

IN THE MATTER OF APPLICATION NO. 2375067 IN THE NAME OF  
SENSORNET LIMITED

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DECISION

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Introduction

1. On 6 October 2004 Sensornet Limited applied to register the trade mark SENSORNET in Classes 9, 37, 38 and 42. In Class 9 the application covered the following specification of goods:

Scientific, optical, weighing, measuring, signalling, checking (supervision) apparatus and instruments; instruments for use in surveys or monitoring and controlling environmental conditions in the oil, gas, security, telecommunication or construction industries; cables; fibre optic cables, sheaths for fibre optic cables, sensors in the form of and for use with fibre optic cables, detectors in the form of and for use with fibre optic cables, optical multiplexers for use with fibre optic cables, electrical or optical components for use with fibre optic cables, instruments and apparatus for detecting, measuring, recording, regulating, or controlling pressure, strain temperature, stress, optical wavelength and optical linewidth, environmental conditions, distance or length; instruments capable of measuring temperature using fibre optics; instruments capable of measuring strain using fibre optics; instruments capable of measuring pressure using fibre optics; fibre optic cables which measure, detect, record or control temperature and other environmental conditions; connectors and connections for fibre optic cables; pressure gauges; pressure indicators; pressure valves; pressure seals; apparatus and instruments for installing optical fibre sensors into conduits, and seals for sealing optical fibres; remote control apparatus; computer software; computer peripheral devices; computer hardware; magnetic data carriers; computer programmes and apparatus for display, recordal, monitoring and interpretation of data obtained from instruments used to detect temperature and other environmental conditions.

2. On 15 November 2004 the examiner issued an examination report in which he objected to the application in Class 9 under section 5(2) of the Trade Marks Act 1994 on the basis that it conflicted with two earlier trade marks, UK Registered Trade Mark No. 1443153 and Community Trade Mark No. 1975549. The Community registration is for the mark reproduced in monochrome below:



The colours blue, grey and black are claimed as elements of the mark. The mark is registered in respect of “physical and chemical measuring, signal and checking (supervision) apparatus and instruments on an electronic base” in Class 9.

3. On 29 March 2005 the applicant requested a hearing. This was held before Mr A.J. Pike on 18 May 2005. During the course of the hearing the hearing officer waived the objection based on the UK registration, but maintained the objection based on the Community registration. The applicant’s attorney asked whether the hearing officer would accept the application for a restricted specification which she tendered during the course of the hearing. The hearing officer replied that he would want time to consider this. The applicant did not pursue this request, however. Subsequently the hearing officer issued a notice of refusal of the application.

4. The hearing officer gave his reasons for refusing the application in a written decision dated 20 September 2005 (O/262/05). The applicant now appeals.

Relevant provisions of the Trade Marks Act 1994

5. Section 5 of the 1994 Act provides in relevant part:

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

- (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark

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6. Section 37 provides:

- (1) The registrar shall examine whether an application for registration shall examine whether an application for registration of a trade mark satisfies the requirements of this Act (including any requirements imposed by rules).

- (2) For that purpose he shall carry out a search, to such an extent as he considers necessary, of earlier trade marks.

- (3) If it appears to the registrar that the requirements for registration are not met, he shall inform the applicant and give him an opportunity, within such period as the registrar may specify, to make representations or to amend the application.

- (4) If the applicant fails to satisfy the registrar that those requirements are met, or to amend the application so as to meet them, or fails to respond before the end of the specified period, the registrar shall refuse to accept the application.

- (5) If it appears to the registrar that the requirements for registration are met, he shall accept the application.

7. Section 38 provides in relevant part:

- (1) When an application for registration has been accepted, the registrar shall cause the application to be published in the prescribed manner.
- (2) Any person may, within the prescribed time from the date of the publication of the application, give notice to the registrar of opposition to the registration. The notice shall be given in writing in the prescribed manner, and shall include a statement of the grounds of opposition.

8. Section 39 provides:

- (1) The applicant may at any time withdraw his application or restrict the goods or services covered by the application. If the application has been published, the withdrawal or restriction shall also be published.
- (2) In other respects, an application may be amended, at the request of the applicant, only by correcting-
  - (a) the name or address of the applicant,
  - (b) errors of wording or of copying, or
  - (c) obvious mistakes,

and then only where the correction does not substantially affect the identity of the trade mark or extend the goods or services covered by the application.

