences of failure to defend the registration were set out in the letter dated 8 August

2003, namely that the application for declaration of invalidity could be granted in whole or in part.

5. It does not however follow that the uncontested nature of this action will automatically mean success for the applicant for invalidity and failure for the registered proprietor. The onus in these circumstances is on the applicant for invalidity to make the case that the registration should be declared invalid.

6. I am mindful of the decision in the *Firetrace Case* (BL 0/278/01) where the Hearing Officer stated:

“It is not sufficient to simply allege that a registration offends either Section 46 or 47 of the Act without doing more to prove that the allegation has substance. That said, when an application for revocation (other than non-use) or invalidation is made and the registered proprietors choose not to respond to such a request, I do not think that it is necessary for the applicants in those circumstances to have to fully substantiate their allegations beyond providing evidence which supports a prima facie case.”

7. The reason that the Hearing Officer arrived at this view is the statutory presumption in Section 72 of the Act which states:

“In all legal proceedings.....the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it.”

8. With this in mind, on 21 November 2003, the Registrar wrote to the applicant’s representative inviting him to file any evidence or make any submission which he felt would support his client’s application to, at the least, establish a prima facie case. He was also invited to state whether he wished to be heard or would accept a decision from the papers filed.

9. On 22 December 2003 the applicant for the declaration of invalidity responded, stating that they had supplied a detailed prima facie case, with exhibits, in the statement of case, which they regarded as a witness statement by virtue of the declaration (box 5) on the Form TM26(I). They also stated that failure on the part of the registered proprietor to respond gave the Registrar no alternative than to accept the application for invalidity and that they were content for the decision to be taken on the basis of the papers filed.

10. The statement of case and exhibits submitted consist of the following, a statement of case by Philip J Cooper, of Crossguard, agent for the applicant company, dated 28 July 2003, and eight bundles of exhibits. The statement of case first refers to the applicant’s business and states that they operate 298 retail outlets in South Africa, with six recently opened outlets in Chile and plans to open outlets in various countries worldwide. It goes on to refer to the applicant’s trade marks registered in South Africa and also applications to register marks in Argentina, Australia, Botswana, Brazil, Canada, Chile, China, Egypt,

France, Germany, Ireland, Israel, Japan, Kenya, Lesotho, Malawi, Mauritius, Mexico, Mozambique, Namibia, New Zealand, Nigeria, Paraguay, Peru, Singapore, South Korea, Swaziland, Taiwan, Tanganyika (Tanzania), UAE, USA, Uruguay, Venezuela, Zambia, Zimbabwe, and in the European Community (the OHIM) and the African Union (OAPI). These are listed in exhibit A. Further it states that the MR PRICE trade mark was used from approximately 1985 and the MR PRICE & RED CAP DEVICE trade mark from approximately 1995, that through use, promotion and sports sponsorship these have gained a reputation in South Africa. It also states that the applicant is the owner of the copyright in a series of artistic works, exhibit B and reproduced as Annex A of this decision, that these were created under commission from the applicant between 1993 and 1995 by International Concepts Organisation CC. That on 25 January 2001 the copyright of these artistic works was assigned to the applicant from International Concepts Organisation CC, exhibit C is a copy of this assignment document. The statement of case goes on to list the chronology of the correspondence between the registered proprietor and the applicant, starting on 28 December 1999 when the registered proprietor approached the applicant about a franchise for retailing MR PRICE merchandise, at which point he advised the applicant that he had registered the trade mark, exhibit D. The applicant replied on 17 February 2000 stating that they were interested in the possibility of a franchise in the UK but that they required the registered proprietor to assign the trade mark to the applicant, exhibit E, and the registered proprietor responded on 13 March 2000 without commenting on the issue of assigning the trade mark, exhibit F. The applicant asserts that trade mark registration 2197330 is an unauthorised reproduction or adaptation of one of the copyright works shown in exhibits B and C and on 28 March 2001 wrote to the registered proprietor setting out their rights as they see them and demanding that the registered proprietor assign the trade mark to the applicant, exhibit G. Finally, the applicant asserts that the registered proprietor company, Mr Price Weekend Material Ltd, was dissolved on 9 July 2002 and provides a printout from the Companies House database as evidence, exhibit H.

