



Neutral Citation Number: [2004] EWHC 1498 (Ch)

Case No: HC 03 C01038

**IN THE HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**

Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: 29<sup>th</sup> June 2004

**Before :**

**MR GEOFFREY HOBBS QC (Sitting as a Deputy Judge)**

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**Between :**

**ELECTROCOIN AUTOMATICS LIMITED**

**Claimant**

**- and -**

**(1) COINWORLD LIMITED**

**(2) THOMAS JOHN EVANS**

**(3) ERNEST KEITH INGRAM**

**Defendants**

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**Mr. John Baldwin QC and Mr. Thomas Moody-Stuart** (instructed by Messrs. Berg and Co.) for the Claimant

**Mr. Alastair Wilson QC and Dr Peter Colley** (instructed by Messrs. Charles, Crookes & Jones) for the Defendants

Hearing dates: 22-25 March 2004  
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**Approved Judgment**

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

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Geoffrey Hobbs QC  
(Sitting as a Deputy Judge)

## **INTRODUCTION**

1. This is an action for infringement of the rights conferred by the following trade mark registrations:

### **United Kingdom Trade Mark No. 2001614**

Filing date: 1st November 1994  
Registration: 24th May 1996

#### **BAR-X**

- Class 09: Game, entertainment, recreational and amusement machines and apparatus; video games machines and apparatus; gaming machines; fruit machines; amusement with prizes machines; cabinets and controlling apparatus for the aforesaid goods; parts and fittings for all the aforesaid goods.

### **Community Trade Mark No. 1822238**

Filing date: 17th August 2000  
Registration: 4th February 2002

#### **BAR-X**

- Class 09: Game, entertainment, recreational and amusement machines and apparatus; video games machines and apparatus; gaming machines; fruit machines; amusement with prizes machines; cabinets and controlling apparatus for the aforesaid goods; parts and fittings for all the aforesaid goods.

- Class 41: Services for the provision of gaming and entertainment machines and apparatus and of video games and amusement games and machines; rental and leasing of gaming and entertainment machines and apparatus and of video games and amusement games and machines, advisory and consultancy services relating to gaming, entertainment and amusement machines and apparatus.

**United Kingdom Trade Mark No. 2266140**

Filing date: 3rd April 2001  
Registration: 21st September 2001

**BAR-X**

- Class 40: Upgrade, modification and rebuild of gaming, entertainment and amusement machines and apparatus.
- Class 41: Services for the provision of gaming, entertainment and amusement machines and apparatus; rental and leasing of gaming, entertainment and amusement machines and apparatus; advisory and consultancy services relating to gaming, entertainment and amusement machines and apparatus; operation of machines and apparatus at sites for gaming, entertainment and amusement purposes; arranging contests and competitions in relation to the playing of games with gaming, entertainment and amusement machines and apparatus; providing gaming, entertainment and amusement services on video and computer systems and via on-line Internet and other network communications.

**United Kingdom Trade Mark No. 2242596A**

Filing date: 15th August 2000  
Registration: 25th May 2001

**OXO**

- Class 09: Amusement and gaming machines; control apparatus and equipment all for the aforesaid goods; parts and fittings for all the aforesaid goods.

**Community Trade Mark No. 2368256**

Filing date: 7th September 2001  
Registration: 29th January 2003

**OXO**

- Class 09: Game, entertainment, recreational and amusement machines and apparatus; video game machines and apparatus; gaming machines; fruit machines; amusement with prizes and skill with prizes machines; cabinets, controlling apparatus, software and upgrade and modification kits for the aforesaid goods; parts and fittings for all the aforesaid goods.
- Class 40: Upgrade, modification and rebuild of gaming, entertainment and amusement machines and apparatus.
- Class 41: Services for the provision of gaming, entertainment and amusement machines and apparatus; rental and leasing of gaming, entertainment and amusement machines and apparatus; advisory and consultancy services relating to gaming, entertainment and amusement machines and apparatus; operating of machines and apparatus at sites for gaming, entertainment and amusement purposes; arranging contests and competitions in relation to the playing of games with gaming, entertainment and amusement machines and apparatus; providing gaming, entertainment and amusement services on video and computer systems and via on-line Internet and other network communications.

2. The trade marks are registered in the name of Electrocoin Automatics Ltd (*'Electrocoin'*). The allegations of infringement relate to the trading activities of Coinworld Ltd (*'Coinworld'*) and its directors, Mr. Thomas Evans and Mr. Ernest Ingram. It is not disputed that Mr. Evans and Mr. Ingram have at all relevant times been actively involved in the conduct and management of the company's affairs. In the defence filed on behalf of all three defendants it is specifically admitted *'that either or both of the Second or Third Defendants personally procured and directed each of the acts of the First Defendant of which complaint is made herein.'* The admission was made by amendment in October 2003. It removed the need for Electrocoin to prove that either or both of the individual directors were personally responsible for the allegedly infringing activities. With no separate

position to defend, their exposure to liability falls to be regarded as concurrent and co-extensive with that of the company.<sup>1</sup>

3. The claim for infringement relates to the marketing of ‘amusement with prizes’ (**AWP**) gaming machines of the kind conventionally referred to as ‘fruit machines’: these are the **BEAR X** and **BIG BEN** machines identified below.

4. The **BEAR X** machine has been advertised in promotional leaflets such as the one reproduced in Annex 1. An example of the machine is shown in Annex 2. The symbols and their sequence on the reel bands of the machine are as shown in Annex 3.

5. The **BIG BEN** machine has been advertised in promotional leaflets such as the one reproduced in Annex 4. A close-up of the area of the fascia under the word **BEN** appears in Annex 5.

6. Electrocoin contends that its Class 9 registrations for the trade mark **BAR-X** give it the right to prevent:

- (i) use of the designation **BEAR X** in narrative form, as in the manner identified by pointer 1;
- (ii) use of the designation **BEAR X** in artistically elaborated form, as in the manner identified by pointer 2;

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<sup>1</sup> In accordance with the principles discussed in MCA Records Inc v. Charly Records Ltd [2001] EWCA Civ 1441 at paragraphs 29 to 53 per Chadwick LJ and Standard Chartered Bank v. Pakistan National Shipping Corpn (Nos 2 and 4) [2002] UKHL 43 at paragraphs 35 to 41 in the opinion of Lord Rodger of Earlsferry.

- (iii) use of the symbols **BAR** and **X** one above the other in the “win tables” on the front of the machine, as in the manner identified by pointer 3;
- (iv) use of the symbols **BAR** and **X** one above the other in the alignments of reel symbols shown in promotional images as in the manner identified by pointer 4;
- (v) use of the symbols **BAR** and **X** one above the other on the same reel, as in the manner identified by pointer 5;
- (vi) use of the symbols **BAR** and **X** on adjacent reels, as in the manner identified by pointer 6;

and that its Class 9 registrations for the trade mark **OXO** give it the right to prevent:

- (vii) use of the symbols **O**, **X** and **O** alongside one another in the alignments of reel symbols shown in promotional images, as in the manner identified by pointer 7;
- (viii) use of the symbols **O**, **X** and **O** on adjacent reels, as in the manner identified by pointer 8.

Infringement of the registrations in Class 40 and Class 41 was alleged in the Particulars of Claim, but no claims to that effect were advanced at trial.

7. The defendants maintain that the terms **BEAR X** and **BAR-X** are not sufficiently similar to bring about consequences of the kind required for a finding of infringement. They further maintain that the symbols **BAR**, **X** and **O** lack the

power to distinguish the goods and services of interest to Electrocoin from those of other traders when used in the context and manner which has given rise to complaint. They argue for two conclusions on the strength of that proposition. First, they contend that the rights conferred by registration of the trade marks **BAR-X** and **OXO** are not to any or any unacceptable degree engaged by their use of those symbols and so cannot be taken to have been infringed by such use. Second, they contend that the registrations in suit should be declared invalid because the trade marks do not possess the degree of distinctiveness required for protection by registration at national or Community level in relation to goods and services of the kind for which they are registered.

8. Electrocoin insists that these lines of defence are unsustainable on a proper application of the law to the facts. It adheres to the position that the question whether the trade marks **BAR-X** and **OXO** are validly registered should be answered in the affirmative, even if the question of infringement by use of the symbols **BAR**, **X** and **O** on the **BEAR X** and **BIG BEN** machines (and in advertising relating to those machines) is answered in the negative.

9. I do not doubt that the perceptions and recollections likely to be triggered by use of the relevant words and symbols are central to the opposing arguments, both on validity and on infringement. However, it is essential to bear in mind that a claim for infringement can fail for reasons that provide no or no sufficient justification for allowing a claim for invalidity to succeed. This point can easily be overlooked in a case such as the present, where it has been argued that the registrations in suit must either be invalid or not infringed. The prevailing view is

that in order to prevent trade marks from being improperly registered, the grounds for refusal of registration should be applied independently of the defences that might be available to traders accused of infringement.<sup>2</sup> I think it follows that the correct approach in the present case must be to consider the issues arising in relation to the claim for invalidity before turning to consider the issues arising in relation to the claim for infringement.

## **VALIDITY**

### **The United Kingdom Registrations**

10. The validity of the United Kingdom registrations falls to be assessed under Sections 2(1), 3(1) and 47(1) of the Trade Marks Act 1994. These Sections give effect to the following provisions of Council Directive 89/104/EEC of 21st December 1988 to approximate the laws of the Member States relating to trade marks (*'the Directive'*):

### **Article 2**

#### **Signs of which a trade mark may consist**

A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

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<sup>2</sup> Case T-20/02 Interquell GmbH v. OHIM (HAPPY DOG) 31st March 2004, paragraphs 52 to 57; Case C-104/01 Libertel Groep BV v Benelux-Merkenbureau [2003] ECR I-3793, paragraphs 57 to 59; Opinion of A-G Ruiz-Jarabo Colomer delivered on 15th January 2004 in Case C-404/02 Nichols Plc v. Registrar of Trade Marks, [2004] ETMR 48 p.650, paragraphs 47 to 54.



## Article 3

### Grounds for refusal or invalidity

1. The following shall not be registered or if registered shall be liable to be declared invalid:

- (a) signs which cannot constitute a trade mark;
- (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, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade;

....

3. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1 (b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.

11. The case law of the European Court of Justice confirms that:

- (1) Article 2 (Section 2(1) of the Act) defines the characteristics of '*signs of which a trade mark can consist*' irrespective of the goods or services for which protection might be sought;<sup>3</sup>

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<sup>3</sup> Case C-363/99 Koninklijke KPN Nederland NV v. Benelux-Merkenbureau (POSTKANTOOR) 12th February 2004, paragraphs 80, 81.

- (2) Article 3(1) (Section 3 of the Act) contains substantive ‘*grounds for refusal or invalidity*’,<sup>4</sup> which must be considered with reference to the particular goods or services for which registered trade mark protection has been claimed;<sup>5</sup>
- (3) each ground for refusal or invalidity operates independently of the others and calls for separate examination;<sup>6</sup>
- (4) the applicability of any one of the specified grounds is sufficient to prevent registration;<sup>7</sup>
- (5) the inapplicability of one ground may coincide with the applicability of another;<sup>8</sup>
- (6) a mark can accordingly be devoid of any distinctive character for the purposes of Article 3(1)(b) (Section 3(1)(b) of the Act) without also being unduly descriptive for the purposes of Article 3(1)(c) (Section 3(1)(c) of the Act);<sup>9</sup>
- (7) however, a mark which is unduly descriptive for the purposes of Article 3(1)(c) (Section 3(1)(c) of the Act) is necessarily devoid of distinctive character for the purposes of Article 3(1)(b) (Section 3(1)(b) of the Act);<sup>10</sup>

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<sup>4</sup> Postkantoor, paragraph 82.

<sup>5</sup> Postkantoor, paragraph 33.

<sup>6</sup> Postkantoor, paragraphs 67 and 85.

<sup>7</sup> Case C-104/00P Deutsche Krankenversicherung AG v. OHIM (COMPANYLINE) [2002] ECR I-7561, paragraph 29.

<sup>8</sup> Postkantoor, paragraph 69.

<sup>9</sup> Postkantoor, Paragraph 70; Case C-265/00 Campina Melkunie BV v. Benelux-Merkenbureau (BIOMILD) 12th February 2004, paragraph 19.

<sup>10</sup> Biomild, paragraph 19.