- (3) Provision shall be made by rules for the publication of any amendment which affects the representation of the trade mark, or the goods or services covered by the application, and for the making of objections by any person claiming to be affected by it.

9. Section 40 (as amended by the Trade Marks (Proof of Use, etc) Regulations 2004, SI 2004/846, regulation 5) provides in relevant part:

- (1) Where an application has been accepted and-
  - (a) no notice of opposition is given within the period referred to in section 38(2), or
  - (b) all opposition proceedings are withdrawn or decided in favour of the applicant,

the registrar shall register the trade mark, unless it appears to him having regard to matters coming to his notice since the application was

accepted that the registration requirements (other than those mentioned in section 5(1), (2) or (3)) were not met at that time

10. Section 41 provides in relevant part:
- (1) Provision may be made by rules as to-
    - (a) the division of an application for the registration of a trade mark into several applications...
  - (3) Rules under this section may include provision as to-
    - (a) the circumstances in which, and conditions subject to which, division ... is permitted...

Relevant provisions of the Trade Marks Rules 2000

11. Rule 17 of the 2000 Rules provides:

A request for an amendment of an application to correct an error or to change the name or address of the applicant or in respect of any amendment requested after publication of the application shall be made on Form TM21.

12. Rule 18 provides in relevant part:

- (1) Where, pursuant to section 39, a request is made for amendment of an application which has been published and the amendment affects the representation of the trade mark or the goods or services covered by the application, the amendment or a statement of the effect of the amendment shall also be published.
- (2) Any person claiming to be affected by the amendment may, within one month of the date on which the amendment or a statement of the effect of the amendment was published under paragraph (1), give notice to registrar of objection to the amendment on Form TM7 which shall include a statement of the grounds of objection which shall, in particular, indicate why the amendment would not fall within section 39(2).
- (3) The registrar shall send a copy of Form TM7 to the applicant and the procedure in rules 13A to 14 shall apply to the proceedings relating to the objection to the amendment as they apply to proceedings relating to opposition to an application for registration, but with the following modifications....

13. Rule 19 provides in relevant part:

- (1) At any time before registration an applicant may send to the registrar a request on Form TM12 for a division of his application for registration (the original application) into two or more separate applications (divisional applications), indicating for each division the specification of goods or services; each divisional application shall be treated as a separate application for registration with the same filing date as the original application.
- (2) Where the request to divide an application is sent after publication of the application, any objections in respect of, or opposition to, the original application shall be taken to apply to each divisional application and shall be proceeded with accordingly.

Relevant provisions of the Directive

14. Article 4 of Council Directive 89/104/EC of 21 December 1998 to approximate the laws of the Member States relating to trade marks (“the Directive”) provides in relevant part:

- (1) A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:
  - (b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

15. Article 13 provides:

Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect of only some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods or services only.

The hearing officer’s decision

16. The hearing officer directed himself in accordance with the Registrar’s standard summary of the jurisprudence of the Court of Justice of the European

Communities in Case C-251/95 *SABEL BV v Puma AG* [1997] ECR I-6191, Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc* [1998] ECR I-5507, Case C-342/97 *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] ECR I-3819 and Case C-425/98 *Marca Mode CV v Adidas AG* [2000] ECR I-4881. This summary is very well known and it is unnecessary to repeat it in full here.

17. The hearing officer recorded that no evidence had been put before him.
18. The hearing officer assessed the distinctive character of the earlier mark as follows:
  14. The letters IQ is [sic] defined in *Collins English Dictionary* as an abbreviation for “intelligence quotient”. As far as I am aware the letters IQ are not meaningful in relation to the goods in question unless it is meant to be an indication that the goods are in some way intelligent in the way that they function. If the combination of the letters IQ have no meaning then they are a simple combination of two letters of the alphabet, a combination which is certainly not at the top end of the scale of distinctive character. The words SENSOR NET are likely to be regarded by consumers of the relevant kinds as a shortened form of SENSOR NETWORK. However, whilst this term is partly descriptive of electronic apparatus involving sensors and a communications network it does not appear to be a natural term to use to describe any of the goods at issue, and would require further words to be added in order to convey a coherent descriptive message. The earlier trade mark is registered in respect of physical and chemical measuring, signal and checking (supervision) apparatus and instruments. The fact that these are limited to those on an electronic base does not, in my view, reduce the scope of this specification significantly. This specification is in Class 9 and many of the goods covered by this specification would be on an electronic base. The specification remains quite wide and covers a wide range of physical and chemical measuring, signal and checking apparatus and instruments. I find it difficult, if not impossible, to determine each of the goods covered by the specification for which the earlier trade mark is registered but it is clear that the level of distinctive character which may be attributed to the earlier trade mark may vary according each of the goods covered by this specification. Having considered the earlier trade mark in its entirety I have concluded that it possesses a relatively high level of distinctive character for some of the goods in the earlier registration, but even for the goods for which it is allusive of characteristics, it has a modest but not negligible level of distinctive character.