- Exhibit A – a list the applicant’s trade mark applications and registrations, none of which relate to the UK although one does appear to be a pending Community application. This list is undated and has no provenance.
- Exhibit B – a print out showing nine pictures all incorporating the words MR PRICE, reproduced as Annex A to this decision.
- Exhibit C – a copy of a copyright assignment agreement, dated 21 December 2000 and 25 January 2001, with as an annex the pictures shown in exhibit B.
- Exhibit D – a copy of a letter, dated 28 December 1999, from Stuart James to Mr A McArthur of the applicant enquiring about a franchise and informing the applicant that he has registered the trade mark.
- Exhibit E – a copy of a letter, dated 17 February 2000, from Alastair McArthur to Stuart James stating that the applicant is interested in further discussion of the franchise but would require him to assign the trade mark to themselves.

- Exhibit F – a copy of an E-mail, dated 13 March 2000, from Stuart James to Alastair McArthur.
- Exhibit G – a copy of a letter, dated 28 March 2001, from Swindell & Pearson, the previous agent for the applicant, to Stuart James stating that the registered proprietor has contravened the copyright of the applicant and demanding that he assign the trade mark registration to the applicant.
- Exhibit H – a copy of a print out from the Companies House database with the details Mr Price Weekend Materials Limited, giving the status as dissolved on 9 July 2002.

11. Acting on behalf of the Registrar and after a careful study of the papers before me I give the following decision.

### **DECISION**

12. The applicant claims that the registration should be declared invalid as per section 47 of the Act on the basis of the provisions of sections 3(4), 3(6) and 5(4)(b). The relevant parts of the Act are as follows:

“47. - (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

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

(a) . . . . , 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.”

“3 (4) A trade mark shall not be registered if or to the extent that its use is prohibited in the United Kingdom by any enactment or rule of law or by any provision of Community law.”

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

“5. - (1) . . . .

(2) . . . .

(3) . . . .

(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) . . . . , or

(b) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.”

13. First, I dismiss the application in so far as it is based upon sections 47(1) & 3(4) of the Act. Section 3(4) of the Act is based upon Article 3(2)(a) of the Directive, First Council Directive 89/104 of 21 December 1988, to approximate the laws of the Member States relating to trade marks. Article 3(2)(a) of the Directive acts to clarify section 3(4) of the Act in as far as it refers to “... provisions of law other than trade mark law ...” rather than to law in general. Under article 4 of the Directive, which is titled “Further grounds for refusal or invalidity concerning conflicts with earlier rights”, it clearly states at Article 4(4)(c)(iii) that the use of a trade mark may be prohibited by virtue of a copyright, this is enacted under the UK Trade Marks Act 1994 as section 5(4)(b). Thus as copyright is specifically mentioned under article 4(4)(c)(iii) it cannot be used as the basis for an action under article 3(2)(a) as it is covered by trade mark law. Copyright can only be used as a ground of opposition or a declaration of invalidity under section 5(4)(b) of the Act, article 4(4)(c)(iii) of the Directive, and is dealt with later in this decision.

14. Secondly, I dismiss the application in so far as it is based upon sections 47(1) & 3(6) of the Act. No evidence has been put forward by the applicant to lead me to the conclusion that the application was made in bad faith. There is no evidence that the registered proprietor acted in any way below acceptable commercial standards, see Lindsay J in *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 (at page 379). In his letter of 28 December 1999 he states openly “I have taken the initiative of registering the trade mark in the United Kingdom”, this presumably as a prelude, as he saw it, to being granted a franchise and commencing business selling the applicant’s merchandise under that mark. At that date the copyright in the artistic works shown at Annex A of this decision belonged to International Concepts Organisation CC and not the applicant. That leaves the section 47(2) grounds based upon section 5(4)(b) of the Act.

15. With regard to section 5(4)(b) of the Act, in relation to copyright a number of factors have to be considered, section 153 of the Copyright, Design and Patents Act 1988 sets out certain qualification requirements relating to the author of the work (section 154), or the country of first publication (section 155) which must be satisfied before any copyright can subsist. Under section 154(1)(c) a body incorporated under the law of another country to which the relevant provisions extend can be a qualifying author and under section 155(1)(b) copyright protection extends to countries, other than the UK, to which the relevant provisions extend. The Copyright (Application to Other Countries) Order 1999 (Statutory Instrument 1999 No. 1751) at article 2 states:

“2. - (1) In relation to literary, dramatic, musical and artistic works, films and the typographical arrangements of published editions, sections 153, 154 and 155 of the Act (qualification for copyright protection) apply in relation to-