- (8) there is no obligation when determining whether a mark is objectionable under Article 3(1)(b) (Section 3(1)(b) of the Act) to rule on the possible dividing line between the concept of lack of distinctiveness and that of minimum distinctiveness;<sup>11</sup>
- (9) a mark that initially lacked the distinctive character required for registration can be or remain registered under Article 3(3) (the provisos to Sections 3(1) and 47(1) of the Act) if it is found to have acquired a distinctive character through use;<sup>12</sup>
- (10) a mark does not have to be universally distinctive in order to be registrable: it is sufficient for it to be distinctive according to the perceptions and recollections of a significant proportion of the relevant class of persons.<sup>13</sup>

12. In the present case it is alleged that the trade marks **BAR-X** and **OXO** are invalidly registered in the United Kingdom under the provisions which implement sub-paragraphs (b), (c) and (d) of Article 3(1). In the Particulars of Objections it was also alleged that the registrations were invalid under the provision which implements sub-paragraph (a) of Article 3(1). This objection was not pursued at trial and the claim for invalidity proceeded on the footing that the marks in issue were not incapable of fulfilling the essential function of a trade mark. However, the fact that a sign is, in general, capable of constituting a trade mark does not

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<sup>11</sup> Companyline, paragraph 20.

<sup>12</sup> Case C-299/99 Koninklijke Philips Electronics NV v. Remington Consumer Products Ltd [2002] ECR I-5475, paragraph 58.

<sup>13</sup> Philips Electronics, paragraphs 59 to 61.

mean that it necessarily possesses a distinctive character in relation to goods and services of the kind for which it is (or is to be) registered.<sup>14</sup>

**- sub-paragraph (b)**

13. The focus of the inquiry under sub-paragraph (b) is identified in paragraphs 40, 41 and 47 of the Judgment of the European Court of Justice in Cases C-53/01 to C-55/01 Linde AG, Winward Industries Inc, Rado Uhren AG<sup>15</sup>:

40. For a mark to possess distinctive character within the meaning of that provision it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from products of other undertakings (see *Philips*, paragraph 35).

41. In addition, a trade mark's distinctiveness must be assessed by reference to, first, the goods or services in respect of which registration is sought and, second, the perception of the relevant persons, namely the consumers of the goods or services. According to the Court's case-law, that means the presumed expectations of an average consumer of the category of goods or services in question, who is reasonably well informed and reasonably observant and circumspect (see Case C-210/96 *Gut Springenheide and Tusky* [1998] ECR I-4657, paragraph 31, and *Philips*, paragraph 63).

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47. As paragraph 40 of this judgment makes clear, distinctive character means, for all trade marks, that the mark must be capable of identifying the product as originating from a particular undertaking, and thus distinguishing it from those of other undertakings.

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<sup>14</sup> Joined cases C-468/O1P to C-472/O1P Procter & Gamble Company v. OHIM 29th April 2004, paragraph 30.

<sup>15</sup> [2003] ECR I-3161.

- *sub-paragraph (c)*

14. This sub-paragraph provides for refusal or invalidity on the ground that the sign in question is unduly descriptive. The focus of the relevant inquiry is indicated in paragraphs 63 and 73 to 75 of the Judgment in Linde AG and others (above):

63. As regards the first limb of the second question, it must be observed that, according to Article 3(1)(c) of the Directive, descriptive trade marks, that is to say, those which consist exclusively of signs or indications which may serve, in trade, to designate the characteristics of the goods or services for which registration is sought, are not to be registered.

...

73. According to the Court's case-law, 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 characteristics 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 (see, to that effect, *Windsurfing Chiemsee*, paragraph 25).

74. The public interest underlying Article 3(1)(c) of the Directive implies that, subject to Article 3(3), any trade mark which consists exclusively of a sign or indication which may serve to designate the characteristics of goods or a service within the meaning of that provision must be freely available to all and not be registrable.

75. The competent authority called upon to apply Article 3(1)(c) of the Directive to such trade marks must determine, by reference to the goods or services for which registration is sought, in the light of a concrete consideration of all the relevant aspects of the application, and in particular the public interest

referred to above, whether the ground for refusing registration in that provision applies to the case at hand. ...

15. The objection is plainly applicable to signs and indications which consist only of wording '*which may serve in normal usage from a consumer's point of view to designate, either directly or by reference to one of their essential characteristics, goods or services such as those in respect of which registration is sought*' and which may therefore be viewed as a normal way of referring to the goods or services or of representing their essential characteristics in common parlance<sup>16</sup>.

16. It is also applicable to signs and indications which could be used for such purposes; so if at least one of the possible meanings of a mark that has been presented for registration designates a characteristic of the specified goods or services, it will for that reason be caught by the exclusion from registration contained in sub-paragraph (c) unless it can be found to have acquired a distinctive character through use.<sup>17</sup>

17. There is descriptiveness for the purposes of sub-paragraph (c) if the mark in question '*may serve in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering services, **or other characteristics of goods or services.***' The wording in ordinary italics is taken with slight variation from paragraph B.3 of Article 6

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<sup>16</sup> Case C-383/99P Procter & Gamble Company v. OHIM (BABY-DRY) [2001] ECR I-6251, paragraphs 39 and 42.

<sup>17</sup> Case C-191/01P OHIM v Wm Wrigley Jr. Company (DOUBLEMINT) [2004] ETMR 9 p.121, at paragraph 32.

quinquies of the Paris Convention of 20th March 1883 (last revised at Stockholm in 1967). The words in bold italics were added by the Community legislature and are evidently intended to ensure that the wording derived from the Paris Convention is regarded as illustrative and not exhaustive of the bases on which descriptiveness can be held to disqualify a mark from registration.

18. Consistently with that approach, it appears to be necessary to interpret the word '*characteristics*' in the expression '*or any other characteristics*' as applicable not only to what a trader may be willing to supply, but also to when, where, why and how it may be supplied. Such matters - and suitable ways of designating them - are liable to vary according to the context or manner in which goods or services of the kind specified for registration may actually be provided by traders in the relevant line of business. I think it follows that a mark can be objectionable under sub-paragraph (c) without being descriptive in every context or manner in which it could be used with reference to goods or services of the kind specified in an application for registration.

***- sub-paragraph (d)***

19. Sub-paragraph (d) provides for refusal or invalidity on the ground that the sign in question is customary in the current language or in the bona fide and established practices of the trade to designate goods or services of the kind specified, whether or not it actually describes the properties or characteristics of such goods or services.<sup>18</sup>

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<sup>18</sup> Case C-517/99 Merz & Krell GmbH & Co [2001] ECR I-6959.

*- presumption and proof*

20. Registration of Electrocoin as proprietor of the trade marks **BAR-X** and **OXO** is prima facie evidence of the validity of the original registrations<sup>19</sup>. If it is demonstrated that a registration was originally invalid, the burden of showing that the trade mark subsequently qualified for registration<sup>20</sup> on the basis of distinctiveness acquired through use will fall upon Electrocoin<sup>21</sup>. There would then be a question as to the use to which the registered trade mark had been put. That entails a positive requirement to show what use has been made of it<sup>22</sup>.

*Assessment*

21. It is axiomatic that the marks in question must be examined for registrability without excision or dismemberment. People do not normally pause to construe signs that come to their attention. What matters is the effect that each mark as a whole is likely to have had upon the perceptions and recollections of the average consumer of the goods and services concerned at the relevant points in time. The average consumer is taken to be reasonably well-informed and reasonably observant and circumspect. The marks are assumed to be used in a normal and fair manner, with evidence as to the way in which they have actually been used being regarded, in the absence of any reason to suppose otherwise, as illustrative of what would be normal and fair.

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<sup>19</sup> see Section 72 of the 1994 Act.

<sup>20</sup> under the proviso to Section 47(1) of the 1994 Act.

<sup>21</sup> British Sugar plc v. James Robertson & Sons Ltd [1996] RPC 281 at 301, 302 per Jacob J.

<sup>22</sup> see Section 100 of the 1994 Act.



22. The end user of the specified goods and services is to be regarded as a 'consumer' for these purposes.<sup>23</sup>

23. At the heart of the claim for invalidity is the proposition that the average consumer would have recognised that the marks in question were composed of elements (**BAR** and **X** on the one hand, **X** and **O** on the other) conventionally used as reel symbols on fruit machines. This was said to make it necessary (in order to define the subject matter of the claim to protection with sufficient precision) for use of the elements on reels and in win tables to be excluded by way of disclaimer or limitation<sup>24</sup> from the scope of the protection conferred by the registrations. It was accepted that the **BAR-X** registrations would be valid if restricted in that manner. However, it was contended that the addition of such restrictions was necessary, but not sufficient to save the **OXO** registration from a finding of invalidity.

*- disclaimer or limitation*

24. The registrations cannot be invalid on the grounds alleged if denominative use of the protected marks in relation to goods and services of the kind specified would effectively serve to attribute them to a single undertaking and distinguish them from those of other undertakings. That remains true even if it can be said that there is nothing denominative about the way in which the constituent elements of the marks have been used on reels or in win tables. On analysis, the suggestion that the registrations are over-broad and ill-defined for lack of a disclaimer or

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<sup>23</sup> Case C-371/02 Björnekulla Fruktindustrier AB v Procordia Food AB 29 April 2004, paragraphs 20 to 25.

<sup>24</sup> see Section 13 of the 1994 Act.

limitation boils down to an allegation that the distinctiveness, if any, of the protected marks resides only in the sum of their parts.

*- reel symbols and win tables*

25. The reels in a fruit machine carry symbols for the purpose of enabling players to identify winning and losing alignments. The win tables on the front of the machine show the symbols of the winning alignments and the prize awarded for each alignment. It appears to be normal for the prize winning alignments to be shown in the table in descending order of value. The alignments in the table are normally intended to be read from left to right. The same is true of the alignments on the reels. However, the linear sequence of the symbols on the reels will usually be watched as they rotate. Players are particularly interested in the linear sequence when playing machines which give them a degree of control over the rotation of the wheels.

26. The symbols are integers of the game played on the machine. In theory, the range of symbols that might be used is limitless. In reality, the imagery of the symbols is liable to have an effect on the popularity of the game and therefore the money-earning capacity of the machine. In 1998 Electrocoin used rose and crown emblems in place of **BAR** and **X** symbols on 25 to 30 machines supplied for a trial period of 6 months. The machines were withdrawn from use following complaints from arcade owners that they were not popular with customers. So not all symbols are equally pleasing to players of the machines.

27. Use of the **BAR** symbol spread to the United Kingdom from America many decades ago. It originally signified that the prize for winning alignments of

the symbol was a bar of confectionery. Use of the symbols **X** and **O** echoes their use in the game called noughts and crosses (in the United Kingdom) and crisscross or tic-tac-toe (in Canada and America).

28. The evidence and materials before me clearly establish decades of use of the symbols **BAR**, **X** and **O** on the reels and in the win tables of fruit machines marketed in the United Kingdom. The symbols are evidently popular with players in this country. Large and small suppliers have used them at various times, some for relatively long periods, others for short or relatively short periods, some on a large scale and others on a small or relatively small scale.

29. Powell's Automatics, one of the smaller suppliers, have now been supplying their RIVIERA machines for more than 22 years. These are mechanical fruit machines. The symbols **BAR**, **X**, **O** and ? appear on the reels and in the win tables. An example of the machine is shown in Annex 6.

30. Sales of mechanical machines such as the RIVIERA declined as sales of microprocessor-controlled machines increased during the late 1970's and early 1980's. It is said on behalf of Electrocoin that the microprocessor-controlled machines which came to dominate the market in the late 1980's and early 1990's should be seen as a class apart from the mechanical and electro-mechanical machines they superseded. However, I see no reason to think that the perceptions and recollections triggered by use of the relevant symbols on reels and in win tables were liable to vary according to the technical specifications of the machines which carried them. The **BAR-X** and **OXO** trade marks are, in any event, registered for goods and services specified in broad terms which make it

inappropriate to distinguish or discriminate between leaders and laggards in the adoption of electronic technology.

31. From 1976 to 1981 Electrocoin manufactured video games and imported AWP machines for supply in the United Kingdom in modified form. It began to manufacture its own AWP machines in 1981. Continuously since then it has used the symbols **BAR**, **X** and **O** on the reels and in the win tables of its machines. The wheels in the machines rotate from start to finish under microprocessor control. The symbols appear on the reels with a frequency which emphasises their significance as integers of the games played on the machines. This can be seen by reference to the reel bands shown in Annex 7 and Annex 8.