19. So far as the goods covered by the application and by the earlier mark were concerned, the hearing officer concluded that the application covered both goods that were identical and goods that were similar to those covered by the earlier mark. For reasons that will appear, however, it is important to note that the hearing officer did not decide whether or not all the goods in Class 9 of the applicant's specification were similar to the goods covered by the earlier mark.
  
20. The hearing officer assessed the similarity between the respective marks as follows:
  18. At the hearing Ms Lazenby suggested that the earlier trade mark would be perceived as being essentially an IQSENSORNET mark i.e. a single combination of letters and words. I cannot agree with this interpretation of the earlier trade mark. The letters and word elements of the earlier trade mark are separated in two ways. Firstly, they are different in size and position which results in a separation which renders them unlikely to be seen as a single combination of letters and words. Secondly, they are further separated by the broken line which separates the words SENSOR NET from both the letters IQ and the device of interlinked squares. The letters IQ are larger in size than the letters which form the word SENSOR NET. In my view the letters IQ and the words SENSOR NET will be perceived as two separate components within this composite mark. There is, of course, the device of the interlinked squares. This device is much lighter in tone than the words and letters and would, in my view, be perceived as background within the mark with the letters IQ and the words SENSOR NET being perceived as being the distinctive and dominant components within it.
  
  19. The applicant's trade mark consists of the word SENSORNET. I consider this mark to be a representation of the words SENSOR and NET conjoined. I do not see that there is any other way in which the relevant consumer would perceive this mark. I consider it to be aurally identical to the SENSOR NET element of the earlier trade mark. Visually, while it is not identical it is so close as to be perceived as being virtually identical to the SENSOR NET element of the earlier trade mark. I also find the word SENSORNET and the SENSOR NET element of the earlier trade mark to be conceptually identical. I have acknowledged that the IQ element is physically larger than the words SENSOR NET. However, I consider SENSOR NET to be at least as distinctive as IQ and words tend to dominate over matter in a consumers' recollection of a composite mark. It is therefore possible to conclude that SENSOR NET is one of the distinctive features of the earlier mark, and dominates the earlier mark to a greater extent than the IQ element.



21. So far as the average consumer was concerned, the hearing officer concluded that the average consumer of the goods in question was “the general public and organisations of varying sizes as well as those who would provide trade supplies for use in relation to the provision of such goods”. He also concluded that “the goods in question are relatively sophisticated goods which will be purchase[d] with a degree of care”.
22. The hearing officer expressed his conclusion as to the likelihood of confusion as follows:
22. I must, of course, consider the likelihood of confusion by reference to the visual, aural and conceptual points of similarity. In my view the weight to be attached to all aspects of confusion is significant. The similarities between the marks and the identical and similar goods which are in conflict are likely to lead to both visual and aural confusion. I have found that both of the conflicting marks possess a relatively high degree of distinctive character for some of the goods in question and this is a factor that I have born in mind in concluding that there are also conceptual similarities between the marks. In my view there appears to be two ways in which confusion could occur between these marks. Firstly, consumers could mis-recollect the earlier mark as a SENSOR NET mark because that is the dominant impression it creates. Secondly, consumers will notice the difference between the marks, but because of the prominence of SENSOR NET in the earlier mark, and the identity of the respective goods, mistakenly believe that the applicant’s mark is indicative of an economic connection between the applicant and the proprietor of the earlier mark.
- 24.<sup>1</sup> I have concluded that the identical and similar goods that I have identified coupled with the relatively high degree of distinctive character for some of the goods in question of the marks and the similarity between them, is sufficient to give rise to a likelihood of confusion within the meaning of Section 5(2)(b) of the Act.
23. For reasons that will appear, it is important to note that the hearing officer did not decide whether the objection under section 5(2)(b) precluded registration of the application with respect to all goods in Class 9 or only some of them.