(a) persons who are citizens or subjects of a country specified in Schedule 1 to this Order or are domiciled or resident there as they apply to persons who are British citizens or are domiciled or resident in the United Kingdom;

(b) bodies incorporated under the law of such a country as they apply in relation to bodies incorporated under the law of a part of the United Kingdom; and

(c) works first published in such a country as they apply in relation to works first published in the United Kingdom;

(2) Copyright does not subsist-

(a) in a literary, dramatic, musical or artistic work by virtue of section 154 of the Act as applied by paragraph (1) above (qualification by reference to author) if it was first published-

(i) before 1st June 1957 (commencement of Copyright Act 1956);  
or

(ii) before 1st August 1989 (commencement of Part I of the Act) and at the material time (as defined in section 154(4)(b) of the Act) the author was not a relevant person; or

(b) in any work by virtue of paragraph (1) above if-

(i) a date is, or dates are, specified in Schedule 1 to this Order in respect of the only country or countries relevant to the work for the purposes of paragraph (1) above, and

(ii) the work was first published before that date or (as the case may be) the earliest of those dates;

and for the purposes of sub-paragraph (a)(ii) of this paragraph, a "relevant person" is a Commonwealth citizen, a British protected person, a citizen or subject of any country specified in Schedule 1 to this Order, or a person resident or domiciled in the United Kingdom, another country to which the relevant provisions of Part 1 of the Act extend or (subject to article 5 below) a country specified in Schedule 1 to this Order."

South Africa, the country of incorporation of the applicant, is identified in schedule 1 of the Copyright (Application to Other Countries) Order 1999 as a country to which protection extends with no restriction as to date.

16. It is asserted in the statement of grounds that the copyright to the artistic works shown in Annex A of this decision originates in the period 1993 to 1995, but at that time the copyright was the property of International Concepts Organisation CC. It is also asserted that use of the MR PRICE & RED CAP DEVICE trade marks, by the applicant, commenced in approximately 1995. The copyright in these artistic works was assigned to the applicant by an agreement dated 21 December 2000 and 25 January 2001. Thus copyright in these artistic works existed from at least 1995 and extended to the United Kingdom by virtue of the Copyright (Application to Other Countries) Order 1999.

17. Having determined that there is an earlier right, in this case, copyright, the question is whether the applicant's use of the trade mark would be an infringement of that copyright. The correct approach to the determination of copyright infringement is well established and was set out recently in *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2001] FSR 113 at 124 where Lord Hope of Craighead stated:

"The first step in an action for infringement of artistic copyright is to identify those features of the defendant's design which the plaintiff alleges have been copied from the copyright work. The court undertakes a visual comparison of the two designs, noting the similarities and the differences. The purpose of the examination is not to see whether the overall appearance of the two designs is similar, but to judge whether the particular similarities relied upon are sufficiently close, numerous or extensive to be more likely the result of copying than of coincidence. It is at this stage that similarities may be disregarded because they are commonplace, unoriginal, or consist of general ideas. If the plaintiff demonstrates sufficient similarity, not in the works as a whole but in the features which he alleges have been copied, and establishes that the defendant had prior access to the copyright work, the burden passes to the defendant to satisfy the judge that, despite the similarities, they did not result from copying."



18. First of all, I must consider the registration against the most closely similar artistic work in the applicant's portfolio and, below, the images are shown side by side.

trade mark registration No. 2197330



Applicants copyright artistic work



In comparing the two I note that, despite minor differences such as the shade of red of the baseball type cap, the shadow effect on the body of the cap and under the cap, the size of the additional text and the appearance of yellow flashes in the applicants artistic work, the images are essentially identical.

19. The facts set out in the statement of grounds and accompanying exhibits, which have not been challenged by the registered proprietor, in my view, establish that a prima facie case has been made out that, at the date of the application, Mr Price Group Limited had a copyright which was protectable under the relevant United Kingdom statute. The application for a declaration of invalidity made under section 47(2)(b) based upon section 5(4)(b) of the Act therefore succeeds.

20. As to costs, the applicant has been successful, and I order Stuart James Mr Price Weekend Material Ltd to pay them £500. This sum is to be paid within seven days 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 29<sup>th</sup> day of April 2004**

**Graham Attfield  
For the Registrar  
the Comptroller-General**