32. Mr. John Stergides, the Managing Director of Electrocoin, acknowledged that **BAR**, **X** and **O** symbols had been widely used on the reels and in the win tables of machines that were overtaken in the marketplace by machines of the kind marketed by his company. He made it clear that he nonetheless objected to other suppliers using the symbols **BAR**, **X** and **O** on machines subsequently marketed - as he saw it - on the back of his company's success in selling machines which used those symbols. I understand from his evidence that he began to complain to other traders about their use of the symbols towards the end of the 1980's. It is not clear how often he considered it necessary or appropriate to complain prior to registration of the first of the **BAR-X** trade marks in May 1996. He told me that he had complained to '*a lot of people*' and that the complaints were made orally until the registration was granted. There is no doubt that he thought the

registration of the trade mark provided Electrocoin with a secure basis for complaint going forward.

33. With the assistance of the trade mark registrations it has obtained, Electrocoin has succeeded in persuading other suppliers of fruit machines that they need its permission to use the symbols **BAR, X** and **O**. Since 1999, approximately ten suppliers have either taken or indicated their willingness to take a licence from Electrocoin. Some of them are large, well-established suppliers of gaming machines. Several licences were granted with retrospective effect. The licence arrangements generally require the payment of a one-off fee per machine. The fees vary. In some (but not all) cases and also at certain levels of sales, the licence fees required are substantial. The licensees are not permitted to use the licensed symbols as part of any name resembling the protected trade mark **BAR-X** or the protected trade mark **OXO**.

34. Mr. Stergides touched on the subject of product approval and quality control in his written evidence, but did not seek to establish that any aspects of the design or construction of any licensed machines had actually been prescribed by Electrocoin. There was some cross-examination as to whether any steps had been taken to publicise the existence of any licence. It seems not. I am left with the impression that the licence arrangements have condoned plural, autonomous use of the symbols in question. I see no reason to believe that the existence of the licensing arrangements had any effect on the way in which the symbols were likely to be perceived and remembered by people exposed to the licensees' use of them.

35. Several suppliers, including Coinworld, have continued to use the symbols **BAR**, **X** and **O** on reels and in win tables despite the threat of proceedings for infringement if they refused to take a licence from Electrocoin. I do not understand it to be suggested that the sales they have achieved can, in total, be regarded as anything other than substantial.

36. Mr. Nick Harding, the Managing Director of RAL Holdings Ltd, has 25 years experience of gaming machine operations. He said in his witness statement that he believed Electrocoin's machines would be recognised '*by the symbols on the reels even if the machines did not say Electrocoin*'. He indicated in the course of his cross-examination that he understood **BAR** to be a common symbol, but thought the symbol **X** had probably been introduced by Electrocoin. Having been taken to several promotional items relating to machines marketed in the 1980's, he was asked to re-assess his position (Day 1/p.110 lines 10 to 23):

Q. Right. In 1989 we have now seen quite a considerable number of machines which had nothing whatsoever to do with Electrocoin with BARs and Xs on them. What I put to you is that, although you seem to have come to this idea that all BARs and Xs are Electrocoins you are actually wrong, they are not?

A. That would appear to be the case, yes.

Q. Somehow or another you have got the wrong end of the stick?

A. That may well be the case.

Q. But the fact is, as you can see from this, in 1989 BARs and Xs were normal conventional playing symbols on fruit machines if they wanted to provide the sort of play which has a limited number of wins and are nevertheless attractive to customers. The sort of play that the BAR-X machine provided?

A. Yes.

I take him to have accepted that even in the light of the relatively few promotional items which had been drawn to his attention, the proposition:

**ELECTROCOIN ? BAR's AND X's ON REELS**

could not simply be turned into the proposition:

**BAR's AND X's ON REELS ? ELECTROCOIN.**

37. Mr. Ray Wells, the Chairman of Leisure Centres Ltd, has 40 years experience in the amusement and gaming machine industry. His experience includes machine manufacturing and on-site operations. In his witness statement he referred to longstanding and widespread use of the symbols **BAR, X** and **O**. In paragraph 6 he observed that *'over the years the reel bands have not changed and it is wholly misleading to draw a distinction between mechanical and microprocessor gaming machine'*. Save in one respect, as to the point in time at which electronic play was introduced, his evidence relating to the use of the symbols **BAR, X** and **O** in the amusement and gaming machine industry was not qualified in cross-examination.

38. Trial Bundle F contains photocopies of promotional items taken from back issues of Coin Slot, the leading trade paper for people with business interests in the amusement and gaming industry in the United Kingdom. Mr. Wells estimated that 60% to 70% of the machines on sale in the United Kingdom would be mentioned in Coin Slot at some time or other. The ones that were successful would tend to be among the 60% to 70% that were mentioned. The items gathered

together in Bundle F cover the period from 1972 to 2003. They provide firm support for the view that the symbols **BAR**, **X** and **O** have been used over that period of time on the reels and in the win tables of fruit machines emanating from different suppliers. In this connection, I bear in mind the point made by Mr. Stergides in paragraph 7 of his first witness statement that it is not unusual for low-tech electronic machines marketed since the late 1970's/early 1980's to have had a lifespan of 10 years or more.

39. I have not been provided with exhaustive details of the extent to which the symbols in question have been used by different suppliers. However, I am satisfied on the evidence and materials before me that there has not been a time in the past 30 years (indeed, there may never have been a time) when it could realistically have been thought that fruit machines on sale and in use in the United Kingdom came directly or indirectly from one and the same undertaking simply because the symbols **BAR**, **X** and **O** appeared on the reels or in the win tables of the machines. These were traditional symbols when Electrocoin adopted them in the early 1980's. By using them in the time-honoured manner (i.e. on reels and in win tables) Electrocoin and others perpetuated the tradition established by those who had gone before them. It appears to me that reasonably well-informed and reasonably observant and circumspect consumers will have taken the symbols to be origin neutral integers of the games played on the machines which carried them. The symbols could with equal truth and honesty be used in the time-honoured manner by different suppliers of such machines.



*- name for goods and services: BAR-X*

40. Electrocoin has been supplying AWP machines under and by reference to the name **BAR-X** since 1985. The name has been used solus and with additions intended to establish a family of denominations: **BAR-X CLUB, SUPER BAR-X, CASINO BAR-X, BAR-X5, BAR-X7, BAR-X10**. The names are displayed on the machines. The machines are popular with players. It is formally admitted that among traders in fruit machines the name **BAR-X** denotes machines from Electrocoin. Mr. Evans acknowledged in the course of his cross-examination that **BAR-X** is a famous name. He accepted that it has for a long time served to distinguish machines supplied by Electrocoin from those of other suppliers.

41. As part of the name **BAR-X**, the elements **BAR** and **X** combine to perform a role which is appreciably different from the role they perform separately as integers of the game played on the machine. However, the validity of Electrocoin's **BAR-X** registrations depends upon the difference being observed and the distinction being maintained. That is because the name has the potential to be used and understood either as an indication of trade origin or as a way of referring to a class or category of machine (i.e. those which use the traditional symbols **BAR** and **X** as integers of the game played on the machine). The latter mode of expression engages the concerns for commercial free speech which underlie the exclusions from registration contained in sub-paragraphs (c) and (d) of the legislative provisions I am considering. And those concerns cannot be regarded as theoretical in circumstances where Electrocoin is insisting, for the

purposes of its claim for infringement, that the name **BAR-X** is synonymous with use of the reel symbols **BAR** and **X**.

42. I see no basis in the evidence for a finding under sub-paragraph (d) that the designation **BAR-X** has at any relevant time been a customary way of referring to the game playing characteristics of AWP machines in the current language or in the bona fide and established practices of the trade.

43. Under sub-paragraph (c) I must consider whether it is established that in November 1994, by reason of the degree to which it could serve in normal usage as a way of referring simply to the game playing characteristics of a class or category of AWP machines, the designation **BAR-X** lacked the power to serve as an indication of trade origin according to the perceptions and recollections of a significant proportion of the relevant class of persons.

44. My conclusion on the basis of the evidence and materials before me is that by November 1994 the designation **BAR-X** had come to be generally known and recognised through use in the United Kingdom as an indication of trade origin and not as (or simply as) a way of referring to a class or category of machines. AWP machines would need to have come directly or indirectly from Electrocoin in order to have been honestly and fairly called **BAR-X** machines at that point in time. I think that this has remained the position down to the present day.

45. The objection to the **BAR-X** registrations under sub-paragraph (b) appears to add nothing to the objection under sub-paragraph (c).

46. I see no basis in the evidence for any different conclusions to be reached in relation to the Class 40 and Class 41 services specified by Electrocoin.

47. It is not established that the **BAR-X** registrations were invalid under subparagraphs (b), (c) or (d).

*- name for goods and services: OXO*

48. The name **OXO** also has the potential to be used and understood either as an indication of trade origin or as a way of referring to a class or category of machines which use the traditional symbols **O** and **X** on adjacent reels to emulate a game of noughts and crosses. And again, Electrocoin insists for the purposes of its claim for infringement that the name **OXO** is synonymous with use of the reel symbols **O** and **X** to achieve that effect.

49. Trial Bundle F contains promotional items relating to different machines which have at various times used the reel symbols **O** and **X** in that way. It is clear that the designation ‘noughts and crosses’ was always apt to describe the game playing characteristics of such machines. It was contended that ‘noughts and crosses’ and ‘**OXO**’ were equally informative ways of describing the game.

50. Mr. Wells expressed himself in his witness statement as if that was self-evidently the case. In cross-examination he indicated that this reflected his childhood experience of referring to the game of ‘noughts and crosses’ as ‘**OXO**’. I do not understand him to have claimed that his experience was necessarily typical of the way in which his generation and later generations in the United Kingdom have described the game of noughts and crosses. However, the point

remains that there is potential, as his evidence suggests, for the designation **OXO** to be used and understood descriptively in relation to the game playing characteristics of AWP machines.

51. Among the items in Trial Bundle F are:

- (1) three advertisements placed by Barry Noble (Coin Machines) Ltd under the heading 'BALLY OXO FROM NOBLE' for '*A completely reconditioned Noughts and Crosses game giving you a brand new machine, available from Noble's now*' (1981).
- (2) three advertisements placed by F. Peeney & Sons Ltd featuring 'THE OXO. *A most compact, fast earning, pay-out machine with stand*' (1983, 1984).
- (3) an item about Powell's Automatics which noted that '*New flashes to Powell Automatics' own design are provided by Screenprint Plus of Great Yarmouth. With a topical touch in view of the popularity of snooker, some much sought after flashes are the Pot Black. But OXO is also popular said Mr. Powell*' (May 1983).
- (4) a further item which noted that '*... Powell's Automatics company supplies rebuilt bench models mainly at 2p. play, but incorporated a 5p. play £2 payout model in the Riviera range. 'We've had a good response with Oxo on a £1 payout over the past two years' he said, 'and we've answered customer demand with a £2 payout equivalent which has been well-received in general*' (October 1983).

- (5) an item about Video Fruit Services Ltd which noted that *'Since 1st October, Video Fruit Services of Cardiff has produced no fewer than 2,700 of its Oxo rebuilds from Barcrest Nudges Unlimited machines – and that is in addition to the conversion kits which the company has been producing for operators to carry out their own work'* (August 1984).
- (6) a small-ad offering: *'FOR SALE. BALLY OXO with stand £350 each'* via the telephone number of Barry Noble (Coin Machines) Ltd (March 1985).
- (7) a warning notice issued by AET (Games Design) Ltd with a view to deterring manufacturers and converters from copying *'a new OXO type AWP conversion called Double XX'* (1990).
- (8) three items relating to a new conversion from AET (Games Design) Ltd called JACKPOT X *'an Oxo style game with an innovative payout structure'* (February 1991).
- (9) two items relating to a machine from Astra Games Ltd called the Classic OXO which *'incorporates the time-honoured standard game, reinforced with a multitude of hidden features'* (2001). This machine was withdrawn from production and sale when Electrocoin objected to the marketing of it in September 2001.
- (10) an item relating to a multi-player machine from JPM (Automatic Machines) Limited called the RING-A-BELL in which *'The base game is based on the classic concept of OXO machines'* (2003). I understand that

Electrocoin has warned JPM that it objects to the marketing of this machine.

Taken at face value, these items indicate that there has been some trade usage of the designation **OXO** as another way of saying ‘noughts and crosses’ and other usage of it as a denomination intended to be indicative of the trade origin of the machines to which it was applied. Unfortunately, the information I have been given leaves me guessing as to the scale and duration of both kinds of usage. My attention was drawn to a letter of 7th December 2002 in which the writer (formerly of Barry Noble (Coin Machines) Ltd) informed Electrocoin that he was not proposing ‘*to emulate ... any OXO style machine currently in existence ... apart from the use of the BAR and X symbols*’. The letter simply adds to the uncertainty surrounding the scale and duration of such usage of the word **OXO**.