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<sup>1</sup> There is no paragraph 23 in the decision.

## The appeal

24. On 13 October 2005 the applicant filed a notice of appeal to the Appointed Person. In the notice of appeal the applicant challenged the hearing officer's decision on three grounds. The first was that the hearing officer had erred in his assessment of the earlier mark. The second was that, as result of wrongly assessing the earlier mark, the hearing officer had erred in his assessment of the likelihood of confusion. The third was that the hearing officer had been wrong to issue a notice of refusal of the application for all Classes when the objection only related to Class 9.
25. On 29 March 2006 the applicant filed a Form TM12 requesting that the application for Classes 37, 38 and 42 be divided from the application for Class 9 pursuant to section 41 and rule 19. The covering letter made it clear that this was an unconditional request, and asked that the request be actioned prior to the hearing of the appeal which had been fixed for 11 April 2006. The covering letter also made it clear that the applicant expected the application in Classes 37, 38 and 42 to be accepted by the Registrar whatever the fate of the Class 9 application.
26. On 30 March 2006 the applicant filed a letter and witness statement the burden of which was that, if (but only if) the Hearing Officer's decision under section 5(2)(b) was upheld, the applicant wished to restrict the goods covered by the Class 9 application by deleting the following goods from the existing specification:

Scientific, optical, weighing, measuring, signalling, checking (supervision) apparatus and instruments; instruments for use in surveys or monitoring and controlling environmental conditions in the oil, gas, security, telecommunication or construction industries; electrical or optical components for use with fibre optic cables, instruments and apparatus for detecting, measuring, recording, regulating, or controlling pressure, strain temperature, stress, optical wavelength and optical linewidth, environmental conditions, distance or length; remote control apparatus.

### Standard of review

27. Although this is an appeal in *ex parte* proceedings, the appeal is a review of the hearing officer's decision: *Dyson Ltd's Trade Mark Application* [2003] EWHC 1062 (Ch), [2003] RPC 47. Counsel for the applicant accepted that the hearing officer's decision with regard to section 5(2)(b) involved a multi-factorial assessment of the kind to which the approach set out by Robert Walker LJ in *REEF Trade Mark* [2002] EWCA Civ 763, [2003] RPC 5 at [28] applied:

In such circumstances an appellate court should in my view show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle.

The Registrar's representative reminded me that a decision does not contain an error of principle merely because it is infelicitously expressed.

28. So far as the third ground of appeal is concerned, this raises a pure question of law. Furthermore, the hearing officer did not give any reasons explaining why he had refused the application in its entirety even though the ground of objection only related to Class 9.

### The absence of evidence

29. There was some discussion at the hearing as to the correct approach which should be taken by the Registrar to relative grounds of objection such as this during the course of examination. Counsel for the applicant cited the observation of Geoffrey Hobbs QC sitting as the Appointed Person in *Land Securities plc's Trade Mark Application* (O/339/04) at [20] that in such circumstances the Registrar acts as a "watchdog not a bloodhound". The Registrar's representative submitted, however, that the test under section 5(2)(b) is the same whether the objection is raised during examination or in opposition proceedings.

30. In my judgment it is correct that the legal test is the same whether the objection is raised in examination or in opposition. Nevertheless there is a difference, which is that in examination the objection must necessarily be assessed in the absence of evidence from any opponent. This requires the Registrar to assume in favour of the applicant that things which might be established by such evidence have not been established. I believe that this is what Mr Hobbs meant in *Land Securities*, as can be seen if the phrase quoted by counsel is read in context:

I believe that if [the hearing officer] had done so, he would have concluded that conflict with the rights conferred by the earlier trade mark applications was not evident upon the basis of the unelaborated information and materials then available to the Registrar. Since the Registrar acts as a watchdog not a bloodhound when raising *ex officio* objections to registration on relative grounds, I would expect him to have allowed the application to proceed in the usual way i.e. without prejudice to any objection that the proprietor of any earlier trade mark right might wish to raise on relative grounds with evidence directed to the points at issue in any subsequent opposition or invalidity proceedings.

