

O-361-03

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NUMBER 2203674
IN THE NAME OF THE TESCO STORES LIMITED
TO REGISTER A TRADE MARK IN CLASSES 3, 16, 29, 30, 31, 32 and 35**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NUMBER 90338
BY ASDA STORES LIMITED**

Trade Marks Act 1994

**In the matter of Application number 2203674
in the name of Tesco Stores Limited
to register a trade mark in Classes 3, 16, 29, 30, 31, 32 and 35**

And

**In the matter of Opposition thereto under number 90338
by Asda Stores Limited**

Background

1. On 22 July 1999, Tesco Stores Limited applied to register the trade mark TESCO WE SELL FOR LESS in Class 32 in respect of a range of goods in Classes 3, 16, 29, 30, 31, 32 and 35.

2. On 2 August 2001, Asda Stores Limited filed notice of opposition to the application, in which they say that they are owned by Wal-Mart Stores, Inc, a US company that uses the trade mark WE SELL FOR LESS in the United States, and that on 14 June 1999 had applied to register the same in the UK. They say that the applicants have publicised an intention to seek to register words and or phrases which are the same or similar to trade marks that Asda and Wal-Mart have applied to register in the UK, and were aware of their interest in WE SELL FOR LESS at the time of filing the application in suit. The ground of opposition is as follows:

Under Section 3(6) because the applicants were aware of the opponent's interest in the trade mark applied for and the application is an attempt to prevent and/or restrict the opponents' rights to use and/or register the mark in the UK, and that in any event, the applicants have no bona fide intention to use the opposed trade mark in respect of goods and/or services, having only used the mark in relation to a price cutting and/or price promotion programme.

3. The applicants filed a counterstatement in which they admit that they became aware of the Asda and Wal-Mart's intention to register slogans, some of which were the same as or similar to those they themselves had previously used, were currently using or likely to use in the near future. They say that they have used and continue to use TESCO WE SELL FOR LESS, adopted the term independently of any application filed by Wal-Mart, and have no knowledge of any interest of the opponents in the slogan WE SELL FOR LESS. The ground of opposition is denied. Both sides ask for an award of costs to be made in their favour.

4. Only the opponents filed evidence in these proceedings. The matter came to be heard on 10 June 2003, when the applicants were represented by Mr Guy Tritton of Counsel, instructed by Hallmark IP Limited, their trade mark attorneys, and the opponents by Mr Purvis of Counsel, instructed by Appleyard Lees, their trade mark attorneys.

Opponents= evidence

5. This consists of a Witness Statement dated 12 February 2002, from Anthony Paul Brierley, a trade mark attorney with Appleyard Lees, the opponents' representatives in these proceedings.

6. Mr Brierley refers to the purchase of Asda Group Plc by Wal-Mart Stores, Inc, exhibit APB1 consisting of extracts from various web sites relating, inter alia, to the acquisition. He goes on to set out various trade marks that Wal-Mart applied to register in the UK on 14 June 1999, details of which are shown at exhibit APB2. The marks listed are **AGREAT VALUE HOME@**, **AALWAYS@**, **AALWAYS LOW PRICES ALWAYS WAL-MART@**, **AWE SELL FOR LESS@**, **AEVERYDAY LOW PRICES@** AND **AOUR PEOPLE MAKE THE DIFFERENCE@**, all of which had been applied for in Class 16 in respect of various items of printed matter, packaging etc. Mr Brierley confirms that the application to register **WE SELL FOR LESS** has been withdrawn.

7. Mr Brierley next refers to the filing of eight trade marks by Tesco on 22 July 1999, that he says were similar to marks used or registered by Wal-Mart in the US, or Asda in the UK, details of which are shown at exhibit APB3. The marks listed are **TESCO PEOPLE MAKE THE DIFFERENCE@**, **AALWAYS LOW PRICES ALWAYS TESCO@**, **ATESCO GREAT VALUE HOME@**, **ATESCO EVERY DAY LOW PRICES@**, **ATESCO ALWAYS@**, **ATESCO WE SELL FOR LESS@**, **ATESCO VAT FREE ZONE@** and **ATESCO PERMANENTLY LOW PRICES FOR EVER@**, all of which had been applied for in respect of goods and services in Classes 3, 16, 29, 30 31, 32 and 35.