52. Electrocoin supplied AWP machines under and by reference to the name **OXO** between 1981 and 1986. The name was used in a manner that appears likely to have caused people to think of it as an indication of trade origin.<sup>25</sup> The machines were expensive to buy. In Coin Slot on 28th March 1986 it was reported under the heading ‘*Unlikely buyers at £3,000 for OXO*’ that:

*The most expensive fruit machine in Great Britain is being sold at £3,000 each and is being snapped up by the most unlikely of sources, amusement arcades, at the rate of 25 a month!*

I do not know how many machines were sold. They seem to have been durable. In the ‘Questions and Answers’ column of Coin Slot in August 2002, Karen

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<sup>25</sup> Exhibit JS 2; Bundle F/Tab 4/pp. 9, 11.

Hargreaves (an arcade manager with 27 to 28 years experience of the business) responded to the question ‘*What has been the all time best machine?*’ by saying:

*The Universal OXO which was done by Electrocoin.  
It was based on the Bar X type, but in a casino  
cabinet with a pull handle. We’ve had them installed  
for 16 years and they are still doing well*

Electrocoin resumed use of the word **OXO** as a machine name at an unspecified date in 2000. Since then it has been used denominatively in a manner<sup>26</sup> that was likely, in my view, to be taken as an indication of trade origin. During 2002 approximately 1,000 **OXO** machines were sold, at a value of approximately £2.5 million. No figures have been given for any earlier or later periods.

53. In paragraph 11 of his witness statement, Mr. Evans said that the designation **OXO** had over the years become generic in the trade to describe AWP games utilising the symbol **BAR**, **X** and **O**. In cross-examination he was referred to a ‘Questions and Answers’ column from Coin Slot in which the operator of an arcade in Cornwall was quoted as saying that the **OXO Club** machine from Electrocoin was proving to be exceptionally popular. He accepted that this (and a number of other documents) showed the word **OXO** being used denominatively to identify Electrocoin machines.<sup>27</sup> He nonetheless adhered to the position that ‘*Electrocoin are endeavouring to monopolise the standard term OXO as a name of their machine*’<sup>28</sup> even though his researches into back issues of Coin Slot actually

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<sup>26</sup> Exhibit JS 1 (Tab 3); Exhibit JS 5.  
<sup>27</sup> Day 3/p.363 line 12 to p.366 line 24.  
<sup>28</sup> Day 3/p.376 line 18 to p.377 line 8.

disclosed little by way of use of the word **OXO** to describe a kind of game in the last 10 to 15 years<sup>29</sup>.

54. In his oral evidence Mr. Stergides confirmed that the name **OXO** alluded to the symbols on the reels of the Electrocoin machines to which it was applied.<sup>30</sup> He also confirmed that **O-X-O** had been a winning sequence of symbols from 2000 onwards<sup>31</sup>. He was pressed to accept that '**OXO**' and '**OXO-style**' were terms used in the trade to describe 'noughts and crosses' machines. Initially he resisted the suggestion that that was the case<sup>32</sup>. However, in later answers he wavered between accepting it was possible that anyone who put **O**'s and **X**'s on the reels of a fruit machine might normally describe it as an **OXO**-type machine and linking their doing so to a desire to take unfair advantage of Electrocoin's success.<sup>33</sup> In paragraph 1 of his witness statement Mr. Harding confirmed that he associated the name **OXO** with Electrocoin.

55. It was suggested that Electrocoin had used the denomination **OXO** during the period 1986 to 2000 by having reel symbols aligned in the sequence **O-X-O** on machines depicted in advertising materials. In the advertising materials I have seen the symbols **O** and **X** were, in my view, presented in a manner that people who were reasonably well-informed and reasonably observant and circumspect would have regarded as origin neutral. Indeed by showing **O-X-O** on the reels of machines depicted in advertisements, with nothing attributing any particular

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<sup>29</sup> Day 3/p.380 lines 11 to 20.

<sup>30</sup> Day 2/p.169 lines 2 to 15.

<sup>31</sup> Day 2/p.269 lines 3 to 19.

<sup>32</sup> Day 2/p.165 line 18 to p.166 line 24.

<sup>33</sup> Day 2/pp.196 to 199 and 266 to 268.



significance to the alignment of the symbols and with the machines specifically identified by names which bore no resemblance to the word **OXO**, Electrocoin would seem to have made it simpler for people to assimilate **OXO** with ‘noughts and crosses’.

56. I return to the basic proposition: as part of the name **OXO** the elements **O** and **X** combine to perform a role which is appreciably different from the role they perform separately as integers of the game played on a machine. However, it is clear that the difference has not always been observed and that the distinction has not always been maintained.

57. I do not accept that the evidence and materials before me are sufficient to establish that in August 2000 the designation **OXO** was a customary way of describing the game playing characteristics of AWP machines in the current language or in the bona fide and established practices of the trade. I cannot see why, if that had been the status of the designation at that time, there would have been any real difficulty in providing clear and cogent evidence to that effect. The objection to registration under sub-paragraph (d) is not made out.

58. Under sub-paragraph (c) I must consider whether it is established that in August 2000, by reason of the degree to which it could serve in normal usage as a way of referring simply to the game playing characteristics of a class or category of AWP machines, the designation **OXO** lacked the power to serve as an indication of trade origin according to the perceptions and recollections of a significant proportion of the relevant class of persons.

59. The question whether the word was excluded from registration under subparagraph (c) in August 2000 must not be muddled up with the question whether it would have been excluded from registration according to the same criteria in, say, August 1985. In order to assess the position in August 2000, I would wish to have known how likely it was that the perceptions and recollections of the average consumer of the goods concerned would at that time have been influenced by previous exposure to use of the designation **OXO** as: (i) another way of saying ‘noughts and crosses’; or (ii) an indication of trade origin. Such exposure would be liable to have had a relevant effect on the mindset of the persons concerned. However, the information I have been given does not relate the possibility of such exposure to the scale and duration of either kind of use. And I am not willing to make an ill-informed guess as to the position of the average consumer with regard to exposure to either kind of use prior to August 2000.

60. There is ample material in Trial Bundle F to support the view that ‘noughts and crosses’ was the name ordinarily used to identify the AWP machine version of the children’s game. However, the evidence of Mr. Stergides (as noted in paragraph 54 above) recognises that there is room for argument as to whether the average consumer might or might not have regarded denominative use of the designation **OXO** as (or simply as) another way of saying ‘noughts and crosses’. Even so the designation appears to me to have been capable of being used denominatively in a manner that was likely to be taken as an indication of trade origin by those who came to it without predilection as to the meaning and significance it might possess. But did such persons form a significant proportion of the relevant class in August 2000? Since registration is prima facie evidence of

freedom from objection under sub-paragraph (c), the answer to that question must be yes unless the evidence and materials before me indicate that the answer is, in fact, more likely to have been no.

61. My mind has gone backwards and forwards on this issue. In the end, I have come to the conclusion that the objection to registration under sub-paragraph (c) is not made out. And if it had been necessary to consider whether the trade mark qualified for registration in Class 9 at the later date of the claim for invalidity, I would have been willing to find that it did on the basis of the use which had been made of it down to that date.

62. The objection to the **OXO** registration under sub-paragraph (b) appears to add nothing to the objection under sub-paragraph (c).

63. For completeness I should say that I see no basis in the evidence for any different conclusions to be reached in relation to the Class 40 and Class 41 services specified in the Community Trade Mark registration for the word **OXO**.

64. It is not established that the **OXO** registration was invalid under sub-paragraphs (b), (c) or (d).

### **The Community Trade Mark Registrations**

65. The validity of the Community trade mark registrations falls to be determined in accordance with the provisions of Council Regulation 40/94 of 20th December 1993 on the Community trade mark ('**CTMR**'). The provisions of Articles 4, 7(1)(a) to (d) and 7(3) of the CTMR are in all material respects identical to the provisions of Articles 2, 3(1)(a) to (d) and 3(3) of the Directive as

set out in paragraph 10 above. The claim for invalidity is based on the exclusions from registration contained in sub-paragraphs (b), (c) and (d) of Article 7(1) CTMR (Article 3(1) of the Directive). The considerations noted in paragraphs 11 and 13 to 19 above are applicable at the Community level no less than at the national level. With regard to presumption and proof, the position under the CTMR<sup>34</sup> appears to be essentially the same as the position under the 1994 Act as noted in paragraph 20 above.

66. Article 1(2) CTMR confirms that a Community trade mark must be accepted and acceptable for protection on a Community-wide basis:

A Community trade mark shall have a unitary character. It shall have equal effect throughout the Community: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Community. This principle shall apply unless otherwise provided in this Regulation.

It follows<sup>35</sup> that a claim for invalidity can succeed on the basis that the criteria for registration at the Community level were and remain unfulfilled in the territories of one or more of the Member States to which protection would otherwise extend. By converting his Community trade mark into one or more applications for protection at the national level<sup>36</sup>, the proprietor might nonetheless be able to retain the right to protection in areas of the Community where it was free of objection.

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<sup>34</sup> see Articles 95(1) and 97(3) CTMR.

<sup>35</sup> see Case T-91/99 Ford Motor Co. v. OHIM [2000] ETMR 554, paragraphs 21 to 30; BABY-DRY paragraph 41.

<sup>36</sup> under Articles 108 to 110 CTMR.

67. When assessing objections to the validity of a Community trade mark registration it is necessary to bear in mind that perceptions and recollections of the mark may vary as a result of social, linguistic and cultural differences between Member States.<sup>37</sup> It is therefore incorrect to assume that acceptance or refusal of registration in one Member State is, of itself, sufficient to justify acceptance or refusal of registration in another even in cases where the mark and the goods or services under consideration are the same.<sup>38</sup> My findings in relation to the status of the trade marks **BAR-X** and **OXO** in the United Kingdom are sufficient to establish that the Community trade mark registrations extended to this country without objection under sub-paragraphs (b), (c) or (d). The status of the trade marks elsewhere in the Community must depend on the perceptions and recollections they were likely to trigger in the mind of the average consumer in the Member States identified for the purposes of the claim for invalidity.

68. So far as I can see, the geographical scope of the objections to registration was identified for the first time by Mr. Ingram in his witness statement for the trial. Having stated that in his view **BAR-X** and **OXO** *'are as potentially descriptive in other European territories as they are in the UK'*, he went on to comment tersely on the state of the market for gaming machines in each of the other Member States. Mr. Stergides responded in paragraph 38 of his second witness statement. He confirmed that: *'the short position is that most countries have not yet opened up their market by legalising gaming, but I believe that they*

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<sup>37</sup> See, for example, Case C-313/94 Fratelli Graffione SNC v. Ditta Fransa [1996] ECR I-6039, paragraph 22; Case C-220/98 Estee Lauder Cosmetics GmbH v. Lancaster Group GmbH [2000] ECR I-1117, paragraph 29.

<sup>38</sup> Case C-218/01 Henkel KgaA v. Deutsches Patent-und Markenamt 12th February 2004, paragraphs 61 to 65.

*will do so in the near future. Electrocoin has therefore registered its Community trade marks in order to take advantage of such legalisation as and when it does occur.'*

69. The evidence in the witness statements and at trial fails to establish any basis for the objections to registration under sub-paragraph (d) in relation to any of the Member States mentioned by Mr. Ingram. It also fails to establish from the social, linguistic and cultural point of view of people in those Member States that the designations **BAR-X** or **OXO** could serve in normal usage as a way of referring simply to the characteristics of goods or services of the kind specified in the contested registrations. The objections to registration under sub-paragraph (c) are not made out. The objections under sub-paragraph (b) add nothing to the objections under sub-paragraph (c). In the result, the Community trade mark registrations have not been shown to be invalid under sub-paragraphs (b), (c) or (d).