First ground of appeal: assessment of the earlier mark

31. Counsel for the applicant submitted that the hearing officer's decision with regard to the assessment of the earlier mark was internally inconsistent in two respects.
32. First, she pointed to the hearing officer's findings at the beginning of [14] that the letters IQ were an abbreviation for "intelligence quotient", a well-known measure of human intelligence, and that these letters were not meaningful in relation to the goods in question unless they were meant to be an indication that the goods were in some way intelligent in the way in which they functioned. She submitted that this finding was correct, but that the hearing officer had contradicted himself by going on to say that the letters were a meaningless combination of letters of the alphabet and had failed to give effect to the finding when comparing the two marks. So far as the latter point was concerned, counsel argued that it followed from his earlier finding that

the hearing officer was wrong to refer to the letters IQ as “matter” in the penultimate sentence of [19]. Accordingly she submitted that the hearing officer was wrong to conclude in the last sentence of [19] that SENSOR NET was a distinctive feature of the earlier mark that dominated the earlier mark to a greater extent than IQ. She argued that the hearing officer ought to have concluded that IQ was the dominant component of the earlier mark. In further support of this, she pointed to the hearing officer’s finding in [14] that SENSOR NET was partly descriptive.

33. Secondly, she pointed to the hearing officer’s finding in [18] that the letters IQ were larger in size than the words SENSOR NET. She submitted that this finding was correct. She argued that it was again inconsistent with this finding for the hearing officer to conclude that SENSOR NET was a distinctive feature of the earlier mark that dominated the earlier mark to a greater extent than IQ. Again, she submitted that the hearing officer ought to have concluded that IQ was the dominant component of the earlier mark.
34. In my judgment these submissions do not demonstrate an error of principle on the part of the hearing officer. At worst they demonstrate infelicity of expression. As I read his decision, the hearing officer’s assessment of the earlier mark is encapsulated in his statement at the end of [18] that the letters IQ and the words SENSOR NET would be perceived as the distinctive and dominant components of the earlier mark. That assessment is unimpeachable. It is true that he went on in [19] to conclude that SENSOR NET dominated the earlier mark to a greater extent than IQ, but it is clear that he did not mean by this that SENSOR NET eclipsed IQ. I consider that the hearing officer was entitled to reach that conclusion. It is also true that at [22] the hearing officer said that consumers could mis-recollect the earlier mark as a SENSOR NET mark because that was “the” dominant impression it made. I believe that in saying that the hearing officer was intending to refer back to his finding at [19], and was not ignoring the IQ element.

Second ground of appeal: assessment of the likelihood of confusion

35. Counsel for the applicant submitted that, by reason of his wrong assessment of the earlier mark, the hearing officer had wrongly assessed the likelihood of confusion. Since I have rejected the premise on which it is based, it follows that this submission must fail.
36. Counsel also submitted that the hearing officer erred in assessing the likelihood of confusion by failing to consider the earlier mark as a whole. She argued that when comparing the two marks he had focussed on the SENSOR NET element to the exclusion of the IQ element, and that he was therefore wrong to conclude that one mark might be mis-remembered as the other. In my judgment it is clear from the decision that this submission is unfounded.
37. Finally, counsel submitted that the hearing officer had concluded at the end of [22] that the applicant's mark would be perceived by average consumer as a variant of the earlier mark and that he was wrong to do so in the absence of evidence as to how the earlier mark had been used. In support of this submission she cited *REACT Trade Mark* [2000] RPC 285. In my judgment this authority does not support counsel's submission. In that case the respective marks were REACT and REACTOR. They were thus different words with distinct meanings, and in the absence of evidence it was far from evident that one would be perceived as variant of the other as had been argued. Here the two marks have an element in common (ignoring the space between SENSOR and NET in the earlier mark). Furthermore, the hearing officer did not say that he thought that the average consumer would perceive the applicant's mark as a variant of the earlier mark, but rather that the presence of the common element would lead the average consumer to suppose that there was an economic connection between the users of the two marks. In those circumstances I consider that the hearing officer was entitled to reach the conclusion that he did even in the absence of evidence as to how the earlier mark was used.

38. In these circumstances I prefer to express no view on the argument advanced by the Registrar's representative that the hearing officer's decision is supported by the subsequent judgment of the ECJ in Case C-120/04 *Medion AG v Thomson Multimedia Sales Germany & Austria GbmH* [2006] ETMR 13.