8. Mr Brierley refers to exhibit APB4, which consists of details of applications filed by Asda to register **AVAT FREE@** and **APERMANENTLY LOW PRICES FOREVER@**, which, he says are similar to those applied for by the applicants, and had been applied for at an earlier date. He notes that the application to register **VAT FREE** has been withdrawn.

9. As a convenient means of comparison Mr Brierley sets out the marks applied for by Asda and Wal-Mart, shown next to a mark applied for by Tesco that he says is similar. Mr Brierley says that at a visit to the applicants Halifax store he did not see any of the eight marks applied for by Tesco in use. He goes on to say that **WE SELL FOR LESS** is now used in Tesco's Halifax store, exhibit APB5 consisting of a window sign and free-standing sign board stating **A1000's of products are now cheaper than last year-** also at www.tesco.com **-We sell for L, SS@**.

10. Mr Brierley goes on to refer to exhibit APB6, which consists of a Witness Statement dated 4 August 2000, by Nicholas Agrawal, Head of Media Relations at Asda Stores Limited. The Statement introduces a news release issued by Tesco on 19 August 1999, headed "Tesco fights the Americans - dawn raid on the English language". The notice, which I have included as an annex to this decision, refers to Wal-Mart's/Asda's attempts to give them ownership of words such as "ALWAYS", and common business slogans including "WE SELL FOR LESS", and goes on to say that to counter this move Tesco is seeking to register some of the same phrases to ensure they remain in the public domain. Exhibit APB7 consists of a Witness Statement dated 4 August 2000 from Jane Earnshaw, Company Secretarial Assistant at Asda Stores. Ms Earnshaw details the chronology of Wal-Mart's acquisition of Asda, stating that Asda has over 200 stores in the UK, and that Wal-Mart is a US company whose shares are traded on the New York Stock Exchange. Exhibit APB8 consists of details of an article that appeared in the 20 August 1999 edition of the Daily Mail recounting Tesco's stated intent to acquire Wal-Mart's catchphrases, stating that on each mark it has simply replaced Wal-Mart's name with its own.

11. That concludes my review of the evidence insofar as it is relevant to these proceedings.

DECISION

12. This opposition is one of a number of cases between the parties. A second case in relation to application number 2217459 for a stylised version of TESCO WE SELL FOR LESS, also opposed by the opponents, was to be heard concurrently with the case in hand. At the hearing Mr Tritton mentioned that Tesco had made a request that the oppositions be consolidated, but that this had not actually been agreed. Nonetheless, citing the *Laboratoires de la Mer* case [2002] ETMR 34, Mr Tritton requested that the evidence filed by the applicants in relation to the opposition against 2217459 be read across and considered as part of the applicants' case in the opposition against this case. The reason behind the request is that the applicants filed evidence in the 2217459 case, but for some reason had not done so in this case.

13. Mr Purvis said that the applicants had had the opportunity to file evidence but had not done so. He felt that not having his instructing attorneys on hand left him unable to say whether allowing the "cross fertilization" of the evidence would disadvantage or prejudice his clients, but that he did consider that the evidence filed in the other proceedings could have an impact on the case in hand in that it went to the date on which Tesco say they commenced use of the TESCO WE SELL FOR LESS mark.

14. I note Mr Tritton's reliance on the *Laboratoires de la Mer* case, in which Jacob J said:

"I asked why there were two decisions rather than one. I was told that this is Registry practice - as it is a requirement that evidence (largely duplicative) be separately filed in two proceedings. The registry should look at this practice again. There is no sense in requiring duplicative material. It increases costs and in fact makes the cases harder to handle. It surely must be possible, even

in the absence of any rule formally allowing for consolidation of proceedings, simply to order that evidence in one proceedings shall be treated as evidence in both, or to permit that evidence be sworn in more than one proceeding.”

15. It is, of course possible, for proceedings to be consolidated as suggested by Mr Justice Jacob, and in fact, such a request had been made by the applicants’ representatives in a letter dated 10 April 2003, but not followed through. The Registrar is well aware of the advantages of consolidating proceedings where possible, but it is not her practice to order consolidation where one party resists, either because they consider the facts or issues to be different, or that they would be disadvantaged by the request being accepted.