### **INFRINGEMENT**

70. The action for infringement depends for its outcome on the scope and effect of parallel provisions of the 1994 Act, the Directive and the CTMR. The correspondences, so far as relevant for present purposes, are as follows:

1994 Act	Directive	CTMR
Section 10(1)	Article 5(1)(a)	Article 9(1)(a)
Section 10(2)	Article 5(1)(b)	Article 9(1)(b)
Section 10(3)	Article 5(2)	Article 9(1)(c)

Section 10(4)	Article 5(3)	Article 9(2)
_____	Article 5(5)	_____
Section 11(2)(b)	Article 6(1)(b)	Article 12(b)

The provisions of the Act must, so far as possible, be interpreted in accordance with the provisions of the Directive<sup>39</sup>. The applicable provisions of the Directive conform to the applicable provisions of the CTMR and naturally fall to be interpreted in the same way. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)<sup>40</sup> was concluded by the Community and the Member States acting jointly. In the field of trade marks (to which TRIPs is applicable and in respect of which the Community has already legislated) the judicial authorities of the Member States are required to apply Community legislation and national legislation implementing Community legislation so far as possible in the light of the wording and purpose of the Agreement in that field.<sup>41</sup>

71. Against that background, it will be convenient to consider the issues arising in relation to infringement on the basis of the text of the Directive. This (with emphasis added) provides as follows:

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<sup>39</sup> Case 106/89 Marleasing SA v. La Comercial Internacional de Alimentacion SA [1990] ECR I-4135, paragraph 8.

<sup>40</sup> Annex 1C to the Agreement establishing the World Trade Organisation (WTO) concluded at Marrakech on 15th April 1994. The WTO Agreement became a 'Community Treaty' for the purposes of Section 1(2) of the European Communities Act 1972 on 1st January 1995: European Communities (Definition of Treaties) (The Agreement Establishing the World Trade Organisation) Order 1995 (SI 1995/No. 265).

<sup>41</sup> Case C-89/99 Schieving-Nijstad VOF v. Groeneveld [2001] ECR I-5851, paragraph 35; Case C-49/02 Heidelberger Bauchemie GmbH 24th June 2004, paragraphs 19 to 21.

## Article 5

### Rights conferred by a trade mark

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

- (a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;
- (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

3. The following, *inter alia*, may be prohibited under paragraphs 1 and 2:

- (a) affixing the sign to the goods or to the packaging thereof;
- (b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;
- (c) importing or exporting the goods under the sign;



- (d) using the sign on business papers and in advertising.

...

- 5. *Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services*, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

## Article 6

### Limitation of the effects of a trade mark

- 1. The trade mark shall not entitle the proprietor to prohibit a third party *from using, in the course of trade*,

...

- (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;

...

provided he uses them in accordance with honest practices in industrial or commercial matters.

The words I have emphasised give rise to two issues of interpretation on which the parties are fundamentally divided. These affect the approach to be adopted in relation to all aspects of the claim for infringement. I shall address them first. I will then consider the different legal bases on which liability for infringement is said to have been incurred and the countervailing provisions of Article 6(1)(b).

Having done so, I will consider whether the trading activities in question should be regarded as infringing or non-infringing.

**- first fundamental issue: ‘using in the course of trade’**

72. It is clear that the expression ‘using in the course of trade’ establishes a qualifying requirement for infringement under Articles 5(1) and 5(2). However, the requirement is proving to be difficult to define in positive terms. In negative terms, it was indicated in Case C-2/00 Hölterhoff v. Freiesleben<sup>42</sup> that the proprietor of a trade mark cannot rely on his exclusive right where ‘*there can be no question of the trade mark used being perceived as a sign indicative of the undertaking of origin*’ of goods or services.

73. In Case C-206/01 Arsenal Football Club Plc v. Reed<sup>43</sup>, the European Court of Justice decided that use in the context of commercial activity with a view to economic advantage amounts to use ‘*in the course of trade*’ (paragraph 40) and also to ‘*use*’ for the purposes of infringement if it is liable to ‘*affect*’ one of the functions of the protected trade mark (paragraphs 42, 51 and 54). Those functions are not affected by use for purely descriptive purposes (paragraphs 54, 55). They are affected by use such as to create the impression that there is a material link in the course of trade between the goods or services concerned and the trade mark proprietor (paragraph 56). The proprietor of the trade mark can object to that kind of use because it is outside his control and liable to ‘*jeopardise*’ the guarantee of origin which constitutes the essential function of the trade mark (paragraphs 58 to

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<sup>42</sup> [2002] ECR I-4187, paragraphs 15 to 17.

<sup>43</sup> [2002] ECR I-10273.

60). The ruling of the Court confirms that the observations in the Judgment are directed to interpretation of the word ‘use’ independently of the limitations on the effects of a trade mark specified in Article 6(1) of the Directive (paragraphs 45 and 62).

74. The Court specifically drew attention (in paragraph 53) to the fact that the common standards prescribed by Articles 5(1) to 5(4) leave the Member States free to provide ‘*protection against the use of a sign other than for the purposes of distinguishing goods or services*’ under Article 5(5). The inter-relationship between Articles 5(1) to 5(4) and Article 5(5) had previously been considered in Case C-23/01 Robelco NV v. Robeco Groep NV<sup>44</sup>. There, the Court observed that reinforced protection of the distinctive character or reputation of a trade mark against certain uses of a sign other than for the purpose of distinguishing goods or services is not covered by Community harmonisation (paragraph 31). Accordingly, where ‘*the sign is not used for the purposes of distinguishing goods or services, it is necessary to refer to the legal orders of the Member States to determine the extent and nature, if any, of the protection afforded to owners of trade marks who claim to be suffering damage as a result of use of that sign ...*’(paragraph 34).

75. Before that, in Case C-63/97 Bayerische Motorenwerke AG v. Deenik,<sup>45</sup> the Court had observed that the scope of application of Articles 5(1) and 5(2) on the one hand and Article 5(5) on the other ‘*depends on whether the trade mark is used for the purpose of distinguishing the goods or services in question as*

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<sup>44</sup> [2002] ECR I-10913.

<sup>45</sup> [1999] ECR I-905.

*originating from a particular undertaking, that is to say, as a trade mark as such, or whether it is used for other purposes'* (paragraph 38). It is not difficult to find references in other judgments of the Court to the concept of use '*as a trade mark as such*'.<sup>46</sup> However, the terminology has more recently been criticised for lack of precision:

To state that a registered proprietor may prevent a third party from using 'the trade mark as a trade mark' is as good as saying nothing at all. It is therefore necessary to give substance to that indeterminate legal concept and, in doing so, to keep the functions of a trade mark very much in mind.<sup>47</sup>

The emphasis now being placed upon function relative to '*use*' seems clearly to reflect the concern expressed in this criticism.

76. The same emphasis is apparent in the judgments of the Court which consider the kind of use required to defeat an application for revocation of a trade mark registration on the ground of non-use. For that purpose, there must be genuine use of the trade mark in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered in order to create or preserve an outlet for those goods or services.<sup>48</sup>

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<sup>46</sup> e.g. Joined Cases C-108/97 and C-109/97 Windsurfing Chiemsee [1999] ECR I-2779, paragraph 28 and Philips Electronics, paragraph 64.

<sup>47</sup> Paragraph 41 of the Opinion of Advocate General Ruiz-Jarabo Colomer in Arsenal; see also Case C-100/02 Gerolsteiner Brunnen GmbH & Co v. Putsch GmbH [2004] ETMR 40 p.559, paragraphs 13 to 15 .

<sup>48</sup> Case C-259/02 La Mer Technology Inc v. Laboratoires Goemar SA [2004] ETMR 47 p.640, paragraphs 36 and 37; Case C-40/01 Ansul BV v. Ajax Brandbeveiliging BV [2003] ECR I-2439, paragraphs 35 to 38.

77. The Court of Appeal in England gave judgment in the case of Arsenal Football Club Plc v. Reed<sup>49</sup> on 21st May 2003, following argument on 30th April and 1st May as to the substantive merits of the claimant's action for infringement of registered trade mark and passing off. The action succeeded on appeal in both respects.

78. The Judgment of the Court of Justice in Case C-206/01 Arsenal was analysed in paragraphs 32 to 49 of the Judgment of Aldous LJ. Having noted (paragraph 33) that the order for reference had been based on the view that the issue of infringement depended upon whether the use complained about was trade mark use, in the sense that the use indicated the origin of the goods, he observed that the ECJ had concluded this was not the relevant consideration:

In summary the ECJ held that registration of a trade mark gave to the proprietor a property right (see s. 2 of the Act). The relevant consideration was whether the use complained of was likely to damage that property right or, as the ECJ put it, is likely to affect or jeopardise the guarantee of origin which constitutes the essential function of the mark. That did not depend on whether the use complained of was trade mark use.

He went on to say (paragraph 48):

As the ECJ pointed out, the actions of Mr. Reed meant that goods, not coming from Arsenal but bearing the trade marks, were in circulation. That affected the ability of the trade marks to guarantee the origin of the goods. I therefore conclude that the result reached by the ECJ was inevitable once their judgment had made it clear that the material consideration was whether the use complained of was

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<sup>49</sup> [2003] EWCA Civ. 696; [2003] RPC 39, p. 606.

liable to jeopardise the guarantee of origin, not whether the use was trade mark use.

79. The question whether the use in question should, in any event, be regarded as trade mark use was considered by Aldous LJ in paragraphs 50 to 69 of his Judgment. He concluded (paragraph 69) that it should:

I accept the judge's finding that the trade marks upon the goods are considered to be badges of allegiance, but all the evidence suggests that the trade marks do also designate origin of the goods to a substantial number of consumers. As to Mr. Reed's use I accept that that he does differentiate his goods from official goods, but his goods marked with the trade marks were identical to those emanating from Arsenal and therefore his use of the word Arsenal would, absent an explanation, carry the same inference as use of the trade marks by Arsenal. Certainly the evidence suggests that that would be the inference that consumers would draw, particularly those that received the goods as a present. In my view the evidence is all one way, namely that use of the trade mark on goods such as scarves and hats, whether by Arsenal or others does denote origin.

80. The case of Regina v. Johnstone<sup>50</sup> was argued in the House of Lords on the 12th and 13th February 2003. Judgment was delivered on 22nd May 2003.

81. Lord Nicholls of Birkenhead addressed the subject of '*Trade mark use: indication of trade origin*' in paragraphs 13 to 18 of his opinion. In paragraph 13 he affirmed that:

The message conveyed by a trade mark has developed over the years, with changing patterns in the conduct of business: see the discussion in *Scandecor Developments AB v. Scandecor Marketing*

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<sup>50</sup> [2003] UKHL 28; [2003] 1 WLR 1736.

*AB* [2001] UKHL 21. But the essence of a trade mark has always been that it is a badge of origin. It indicates trade source: a connection in the course of trade between the goods and the proprietor of the mark. That is its function. Hence the exclusive rights granted to the proprietor of a registered trade mark are limited to use of a mark likely to be taken as an indication of trade origin. Use of this character is an essential prerequisite to infringement. Use of a mark in a manner not indicative of trade origin of goods or services does not encroach upon the proprietor's monopoly rights. ...

Having noted that questions had been raised as to whether non-trade mark use could be caught by the infringement provisions of the harmonised law of trade marks, he held (paragraph 16) that these doubts must now be regarded as laid to rest by the decision of the European Court in Case C-206/01 Arsenal with the result that '*Non-trade mark use is not within section 10(1) to (3)*' (paragraph 17).

82. Lord Walker of Gestingthorpe pointed out in paragraphs 63 and 64 of his opinion that in order to fulfil its function as a guarantee of origin a trade mark must be distinctive and that the contrast between distinctiveness and descriptiveness is closely connected with the issue of trade mark use '*that is, use of a registered trade mark for its statutory purpose, rather than for some other purpose*'. He returned to this point in paragraph 76 of his opinion: '*Trade mark use*' is a convenient shorthand expression for use of a registered trade mark for its proper purpose (that is, identifying and guaranteeing the trade origin of the goods to which it is applied) rather than for some other purpose'.

83. He considered the Judgment in Case C-206/01 Arsenal in paragraphs 80 to 87 of his opinion. In paragraph 86 he said:

The difficulty arises, I think, because between cases which are clearly at the opposite extremes of 'distinctiveness' and 'descriptiveness' there is something of a no-man's land of debateable cases, and the problem of analysis varies with the character of the mark and the character of the goods to which it is affixed.

and in paragraph 87:

Whatever uncertainties there are about the decision of the European Court of Justice in the Arsenal case, its likely effect is that the province of trade mark use has annexed a significant part of the no man's land in which elements of distinctiveness or descriptiveness overlap.

84. Lord Hope of Craighead, Lord Hutton and Lord Rodger of Earlsferry agreed with the opinions of Lord Nicholls of Birkenhead and Lord Walker of Gestingthorpe.