Third ground of appeal: refusal of the entire application

39. No doubt due to the supervening request to divide the application, the applicant's third ground of appeal was not the subject of submissions at the hearing. For reasons that will appear, I nevertheless propose to deal with it.
40. Article 13 of the Directive is explicit that where "grounds for refusal of registration ... exist in respect only of some of the goods or services for which that trade mark has been applied for ... refusal of registration ... shall cover those goods or services only". In *MISTER LONG Trade Mark* [1998] RPC 401 at 406 lines 41-52 Mr Hobbs sitting as the Appointed Person stated, after having quoted Article 13 with those words emphasised:

Although the words I have emphasised do not appear to have found their way into the text of the 1994 Act, they are binding upon the Registrar of Trade Marks as the person whose task it is to implement Article 13 upon the Registrar of Trade Marks as the person whose task it is to implement Article 13 on behalf of the State in Registry proceedings in the United Kingdom. Article 13 serves to confirm that no grounds for refusal of registration should exist in respect of any of the goods or services for which a trade mark is to be registered. It envisages that the coverage of an application will (where possible) be restricted to the extent necessary to confine it to goods or services for which the trade mark in question is fully registrable. The 1994 Act leaves it to the applicant to achieve the required degree of restriction by amending his application (see sections 37(4), 39(1) and 39(2) of the Act) and/or subjecting it to a limitation (see section 13 of the Act).

41. The proposition expressed in the first sentence I have quoted is one that Mr Hobbs has re-iterated in a number of subsequent decisions. It is a proposition which I believe the other Appointed Persons have consistently followed. Nevertheless I am aware that it is sometimes questioned. It is therefore worth explaining why I consider it to be correct. There are two reasons.

42. The first reason, which is relevant to *ex parte* proceedings and which is the one I understand to be expressed in the sentence quoted, is that the Directive is “addressed to the Member States”: see Article 17. This means that it is binding upon the Member States. This in turn means that it is binding upon what are sometimes called “emanations of the State”. In my judgment the Registrar is such an emanation of the State: see e.g. Case C-188/89 *Foster v British Gas plc* [1990] ECR I-3313 at [18]-[20]. Even assuming that the Directive does not have direct effect so as to create rights which private litigants can rely upon in proceedings against other private litigants before national courts (i.e. horizontal effect), it can be relied upon by private litigants against the State and its emanations if its provisions are unconditional and sufficiently precise (i.e. vertical effect): see e.g. *Foster* at [18]. In my judgment Article 13 is unconditional and sufficiently precise for this purpose.
43. The second reason, which is relevant to *inter partes* proceedings, is that national courts are required to construe national legislation so far as possible in conformity with the Directive: Case 106/89 *Marleasing SA v La Comercial Internacional de Alimentación SA* [1990] ECR I-4135. This means that national legislation must be so construed unless the legislation simply cannot be construed in such a manner: see e.g. the Opinion of Advocate General Jacobs at [31]-[36] and the judgment of the ECJ at [16]-[19] in Case C-456/98 *Centrosteeel Srl v Adipol GmbH* [2000] ECR I-6007. As I shall explain in more detail below, in my judgment it is possible to construe the relevant provisions of the 1994 Act consistently with Article 13.
44. In the last sentence from his decision in *MISTER LONG* quoted above, Mr Hobbs said that the 1994 Act left it to the applicant to achieve the desired degree of restriction. It is important to note that this statement was made in the context of a case in which the applicant had sought to meet an objection to registrability under 3(1)(b) by offering to restrict the specification of goods for which the mark in suit was sought to be registered by adding qualifying words to the specification. It may also be noted that Mr Hobbs decided in principle that a suitably restricted specification would be free from objection, that the applicant had not by the date of the decision come up with an acceptable form



of words and that he would remit the matter to the Registrar to give the applicant a further opportunity to formulate an acceptable specification consistent with his decision.

45. In *Nettec Solutions Ltd's Trade Mark Application* [2003] RPC 17, the applicant had filed a Form TM21 shortly before the hearing of the opposition requesting that the specification of goods and services of the mark applied for be restricted pursuant to section 39(1) by adding qualifying words. Apparently believing that that this would suffice to avoid any conflict between its application and the earlier right invoked by the opponent, the applicant did not attend the hearing of the opposition. At the hearing, it became evident that the restrictions put forward by the applicant were ambiguous and unclear. Rather than seeking clarification from the applicant as he ought to have done, the hearing officer issued a decision in which he unilaterally reformulated the proposed restrictions and held that the application would be allowed to proceed to registration in that form provided that the applicant filed a further Form TM21. Professor Ruth Annand sitting as the Appointed Person held that the hearing officer had exceeded his powers under section 39 because the further amendments to the specification proposed by him did not restrict the goods and services covered by the application but extended them. She also held that the hearing officer's decision was procedurally defective because he had contravened rule 54 of the 2000 Rules. Accordingly she set the decision aside and remitted the matter to the Registrar for further consideration. In addition she dealt with certain complications that had arisen because the Registrar's usual practice (which she expressly endorsed) of treating an appeal as being of suspensive effect had not been properly adhered to in that case.