16. It is clear that I do have the discretion to allow additional evidence to be admitted. The principles governing the exercise of such discretion were considered in the judgment of Pumfrey J in *Wunderkind TM* [2002] RPC 45, p.923, Lawrence Collins J. in *LABEL ROUGE* [2002] EWHC 190 (Ch), 18 February 2002, and applied by Mr. David Kitchen QC sitting as the Appointed Person in *CLIMATEMASTER*, SRIS O/215/02. The *Ladd v. Marshall* criteria ([1954] 1 WLR 1489 at 1491, per Denning L.J.) are central to the exercise of the discretion although as matters to be taken into account rather than as so-called rules. Other circumstances may be relevant including those listed by Laddie J. in *SWISS MISS* [1996] RPC 233. Ultimately the discretion must be exercised in accordance with the overriding objective to deal with cases justly (CPR 1.1, *Banks v. Cox*, 17 July 2000 (CA)).

17. The criteria in *Ladd V Marshall* regarding the reception of fresh evidence can be put as follows; (1) it must be shown that the evidence could not with reasonable diligence have been obtained for use at the trial; (2) the evidence must be such that, if given, it would probably have an important influence on the result of the case, though it need not be decisive: (3) the evidence must be such as presumably to be believed, or, in other words, it must be apparently credible, though it need not be incontrovertible.

18. If the applicants see some value in the evidence for the case in hand, I do not see why it could not have been presented during the normal evidence rounds. That said, on my reading of the evidence filed in the other opposition, there is nothing that I can see that conclusively establishes that the applicants were using the mark in suit prior to, or even at the relevant date in these proceedings, and I cannot see that it will have any material effect on the outcome of this case. In the circumstances I declined to allow Mr Tritton’s request to have the evidence filed in respect of application number 2217459 to be taken into account in these proceedings. There was no request that the hearing be adjourned to allow for an appeal, and I moved on to hear submission on the substantive case.

19. Turning to the substantive issues. This rests with an objection under Section 3(6). That section reads as follows:

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

bad faith.”

20. So how stands the law on the matter of bad faith? In *Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd* [1999] RPC 367 Lindsay J. said:

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short as to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances”.

21. In the *Demon Ale* trade mark case [2000] RPC 345, Geoffrey Hobbs QC sitting as the Appointed Person took the following view on bad faith:

“These observations recognise that the expression “bad faith” has moral overtones which appear to make it possible for an application for registration to be rendered invalid under Section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant.”

22. The observations of Lord Nicholls on the subject of dishonesty in *Royal Brunei Airlines Sdn. Bhd.v. Philip Tan* [1995] 2 AC 378 (PC) at p. 389 provide strong support for the view that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour.

23. The opponents’ objection has two strands. They first allege that through Wal-Mart’s use and registration of various slogans in the United States, or Asda’s use and or application to register in the United Kingdom, the applicants were aware of their interest in the trade mark applied for, and the application is an attempt to prevent and/or restrict their rights to use and/or register the mark in the UK

24. Had Tesco known of Wal-Mart’s registration and/or use of WE SELL FOR LESS in the United States, they could reasonably have expected that, following their purchase of Asda, Wal-Mart would want to import their own particular corporate and promotional identity, including their trade marks, as part of the package. Not surprisingly, there is no smoking gun@evidence that proves that at the time of making their application, Tesco were so aware, and I do not see that I can conclude that Tesco made the application in the face of Wal-Mart’s possible extension of their use of WE SELL FOR LESS into the United Kingdom.

25. Although there is no evidence from the applicants, their Counterstatement provides a useful insight into their actions. In response to the allegation that Tesco had filed several applications for trade marks which are the same or similar to marks used and or registered by Wal-Mart and/or the opponents, Tesco admit that they had become aware that Wal-Mart and Asda had sought registration of a number of slogans, justifying their actions in making the application for Tesco WE SELL FOR LESS, and others, because the marks applied for by the opponents were similar to those that they had used, were using or were likely to use. Tesco do not admit that they were aware of Wall Mart's applications prior to filing their own, but even so, there is, I believe, sufficient for it not to be unreasonable to infer that this was, in fact the case. Asda, is one of, if not the applicants' main competitor, and it seems somewhat unlikely that their trade mark attorneys would not have informed them that Asda had filed a number of trade mark applications.