85. It appears to me that the implication of Article 5(5) of the Directive and the thrust of the guidance provided by the judgments and decisions I have referred to above is that the rights conferred by registration of a trade mark are not engaged (and therefore not infringed) by use of a sign '*other than for the purposes of distinguishing goods or services*'. The expression '*distinguishing goods or services*' refers to the function which a sign must be able to perform in order to satisfy the general requirement for registration in Article 2. The legislation aims to ensure that a trader cannot legitimately use a sign to perform that function in a context or manner which would conflict with the use of an identical or similar sign by another trader to perform the same function in relation to goods or services of the kind for which it (the latter sign) is validly registered. The circumstances in



which a conflict can be found to exist are, for the purposes of infringement, specified in Articles 5(1) and 5(2). This is the analysis I intend to apply to the claim for infringement in the present case.

**- second fundamental issue: ‘*which are not similar to those for which the trade mark is registered*’.**

86. On the face of it, Article 5(2) of the Directive envisages protection for trade marks which have a reputation in situations where the use of an identical or similar mark in relation to goods or services which are ‘*not similar*’ to those for which the trade mark is registered is liable to produce consequences of the kind specified.

87. It was debatable whether Article 5(2) (which is an optional provision of the Directive) operated to some degree in parallel or entirely in tandem with Article 5(1). The European Court of Justice has now confirmed<sup>51</sup> that it operates entirely in parallel with Article 5(1) and can accordingly be invoked in cases involving the use of an identical or similar mark in relation to goods or services which are identical, similar or not similar to those for which the protected mark is registered. The Court held that in the light of the overall scheme and objectives of the system of which Article 5(2) of the Directive is part, that Article cannot be given an interpretation which would lead to marks with a reputation having less protection where a sign is used for identical or similar goods or services than where a sign is used for non-similar goods or services. Article 5(2) and the corresponding provisions of the 1994 Act and the CTMR should therefore be interpreted and

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<sup>51</sup> Case C-408/01 Adidas-Salomon AG v. Fitnessworld Trading Ltd, [2004] ETMR10, p.129; Case C-292/00 Davidoff & Cie SA v. Gofkid Ltd, [2003] ECR I-389.

applied on the footing that the words '*which are not similar*' mean '*which are not (necessarily identical or) similar*'.

88. There are, so far as I am aware, no proposals for amendment of Article 5(2) of the Directive or Article 9(1)(c) of the CTMR in the light of the recent rulings of the European Court of Justice. In the United Kingdom the wording of section 10(3) of the 1994 Act has been revised with effect from 5th May 2004<sup>52</sup> in the following manner:

A person infringes a registered trade mark if he uses in the course of trade *in relation to goods or services* a sign which –

- (a) is identical with or similar to the trade mark,  
~~and~~
- ~~(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered,~~

where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

89. In the present case, it is not disputed that liability for infringement of the Community trade mark registrations must be based on Article 9 of the CTMR, nor is it suggested that the provisions of Article 9(1)(c) of the CTMR (equivalent to Section 10(3) of the 1994 Act prior to amendment) can or should be interpreted

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<sup>52</sup> by Regulation 7 of the Trade Marks (Proof of Use, etc) Regulations 2004 (SI 2004, No. 946) made under section 2(2) of the European Communities Act 1972.

otherwise than in accordance with the approach adopted by the European Court of Justice in relation to Article 5(2) of the Directive.

90. It is nevertheless contended: (1) that liability for infringement of the United Kingdom registrations must be based on Section 10 of the 1994 Act and not upon the corresponding provisions of the Directive; and (2) that the European Court of Justice has departed from the language of Article 5(2) of the Directive to such a degree that its recent rulings as to the meaning and effect of that Article could only have been followed in the United Kingdom if the wording of Section 10(3) of the 1994 Act was revised in the way in which it has now been revised.

91. I accept that the first of these contentions is correct, both from the point of view of Community law<sup>53</sup> and from a purely domestic point of view. However, the second contention flies in the face of the ruling in Adidas-Salomon<sup>54</sup> to the effect that a Member State cannot transpose Article 5(2) of the Directive into national legislation without ensuring that the implementing provisions are thereafter interpreted and applied so as to provide protection equal to that which Article 5(2) has now been held to envisage. There is no material difference between the language of Article 5(2) and the language of Section 10(3) prior to amendment. Parliament clearly intended the latter provision to be given the same meaning and effect as the former. I am required by Section 3(1) of the European Communities Act 1972 to interpret and apply the unamended version of Section 10(3) ‘*in accordance with*’ the relevant decisions of the European Court of Justice as to the

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<sup>53</sup> See Case C-355/96 Silhouette International Schmied GmbH & Co. KG v. Hartlauer Handels-gesellschaft mbH [1998] ECR I-4799, paragraphs 36 and 37.

<sup>54</sup> paragraphs 17 to 22.

meaning and effect of Article 5(2). I therefore take the unamended version of Section 10(3) to have permitted a claim for infringement to succeed notwithstanding that the goods or services in issue were identical or similar to those for which the protected trade marks were registered.

- *first basis of claim: 'double identity'*

92. The 10th recital in the preamble to the Directive states:

... the protection afforded by the registered trade mark ... is absolute in the case of identity between the mark and the sign and goods or services.

Article 16(1) of the TRIPs Agreement states:

In case of the use of an identical sign for identical goods or services a likelihood of confusion shall be presumed.

93. There can be liability for infringement under Article 5(1)(a) of the Directive on the basis of 'double identity' (i.e. unauthorised use of a sign which is identical to the protected trade mark in relation to goods or services identical to those for which it is registered) even though the mark and the sign in issue are not 100% identical.<sup>55</sup> However, the differences between the mark and the sign in question must be sufficiently slight to be visually and aurally insignificant from the point of view of the average consumer.<sup>56</sup>

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<sup>55</sup> Case C-291/00 SA Societe LTJ Diffusion v. SA Sadas Vertbaudet [2003] FSR 34 p.608, paragraphs 50 to 54.

<sup>56</sup> Reed Executive plc v. Reed Business Information Ltd [2004] EWCA Civ 159, 3rd March 2004, paragraphs 22 to 32 per Jacob L.J.

94. Infringement on the basis envisaged by Article 5(1)(a) is alleged in relation to the uses of the symbols **BAR**, **X** and **O** I have identified at (iii) to (viii) in paragraph 6 above.

- *second basis of claim: ‘likelihood of confusion’*

95. The 10th recital in the preamble to the Directive states:

whereas the protection applies also in case of similarity between the mark and the sign and the goods or services; whereas it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion; whereas the likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of degree of similarity between the trade mark and the sign and between the goods or services identified, constitutes the specific condition for such protection.

Article 16(1) of the TRIPs Agreement states:

The owner of a registered trademark shall have the right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.

96. Article 5(1)(b) of the Directive provides for liability in circumstances where there are similarities (in terms of marks and goods or services) which in combination give rise to a likelihood of confusion. The European Court of Justice has provided guidance as to the test for protection under Article 5(1)(b) in four

cases.<sup>57</sup> The effect of this guidance is conveniently summarised in the current practice of the Registrar of Trade Marks in the following propositions:

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v. Puma AG*, paragraph 22;
- (b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v. Puma AG*, paragraph 23; who is deemed to be reasonably well informed and reasonably circumspect and observant - but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind; *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen B.V.* paragraph 27;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v. Puma AG*, paragraph 23;
- (d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v. Puma AG*, paragraph 23;
- (e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods/services and vice versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17;
- (f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character either per se or because of the use that has been made of it; *Sabel BV v. Puma AG*, paragraph 24;
- (g) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient; *Sabel BV v. Puma AG*, paragraph 26;

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<sup>57</sup> Case C-251/95 *Sabel BV v. Puma AG* [1997] ECR I-6191; Case C-39/97 *Canon Kabushiki Kaisha v. Metro Goldwyn Mayer Inc* [1998] ECR I-5507; *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] ECR I-3819; Case C-425/98 *Marca Mode CV v. Adidas AG* [2000] ECR I-4861.

- (h) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode CV v. Adidas AG*, paragraph 41;
- (i) but if the association between the marks causes the public to wrongly believe that the respective goods/services come from the same or economically linked undertakings, there is a likelihood of confusion; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 29.

The relevant assessment must, of course, be made in the light of circumstances prevailing in the territory where infringement is alleged to have occurred.

97. Infringement on the basis envisaged by Article 5(1)(b) is alleged in relation to all forms of use identified in paragraph 6 above.

- *third basis of claim: 'cross-pollination'*

98. The 9th recital in the preamble to the Directive states (with emphasis added):

Whereas it is fundamental, in order to facilitate the free circulation of goods and services, to ensure that henceforth registered trade marks enjoy the same protection under the legal systems of all the member states: whereas this should however *not prevent the member states from granting at their option extensive protection to those trade marks which have a reputation.*

99. Reputation requires knowledge. The required degree of knowledge is reached when the protected mark is known by a significant part of the public concerned by the products or services covered by the registration of that trade

mark.<sup>58</sup> The provisions of Article 5(2) establish a form of protection for the benefit of trade marks with a reputation which does not require either the existence or the absence of a likelihood of confusion.<sup>59</sup>

100. Metaphorically speaking, Article 5(2) provides a remedy for cross-pollination: the mark and sign in issue are identical or similar; use of one is liable to influence the effect of the other on people who have been exposed to both; the effect is such that advantage or detriment of the kind proscribed is liable to ensue; use of the offending sign must be restricted in order to prevent such advantage or detriment.

101. The mechanism by which the relevant mischief occurs was described in Adidas-Salomon in the following terms:

28. The condition of similarity between the mark and the sign, referred to in Article 5(2) of the Directive, requires the existence in particular, of elements of visual, aural or conceptual similarity (see, in respect of Article 5(1)(b) of the Directive, Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 23 in fine, and Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraphs 25 and 27 in fine).

29. The infringements referred to in Article 5(2) of the Directive, where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a link between them even though it does not confuse them (see, to that effect, Case C-375/97 *General Motors* [1999] ECR I-5421, paragraph 23).

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<sup>58</sup> Case C-375/97 General Motors Corp. v. Yplon SA [1999] ECR I-5421, paragraphs 24 to 27.  
<sup>59</sup> Adidas-Salomon, paragraphs 27 and 31.



30. The existence of such a link must, just like a likelihood of confusion in the context of Article 5(1)(b) of the Directive, be appreciated globally, taking into account all factors relevant to the circumstances of the case (see, in respect of the likelihood of confusion, *SABEL*, paragraph 22, and *Marca Mode*, paragraph 40).

31. The answer to Question 2(a) must therefore be that the protection conferred by Article 5(2) of the Directive is not conditional on a finding of a degree of similarity between the mark with a reputation and the sign such that there exists a likelihood of confusion between them on the part of the relevant section of the public. It is sufficient for the degree of similarity between the mark with a reputation and the sign to have the effect that the relevant section of the public establishes a link between the sign and the mark.

...

38. The answer to Question 2(a) shows that one of the conditions of the protection conferred by Article 5(2) of the Directive is that the degree of similarity between the mark with a reputation and the sign must have the effect that the relevant section of the public establishes a link between the sign and the mark.

39. The fact that a sign is viewed as an embellishment by the relevant section of the public is not, in itself, an obstacle to the protection conferred by Article 5(2) of the Directive where the degree of similarity is none the less such that the relevant section of the public establishes a link between the sign and the mark.

40. By contrast, where, according to a finding of fact by the national court, the relevant section of the public views the sign purely as an embellishment, it does not necessarily establish any link with a registered mark. That therefore means that the degree of similarity between the sign and the mark is not sufficient for such a link to be established.

41. The answer to Question 2(b) must therefore be that the fact that a sign is viewed as an embellishment by the relevant section of the public is not, in itself,

an obstacle to the protection conferred by Article 5(2) of the Directive where the degree of similarity is none the less such that the relevant section of the public establishes a link between the sign and the mark. By contrast, where, according to a finding of fact by the national court, the relevant section of the public views the sign purely as an embellishment, it does not necessarily establish any link with a registered mark, with the result that one of the conditions of the protection conferred by Article 5(2) of the Directive is then not satisfied.