46. In her decision Professor Annand also addressed the question whether the Registrar could require amendment of the application on opposition. On this question she stated as follows:

18. Article 13 of the Directive states.... For some reason Article 13 did not find its way into the TMA. But both parties accept that in *inter partes* opposition proceedings: (a) the Registrar is bound to give effect to Article 13; and (b) the applicant should achieve the required degree of

restriction by amending its application under section 39 of the TMA (*MISTER LONG Trade Mark* [1998] RPC 401 at 406 per Mr Geoffrey Hobbs QC sitting as the Appointed Person). The controversial issue, as I understand it, is whether the registrar can order the applicant to amend its specification and, in particular, whether she can order a narrower range of goods or services within a broad term used in the application.

19. The weight of authority decided under the TMA favours restriction of goods or services within wide terms in order to avoid conflict (*MINERVA Trade Mark* [2000] FSR 734, Jacob J; *Decon Laboratories Ltd v Fred Baker Scientific Ltd* [2001] RPC 293 and *DaimlerChrysler AG v Javid Alavi* [2001] RPC 813, Pumfrey J; *CERNIVET Trade Mark* [2002] RPC 585, Mr Geoffrey Hobbs QC sitting as the Appointed Person; contrast *Premier Brands UK Ltd v Typhoon Europe Ltd* [2000] FSR 767, Neuberger J). Section 37(3) and (4) of the TMA state that... Both the applicant and the opponent drew attention to the fact that section 37 is entitled “Examination of application” and appears to deal with *ex parte* examination. However, I note that an objection on relative grounds raised *ex officio* can constitute a failure to meet the requirements of registration envisaged by section 37. It would be anachronistic, if the Registrar could order the applicant to elect between amendment and loss of an application on *ex officio* examination on relative grounds but not on opposition. Section 40(1) of the TMA goes on to state (emphasis added):

‘Where an application has been accepted and

- (a) no notice of opposition is given within the period referred to in section 38(2), or
- (b) all opposition proceedings are withdrawn or *decided in favour of the applicant*,

the registrar shall register the trade mark, *unless it appears to him having regard to matters coming to his notice since he accepted the application that it was accepted in error*’.

Further, rule 14(1) of the TMR, which provides for the decision of the registrar in opposition proceedings, reads (emphasis added):

‘When the registrar has made a decision *on the acceptability of an application for registration ...*’.

20. Bearing in mind that the Registrar is under a duty to implement Article 13 of the Directive, I conclude that sections 37(3)-(4) and 40(1) of the TMA permit the Registrar, when deciding an opposition, to direct the applicant to amend its goods or services either by deletion or by pulling out certain goods and services from within a wide term. Only if

the applicant elects for amendment will the application be allowed to proceed.

21. That said there are circumstances in which the Registrar's power to require amendment of the application might operate unfairly to either or both of the parties. Ideally, the applicant will offer amendment prior to the opposition hearing. But whenever and from whomever a revised specification originates, the safeguards of rule 54 of the TMR must be observed. Rule 54 provides that:

'(1) ... the registrar shall, before taking any decision on any matter under the Act or these Rules which is or may be adverse to any party to any proceedings before her, give that party an opportunity to be heard.

(2) The registrar shall give that party at least fourteen days' notice of the time when he may be heard unless that party consents to shorter notice.'

Thus, the parties must be given due notice and provided with the opportunity to make representations and put in further evidence if they so desire....

22. Finally on this issue, section 39(1) and (3) of the TMA and rule 18 of the TMR require amendments made after publication of the application that affect the goods or services to be published so that objections can be made by any person claiming to be affected by the amendment....

47. In my judgment this passage is *obiter* because it was not necessary to the decision. I would also point out that all the authorities cited at [19] (to which the decision of the Court of Appeal in *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2002] EWCA Civ 1828, [2003] RPC 32 should now be added) are authorities on revocation for non-use. Furthermore, it is arguable that the position in that context is different because section 46(5) expressly provides:

Where grounds for revocation exist in respect of only some of the goods or services for which the trade mark is registered, revocation shall relate to those goods or services only.