26. Tesco did not file just one, but quite a number of ATesco-ised@versions of the very trade marks that ASDA had applied for only a matter of weeks earlier:

Wal-Mart or Asda applications	Similar Tesco applications
OUR PEOPLE MAKE THE DIFFERENCE	TESCO PEOPLE MAKE THE DIFFERENCE
ALWAYS LOW PRICES ALWAYS WAL-MART	ALWAYS LOW PRICES ALWAYS TESCO
GREAT VALUE HOME (stylised)	TESCO GREAT VALUE HOME
EVERYDAY LOW PRICES	TESCO EVERYDAY LOW PRICES
ALWAYS	TESCO ALWAYS
WE SELL FOR LESS	TESCO WE SELL FOR LESS
VAT FREE ZONE (stylised)	TESCO VAT FREE ZONE
PERMANENTLY LOW PRICES FOREVER/Asda PERMANENTLY LOW PRICES FOREVER	TESCO PERMANENTLY LOW PRICES PRICES FOREVER

27. Whilst these marks may be considered to be rather ordinary promotional statements that any retailer could just happen to come up with, I find it stretching the bounds of credibility that this could be the case with so many. In their press release, Tesco make the admission that "In a counter move TESCO is seeking to register some of the same phrases...". Whilst they go on to say that they independently adopted TESCO WE SELL FOR LESS, and have used and continue to use this phrase, there is no evidence to support either of these claims.

28. In my mind, it seems more likely than not, that Tesco adopted WE SELL FOR LESS as a direct result of Asda's application, and at a time when that application was still current. But even if that were the case, does that make their application an act of bad faith? There is no evidence, nor claim, either by Asda or Wal-Mart, to having used the trade mark, in the United Kingdom, prior to the date on which Tesco made the application. They had the earlier application for the mark so were clearly not prevented from registering it by any actions of Tesco, and if they have, or had any right to use the mark it must still exist. As I see it on the facts before me, the only right that has ever been capable of being claimed by the opponents in this jurisdiction was the precedence of their application, dependent upon it proceeding to registration. The plain fact is that having withdrawn their application, the opponents have no rights that they could illegitimately be deprived of by Tesco's application. Accordingly I reject the first part of the opponents' claim.

29. The second strand of the opponents' objection is that the applicants have no bona fide intention to use the opposed trade mark in respect of goods and/or services, having only used the mark in relation to a price cutting and/or price promotion programme. The objection is not that the applicants do not have a bona fide intention to use the trade mark applied for, but rather that they do not have the intention to use it as a trade mark.

30. This objection goes to the heart of Section 32(3), which reads as follows:

“32.-(3) The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a bona fide intention that it should be so used.”

31. This section clearly envisages that the trade mark applied for is to be used in relation to goods and/or services. Tesco do not seem to be entirely sure of their motives for making their application. In applying to register WE SELL FOR LESS as a trade mark, they are saying this is their mark and will serve to tell the consumer the origin of the goods, in other words, that these are Tesco goods. However, in their press statement they describe the mark as a “Common business slogan” and state their rationale for seeking registration of this, and a range of other marks as being to “...ensure they remain in the public domain”. There seems to me to be an all too obvious tension between these claims.

32. Mr Tritton went to the Statement of Case, noting that in paragraph 6(ii) the opponents state:

“Tesco Stores Limited has no bona fide intention to use the opposed trade mark in respect of goods and/or services and it has only used the mark in relation to a price cutting and/or price promotion programme.”

33. This, he said, was a concession that the mark has been used, albeit in relation to a price cutting or a price promotion campaign, and distilled the question down to whether, despite this use, there was no bona

fide intention to use the mark. In the *Canon* case (Case C-39-97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.* [1999] RPC 117), the ECJ said the following:

“.. the essential function of the trade mark is to guarantee the identity of the origin of the marked product to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin. For the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish, it must offer a guarantee that all the goods or services bearing it have originated under the control of a single undertaking which is responsible for their quality..”

34. In the *Reef* trade mark appeal [2002] RPC 19, Pumfrey J considered the question of use, and referring to the *Canon* case, stated:

“I shall assume that the hearing officer is correct in his view that use has to be trade mark use, since I think it is the preferable view.”

35. In the *Elle* trade mark case, [1997] FSR 529, Mr Justice Lloyd considered the question of use. Although in respect of an application for revocation, I believe it gives a useful insight into the requirements of the Act:

“Dealing first with the question of endorsement of goods of other brands, I can take two examples. One is a special offer, the date of which seems to be about April 1995. Potential subscribers were invited to write in and subscribe to the magazine for 12 issues and were given an incentive to do so promptly by the offer to the first 250 new subscribers of a 30 ml bottle of Monsoon eau de toilette spray which would be sent to them free. Albeit that the spray is undoubtedly sold under the brand Monsoon, Mr Birss says that this is the use of the mark "ELLE" in relation to the spray as well.