102. I think it is clear that in order to be productive of advantage or detriment of the kind proscribed, ‘the link’ established in the minds of people in the market place needs to have an effect on their economic behaviour<sup>60</sup>. The presence in the market place of marks and signs which call each other to mind is not, of itself, sufficient for that purpose.<sup>61</sup>

103. It is a condition of liability under Article 5(2) that the relevant advantage or detriment should be attributable to use of the offending sign ‘*without due cause*’. In Premier Brands Neuberger J (as he then was) concluded<sup>62</sup> that the issue raised by this aspect of Article 5(2) was not (or not simply) whether the defendant could be said to be acting ‘in good faith’ or ‘for good and honest commercial reasons’, but whether the proprietor of the protected mark should be required to subordinate his own interests to those of the defendant in relation to the use of the sign in question. He was reinforced in that view by the decision of the Benelux Court of

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<sup>60</sup> compare Case C-303/97 Verbraucherschutzverein EV v. Sektkellerei GC Kessler GmbH Und Co. [1999] ECR I-513, paragraphs 32, 33 and 38; and Article 2(2) of Council Directive 84/540 of 10th September 1984 (as amended by Directive 97/55 of the European Parliament and of the Council of 6th October 1997) concerning misleading and comparative advertising.

<sup>61</sup> Daimler Chrysler AG v. Alavi [2001] IP&T 496 at paragraphs 85 to 95 per Pumfrey J; Premier Brands UK Ltd v. Typhoon Europe Ltd [2000] FSR 767 at p.789 per Neuberger J.

<sup>62</sup> at pp.789 to 791.

Justice in Lucas Bols v. Colgate-Palmolive<sup>63</sup>. In that case, the Benelux Court allowed for the possibility that a defendant might be able to establish an independent or prior right to act in the manner complained of.

104. Infringement on the basis envisaged by Article 5(2) is alleged in relation to all forms of use identified in paragraph 6 above.

- ***countervailing provisions of Article 6(1)(b)***

105. Article 17 of the TRIPs Agreement states:

Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.

106. Article 6(1)(b) of the Directive ensures that the rights conferred by registration operate with due regard for freedom of expression in relation to matters of the kind I have mentioned in paragraph 18 above. Freedom of expression is protected in relation to such matters so long as it is *‘in accordance with honest practices in industrial or commercial matters’*. This is the general test for determining whether there is unfair competition under Article 10<sup>bis</sup> of the Paris Convention<sup>64</sup> as carried forward by Article 2 of the TRIPs Agreement. In the context of Article 6(1)(b) of the Directive it imposes a duty on traders claiming the right to free expression to act fairly in relation to the legitimate interests of trade

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<sup>63</sup> (1976) 7 IIC 420.

<sup>64</sup> the 12th recital in the preamble to the Directive confirms that the provisions of the Directive are intended to be entirely consistent with those of the Paris Convention; in relation to Article 10<sup>bis</sup> see further the discussion in Wadlow The Law of Passing Off 3rd Edn (2004) Chapter 2.

mark owners whose rights they might otherwise infringe.<sup>65</sup> The question whether the duty has been breached must be answered objectively.<sup>66</sup>

107. The European Court of Justice has indicated that Article 6(1)(b) guarantees the right to use a designation not as a trade mark but descriptively.<sup>67</sup> It is clear that the protection conferred by registration is not intended to extend to purely descriptive use.<sup>68</sup> However, it has more recently been held that the existence of a likelihood of aural confusion between a word mark registered in one Member State and an indication of geographical origin from another Member State is not, of itself, sufficient to justify the conclusion that the use of the latter in the course of trade is not honest.<sup>69</sup> By extension it is possible for confusing use of a denomination to be in accordance with honest practices in industrial or commercial matters.<sup>70</sup>

108. The saving provisions of Article 6(1)(b) have been invoked in relation to the use of the symbols **BAR**, **X** and **O I** I have identified at (iii) to (viii) in paragraph 6 above.

- *effective dates of protection*

109. The rights conferred by the United Kingdom registrations date from the filing of the relevant applications for registration.<sup>71</sup> The rights conferred by registration of the Community trade marks '*prevail against third parties from the*

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<sup>65</sup> Gerolsteiner Brunnen paragraph 24; BMW paragraph 61.

<sup>66</sup> Reed Executive, paragraphs 131 and 132 per Jacob LJ.

<sup>67</sup> Windsurfing Chiemsee, paragraph 28.

<sup>68</sup> BABY-DRY, paragraphs 35 to 39; Arsenal paragraphs 54, 55

<sup>69</sup> Gerolsteiner Brunnen paragraphs 25 to 27.

<sup>70</sup> Reed Executive paragraphs 117 to 129 per Jacob LJ.

<sup>71</sup> see Sections 9(3), 33(2) and 40(3) of the 1994 Act.

*date of publication of registration of the trade mark*’, but reasonable compensation can be claimed in respect of any activities of the kind thereafter prohibited that may have taken place following publication of the application for registration.<sup>72</sup> Article 16(1) of the TRIPs Agreement anticipates that rights of the kind conferred by Article 5(1)(a) and (b) ‘*shall not prejudice any existing prior rights*’. However, the Community law of trade marks provides immunity from infringement for prior unregistered rights which apply only ‘*in a particular locality*’<sup>73</sup> and leaves it to the operation of the rules relating to acquiescence<sup>74</sup> to determine whether and when immunity from infringement can be claimed in respect of the exercise of larger or other rights.<sup>75</sup> It is not necessary to go into the complexities of these provisions. No immunity from infringement has been claimed on the basis of any earlier right or acquiescence in the present case.

- ***Coinworld machines***

110. The symbols **BAR**, **X** and **O** have been used on the reels and in the win tables of the following AWP machines marketed by Coinworld during the period 1992 to 2002:

<b>Machine Name</b>	<b>Year of Production</b>	<b>Quantity</b>
Extra Chance	1992-1993	200
Extra Gambler	1993-1994	432
Xtra Spin	1993-1994	213
Treasure Chest	1993-1994	88

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<sup>72</sup> see Article 9(3) CTMR.

<sup>73</sup> see Section 11(3) of the 1994 Act, Article 6(2) of the Directive and Article 107(3) CTMR.

<sup>74</sup> see Section 48 of the 1994 Act, Article 9 of the Directive and Article 53 CTMR.

<sup>75</sup> query whether Section 11(1) of the 1994 Act goes further than the Community law of trade marks permits or requires.

Winning Streak	1994	304
Bear X	1994-1996	768
Super Bear X	1995-1995	121
Funspot X	1995-1996	150
Criss Cross Crazy	1998-1998	180
Happy Streak	1999-2000	300
Casino Happy Streak	1999-2000	260
Big Ben Triple	2000-2001	594
Casino Bear X	2002-2002	550
Super Bear X	2002-2002	50
<b>Total</b>	<b>1992-2002</b>	<b>4210</b>

The **BEAR X**, **SUPER BEAR X** and **CASINO BEAR X** machines have featured the word **BEAR** and cartoon bears as part of their overall get-up and have also used the face of a cartoon bear as a reel symbol and in the associated win tables. Other Coinworld machines which have similarly featured 'bear' names and imagery are the **CASINO BEAR STREAK**, **CAPT'N BEAR**, **BEAR CLIMBER**, **SUPER BEARS** and **BEAR STREAK** machines identified in Exhibit A3.

111. In June 1994 Universal Screen Printers Ltd of Mid-Glamorgan received an order from Mr. Evans on behalf of Coinworld for production of the artwork required for the reel bands and fascia of its soon-to-be-introduced **BEAR X** machine. The printers' job information sheet (Exhibit A4) recorded the following details:

SAME SIZE GLASSES AS (BEAR STREAK).

TOP GLASS/LAYOUT STAYS THE SAME.

BOTTOM GLASS/NAME BEAR X USING THE  
SAME BEARS BUT IN A DIFFERENT POSITION.

USE TWO BEARS TO HOLD THE LETTER X.

REEL GLASS/COPY ROUGH THAT CUSTOMER  
GAVE US.

REEL BAND	) AS PRINTED SHEET
BUTTON LEGENDS	) SUPPLIED BY
INSERTS	) CUSTOMER

112. Exhibit A5 appears to be the sheet on which the choice and sequence of symbols for the **BEAR X** reel bands were set out in tabular form for the guidance of the printers. It contained no pictorial representations. The required symbols were specified using the terms '**BAR**' '**ZERO**' '**X (BOXED)**' '**BEAR**' and '**BEAR RED**'. The printers' Invoice No. 1991 dated 26th July 1994 (Exhibit A7) shows 'Part Artwork' and 'Artwork Alteration' charges for the **BEAR X** machine totalling £763.75 inclusive of VAT. The same Exhibit contains an invoice dated 26th April 1994 for a 'Part Artwork' charge totalling £940 inclusive of VAT in relation to the **BEAR STREAK** machine.

113. The artwork for the **BEAR STREAK** and **BEAR X** machines was produced with creative input from Universal Screen Printers based on proposals put forward by Mr. Evans and Mr. Arthur Thomas (of AET (Games Design) Ltd). The joint involvement of Mr. Evans and Mr. Thomas reflected the fact that Coinworld and AET (Games Design) Ltd were collaborating in the manufacture and marketing of the 'bear themed' series of AWP machines which started with the **BEAR STREAK** and **BEAR X** machines. I am satisfied that nothing in the detail or overall presentation of the artwork for the reel symbols, reel bands, win

tables or get-up of these machines captured the specific individuality of any corresponding aspects of Electrocoin's **BAR-X** machines or represented any attempt or desire to come close to doing so.

114. The significance and success of **BAR-X** as a name used by Electrocoin will have been well known to Mr. Evans and Mr. Thomas when they gave their 'bear themed' machines the names identified above. Mr. Thomas was not called as a witness by either side. Mr. Evans was pressed in cross-examination to acknowledge that the name **BEAR X** was chosen with a view to benefiting from its similarity to the name **BAR-X**. He insisted that this was not the case and that the name **BEAR X** was merely one of a series of names which had all been adopted on the strength of their suitability for use in relation to 'bear themed' AWP machines. I accept his evidence to that effect.

115. Attached to Mr. Evans' witness statement is an invoice dated 1st November 1994 relating to the purchase of a **BEAR X** machine by Electrocoin from Coinworld for £581.63 inclusive of transport costs and VAT. Electrocoin installed the machine in its Tottenham Court Road arcade. Mr. Stergides explained that it was put in the arcade to test it and that it was left there '*maybe a few months or a year or a few weeks*'.<sup>76</sup>

116. In his second witness statement<sup>77</sup> Mr. Stergides said in relation the **BEAR X** machine:

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<sup>76</sup> Day 2/p.225 lines 2 to 19.  
<sup>77</sup> paragraphs 18.5 to 18.7.



... The machine used the symbols BAR, X and bears, among others. After examining the machine, I told Mr. Thomas that I was unhappy with his **BEAR X** machines, in particular at his use of the **BAR-X** mark on the reels and glasses.

As Mr. Thomas was and still is a friend, I did not wish to institute legal proceedings, and therefore came to a 'gentlemen's agreement' with him, under which it was agreed that I would allow him to sell the machines already manufactured and planned, which I understood was in the region of 200 machines, but that he would not manufacture any more. ... I have asked Mr. Thomas to give evidence of his recollection of our agreement in relation to his use of **BAR-X** on the **BEAR X** machine. Unfortunately, Mr. Thomas is not willing to give a witness statement in these proceedings until his dispute with Coinworld is fully resolved.

I continued to monitor the situation to ensure that Mr. Thomas was adhering to the agreement, and to the best of my knowledge (and as I understood at the time) by early 1996 production of the **BEAR X** machine had ceased. I certainly did not see or hear of any new **BEAR X** machines in arcades after this point.

Mr. Evans was adamant in his evidence that no such agreement would have been made without his knowledge and that he had at no stage prior to the present proceedings heard anything about an agreement to the effect alleged by Electrocoin.

117. The evidence on this issue indicates: (1) that the focus of Electrocoin's concern in relation to the **BEAR X** machine was not the name, but the '*use of BAR-X*' on the machine<sup>78</sup>; (2) that there is no suggestion of any attempt by Electrocoin to agree restrictions in relation to use of the symbols **BAR, X** and **O**

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<sup>78</sup> paragraph 15 of Mr. Stergides' first witness statement confirms that concern.

on the reels or in the win tables of any of the Coinworld machines identified above, other than the **BEAR X**; and (3) that there was no attempt by Electrocoin to agree any restrictions directly with Coinworld or its directors in relation to the manufacture or marketing of the **BEAR X** machines.

118. The assertions made on behalf of Electrocoin lack specificity as to when, where and in what terms the ‘gentlemen’s agreement’ between Mr. Stergides and Mr. Thomas is supposed to have been made. I believe Mr. Evans when he says that no agreement restrictive of Coinworld’s activities was ever made known to him. It is hard to see how any such agreement could or would sensibly have been made without his knowledge. I am not satisfied in the absence of any confirmatory evidence from Mr. Thomas on this aspect of the dispute between the parties that there was any agreement restricting the quantities of **BEAR X** machines that might be manufactured and marketed by Coinworld from time to time.

- *the forms of use identified at (i) and (ii) in paragraph 6 above*

119. These are uses of the designation **BEAR X** in the course of trade for the purposes of distinguishing Coinworld’s AWP machines. In the absence of ‘double identity’, there are claims for infringement under Article 5(1)(b) and Article 5(2).

120. No evidence has been given of any instances of apparent confusion. The case for infringement is put upon the basis that **BAR-X** and **BEAR X** are not merely similar, but *distinctively similar* denominations which cannot be used concurrently in relation to goods of the kind in issue without giving rise to a likelihood of confusion. The correctness of that proposition must be tested by

giving the differences and similarities between the denominations as much or as little significance as the average consumer would attach to them.

121. In plain script the denominations are visually similar, aurally distinguishable and conceptually dissimilar. The question whether the similarities are outweighed by the differences depends upon whether the average consumer would be likely to notice and attach significance to the fact that the denomination **BAR-X** contains the meaningful word **BAR** and the denomination **BEAR X** contains the meaningfully different word **BEAR**.

122. I am mindful of the potential for familiarity with a mark or sign to increase speed of recognition, reduce the level of attention paid to matters of detail and affect the ability of differences to distinguish. The guidance summarised in paragraph 96 above allows for such considerations to be factored into the perceptions and recollections of the reasonably well-informed and reasonably observant and circumspect consumer. However, the distinctive character of the protected mark must be kept in mind at all stages of the assessment.

123. I think that reasonably well-informed and reasonably observant and circumspect persons who noticed that the denominations were not identical will generally have appreciated that **BAR-X** alluded to the traditional symbol of a **BAR** and that the denomination **BEAR X** alluded, by contrast, to bears. The question is whether, in order to notice that the denominations are not identical, it would be necessary for such persons to exercise a greater degree of perspicacity than they would, in reality, have been likely to exercise. The evidence before me does not go into this issue. I have to make up my own mind on the basis of the

impression I am left with on the evidence as a whole. In my view the denominations are distinguishable and I believe they are likely to have been distinguished by the persons concerned. I therefore consider that the claim for infringement on the basis envisaged by Article 5(1)(b) is not made out.

124. It appears to me that the denominations **BAR-X** and **BEAR X** are similar to a degree that might, at most, result in the use of one calling the other to mind in a way that would involve no cross-pollination between the two strains of use. No advantage or detriment of the kind remedied by Article 5(2) is either self-evident or demonstrated. The claim for infringement on the basis envisaged by that Article is not made out.

- *the form of use identified at (iii) in paragraph 6 above*

125. The suggestion that the denomination **BAR-X** appears in the win tables on the front of the machines is, to my mind, contrived. The winning alignments of symbols are set out in a matrix in which each alignment is obviously intended to be read from left to right. In order to isolate the combination **BAR X** within the matrix, it is necessary to read it unnaturally as if the information it contains was set out in columns and also selectively so as to focus only on **BAR** followed by **X** to the exclusion of all other possible groupings of symbols.

126. I cannot regard this as an appropriate way of testing the question of infringement. I must take account of the way in which the symbols are actually

presented to the eye of the observer. The relevant perspective is that of the average consumer who does not know that there is a question to be answered.<sup>79</sup>

127. No claim for infringement has been made in relation to any winning alignment. It follows, in my view, that the claims for infringement relate to the matrix in which the different alignments of symbols are set out in tabular form.

128. I accept that the symbols in the matrix are used in the course of trade. However, I do not accept that they are used for the purposes of distinguishing Coinworld's AWP machines.

129. Additionally I see no basis on which it could realistically be said that there is either identity for the purposes of Article 5(1)(a) or similarity for the purposes of Article 5(2). Even if I thought that similarity could realistically be asserted, I would not accept that there was any consequential likelihood of confusion for the purposes of Article 5(1)(b) or cross-pollination productive of advantage or detriment for the purposes of Article 5(2). Additionally for the purposes of Article 5(2) I consider that the symbols in the matrix have been used conventionally and with due cause<sup>80</sup> to identify winning alignments of the traditional symbols which have in their own turn been used conventionally and with due cause<sup>80</sup> on the reels of Coinworld's AWP machines.

130. In any event, I am satisfied for the purposes of Article 6(1)(b) that the symbols in the matrix have been used in accordance with honest practices in

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<sup>79</sup> as pointed out by Lord Simonds in Marengo v. Daily Sketch and Sunday Graphic Ltd (1948) 65 RPC 242 (HL) at p.250 lines 3 to 13.

<sup>80</sup> see further paragraph 139 below.

industrial or commercial matters simply to indicate winning alignments of the traditional symbols which have in their own turn been used in accordance with honest practices in industrial or commercial matters simply as integers of the games played on the Coinworld machines.

131. The claims for infringement are not made out. The defendants are entitled to rely on the saving provisions of Article 6(1)(b) in any event.

- *the forms of use identified at (iv) and (vii) in paragraph 6 above*

132. The promotional images showing alignments of the reel symbols **BAR** and **X** and **O-X-O** involve use of the symbols in the course of trade. However, I do not accept that the symbols are being used for the purposes of distinguishing Coinworld's AWP machines.

133. The bases on which infringement is said to have occurred again involve selective reading of the symbols presented to the eye of the observer. This time the matrix consists of 9 symbols in three rows of three, down and across the portions of the three reels observable in the promotional images of the machines. Both in relation to the denomination **BAR-X** and the denomination **OXO**, my assessment of the claims for infringement in respect of the symbols in the matrix corresponds with my assessment of the claims for infringement made in respect of the symbols in the win tables (paragraphs 129 and 130 above).

134. The claims for infringement are not made out. The defendants are entitled to rely on the saving provisions of Article 6(1)(b) in any event.

- *the forms of use identified at (v), (vi) and (viii) in paragraph 6 above*

135. It is apparent from what I have said above in relation to validity and infringement of the registrations in suit that I consider the symbols on the reels to be (and likely to be perceived and remembered as) origin neutral integers of the games played on the Coinworld machines. I do not say that the integers of such games must always or necessarily be regarded as origin neutral in the context of their use on reels. Much must depend on the idiosyncrasies of the particular elements used as integers of the game. In the present case the relevant elements are, as I have emphasised, traditional symbols used in the time-honoured manner.

136. The symbols in question are used in the course of trade, but in my view they are not used for the purposes of distinguishing Coinworld's machines.

137. Insofar as the claims for infringement are directed to the reels in their entirety, they stand to be rejected on the approach I have adopted in relation to the matrices identified above.

138. If the claims are not directed to the reels in their entirety, they must be based on the proposition that identity or similarity between marks and signs can be established on an intermittent basis as the reels on the wheels of the machines turn into or out of different alignments. However, it appears to me that the alignments are generally likely to be regarded as randomised events. And I find it difficult to see how something which is likely to be seen as an event of that kind can realistically be said to possess the attributes of a sign for the purposes of the law relating to infringement of registered trade marks. And even if it is liable to be regarded as a sign for these purposes, I would not accept that the presentation of

the alignment to the eye of the observer amounted to use of it for the purposes of distinguishing the machines or involved a likelihood of confusion for the purposes of Article 5(1)(b) or cross-pollination productive of advantage or detriment for the purposes of Article 5(2).

139. I take the view that there is 'due cause' for the purposes of Article 5(2) when the use in question conforms, as here, to the bona fide and established practices of the trade and the distinctiveness (hence registrability) of the protected trade mark depends, as here, on the proposition that it is a denomination the use of which recognisably does not conform to such practices.

140. In any event, I am satisfied for the purposes of Article 6(1)(b) that the symbols on the reels have been used in accordance with honest practices in industrial or commercial matters simply as integers of the games played on the Coinworld machines and therefore simply as indications of alignments (winning and losing) of the reels.

141. The claims for infringement are not made out. The defendants are entitled to rely on the saving provisions of Article 6(1)(b) in any event.

### **CONCLUSION**

142. It has not been established that the trade mark registrations in issue are invalid or have been infringed. The claims for invalidity and infringement will therefore be dismissed. I will hear Counsel as to the form of order to be made.



ANNEX 1

# Casino Bear 'X'

## "The Bear is back"



4  
7  
3  
2

- FULLY SWITCHABLE
- 10P - £5.00
- 10P - £8.00
- 20P - £25.00
- 25P - £25.00
- 30P - £25.00
- AVAILABLE AS A FACTORY REBUILD
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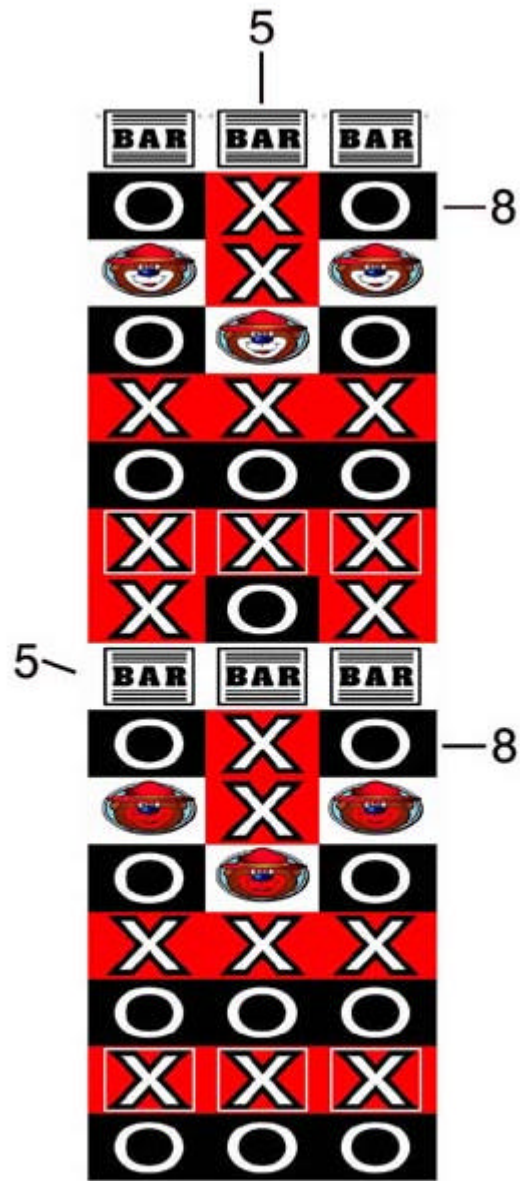
Coinworld Limited.  
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Grangetown,  
Cardiff.  
CF11 7JS  
Tel:- 029 20387204  
Fax:- 029 20224177  
Email: sales@coinworld.demon.co.uk

**COIN WORLD LTD.**

ANNEX 2



ANNEX 3



**ANNEX 4**

**3**

**7**

**7**

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ANNEX 5

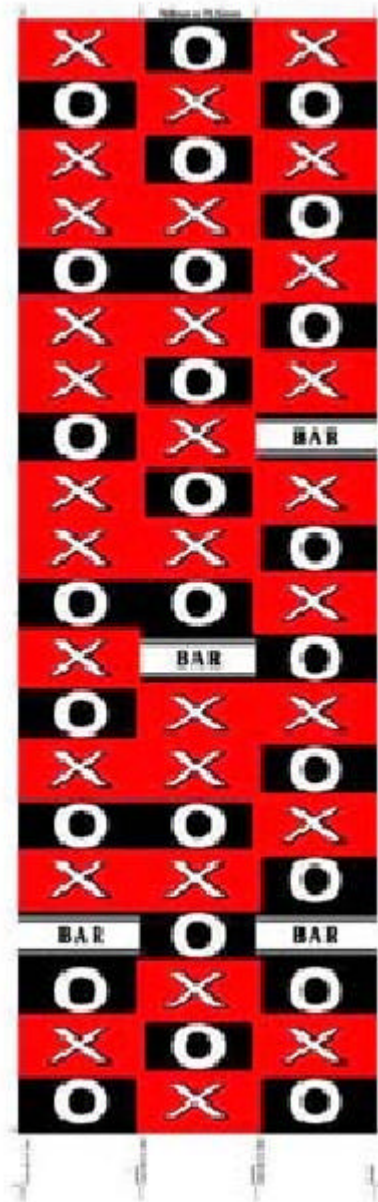


ANNEX 6



ANNEX 7

BAR X BANDS



ANNEX 8

OXO REELS BOTTOM BANDS