There is another example at page 63 of the bundle--the Monsoon offer is at page 68 of the bundle. At page 63 of the bundle there is an offer on Sunday July 10--of what year I am not sure; it does not matter; it is within the relevant period--to subscribers or to readers to attend a relaxing day of treatments at the Sanctuary in London in association with Boots and Thalgo, and it was said that everybody who attended this special day would receive a luxurious one-hour spa treatment with a qualified therapist courtesy of Thalgo, and would be able to choose from a number of different treatments, and those who attended would be sent away with a complimentary "ELLE" bag containing gifts from Boots and Thalgo, and the advertisement illustrates a number of Boots products which are branded under the name Spa. It is said that that is the use of ELLE's mark in relation to the Boots products.

It seems to me, having looked at those and a number of other examples of promotions in the evidence, that none of that amounts to the use of the mark in relation to the goods. It seems to me that the mark was used, if in any context at all other than the magazine, in relation to the promotion of the event and not of the particular goods to be used at or offered in connection with the event. So I do not accept that any of that category of evidence shows the use of the mark in a way which would suffice for the purposes of Section 46(1)(b).”.

36. So the position seems to be that use of a trade mark to promote an item of goods, and presumably, the provision of a service, may qualify as use of the trade mark if the vehicle to which it is applied is also part of a bona fide trade, but the use would be in respect of the item to which the mark is affixed, for example, a T-shirt. It would not establish use in relation to the goods or service it promotes.

37. In paragraph 1 of their Counterstatement, Tesco state that “during the course of its business it has, and will use, numerous terms and slogans in relation to the promotion of its goods and supermarket services” and that “many have a limited life expectancy-they change with great frequency depending on the particular promotion within the store”. Specifically in relation to WE SELL FOR LESS, they say that they use the slogan “...in relation to the promotion of its business”. It seems to me that any use that Tesco may have made of the mark, and apart from the implied admission highlighted by Mr Tritton, there is no evidence that they have used it; or any use that they may intend to make, will be in the promotion of the business at large, namely, as a strap-line telling the consumer that Tesco offer low prices. Tesco themselves describe the mark as a “Common business slogan” used to “tell customers about low prices”. They also admit that they made this application and others, to prevent the opponents from “buying up the English language” and as “a counter move...to ensure they remain in the public domain”.

38. No matter how public spirited their stated intentions for obtaining a registration, they could not, as described by Mr Tritton, be the White Knight, for in obtaining a trade mark registration they were sending out the message “this is ours-hands off”, the very thing that they accused the opponents of seeking to do. On the bare facts before me it appears quite clear that at the time of making the application, Tesco had no bona fide intention that the mark would be used for the purpose intended of a trade mark; as a trade mark, and as such, that they acted in bad faith.

39. The opposition having been successful, the opponents are entitled to an award of costs. I therefore order that the opponents pay the applicants the sum of , 2,000 as a contribution towards their costs. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 24th day of November 2003

**Mike Foley
for the Registrar
the Comptroller-General**

'TESCO FIGHTS AMERICANS' "DAWN RAID" ON THE ENGLISH LANGUAGE

Supermarket Tesco is to ask Culture Secretary Chris Smith to stop an American supermarket from buying up the English language.

Using a wide range of common English words could soon become illegal if retail giant Wal-Mart succeeds in registering them as trade marks.

Since buying Asda earlier this year, the huge American company has used its wealth to fund a legal campaign which would give them ownership of words such as "always".

Common business slogans such as "We sell for less" and "Everyday low prices" would also become their property with huge financial penalties levied on anyone either speaking or writing the words.

Said Tesco spokesman David Sawday: "They're trying to buy up the English language".
"They want to make it impossible for anyone to advertise effectively against them - all of the words they are targeting are vital to tell customers about low prices".

"Having bought one of our supermarket chains, the Americans now think they can buy up the entire English language".

"So much for the American view on freedom of speech. They have a reputation for abusing the English language - this is going too far".

In a counter move TESCO is seeking to register some of the same phrases - to ensure they remain in the public domain.

They also want Culture Secretary Chris Smith to examine this attempt to restrict the English language.

Other common business words at risk include "Our People Make the difference" "Permanently Low Prices forever" and "VAT Free Zone".