The same provision *mutatis mutandis* is also found in section 47(5) (grounds of invalidity). In those contexts, therefore, the 1994 Act implements Article 13 of the Directive in a very clear way. By contrast, there is no such provision in either section 37 (examination) or section 38 (opposition) or section 40

(registration). Finally, I should point out that, since Professor Annand's decision, section 40(1) has been amended, although it is debatable whether, and if so to what extent, this affects her reasoning.

48. Despite these points, the passage I have quoted represents Professor Annand's considered view after having received submissions on the point from both parties and from the Registrar. It is therefore entitled to considerable respect. It can be seen that Professor Annand concluded that:

- (1) the Registrar is bound to give effect to Article 13 even in *inter partes* proceedings;
- (2) where an objection to registrability affects only some goods or services covered by the application, the applicant should achieve the required degree of restriction to avoid that objection by amending its application under section 39;
- (3) section 37(3) and (4) enable the Registrar in *ex parte* proceedings to order the applicant to elect between amending its specification of goods or services in order to meet an objection to registrability and losing the application; and
- (4) sections 37(3)-(4) and 40(1) permit the Registrar when deciding an opposition to direct the applicant to amend its specification of goods or services either by deleting goods or by pulling out certain goods and services from within a wide term.

49. If the hearing officer had applied *Nettec* in the present case, he should have ordered the applicant to amend its application to meet his decision either (if he considered that the objection extended across the whole of Class 9) by deleting all goods in Class 9 or (if he considered that some goods in Class 9 gave rise to conflict with the earlier mark but others did not) by deleting the goods in respect of which there was conflict. He should further have ordered that, if the applicant did not amend the application, the application would be refused in its entirety. As noted above, the hearing officer did not do this, but refused the entire application without giving any reasons for refusing it outside the area of conflict.

50. For my part, I believe that there is a simpler solution to this problem, at least in a case such as the present. Having considered *MISTER LONG* and *Nettec* with care, I adhere to the view which I briefly expressed in *Hyde's Trade Mark Application (No 2)* (O/333/05) at [44]-[45] that, if an objection to registrability only applies to some goods or services in the specification applied for, then the application should only be refused in so far as it covers those goods or services and should be allowed to proceed in respect of the remainder. I consider that this is equally true during examination and during opposition. Since neither *MISTER LONG* nor *Nettec* was cited in *Hyde*, I should explain my reasoning and indicate its possible limits somewhat more fully.
51. I will begin with examination under section 37. For the reasons given above, I agree with Mr Hobbs and Professor Annand that in this situation Article 13 of the Directive is binding on the Registrar. In any event, as stated above, I consider that it is possible to construe section 37 consistently with Article 13. So construed, I consider that sections 37(4) should be understood as meaning that, if the Registrar decides, after having given the applicant the opportunity to make representations or to amend the application in accordance with section 37(3), that the requirements for registration have not been met in respect of some of the goods or services covered by the application, the Registrar shall *to that extent* refuse the application. Equally I consider that section 37(5) should be understood as meaning that, if the Registrar decides that the requirements for registration have been met in respect of other goods or services covered by the application, the Registrar shall *to that extent* accept the application.
52. Suppose, for example, that an applicant applies to a register a mark in respect of “motor cars; motor cycles; bicycles” and that, for whatever reason, the Registrar concludes that the requirements for registration are met so far as the application relates to “motor cars; motor cycles”, but that they are not met so far as the application relates to “bicycles”. In those circumstances I consider that the Registrar can and should decide to refuse the application so far as it relates to “bicycles” but accept it so far as it relates to “motor cars; motor cycles”.

53. Furthermore, I do not consider that in such circumstances it is necessary for the applicant to amend the specification under section 39 in order for the acceptable part to be accepted and published for opposition. All that is needed is to identify which part of the specification is acceptable and which is not, and the Registrar's decision can and should do this. To my mind, section 39 has a different function, which is to enable applicants to make voluntary restrictions to specifications, whether in the hope of side-stepping a ground of objection or for other reasons. As I shall explain below, I consider that it is possible that section 39 enables applicants to make amendments to the *wording* of the specification and that this is not a power which the Registrar has.
54. Applying this approach to the present case, what the hearing officer should have done was either (if he considered that the objection extended across the whole of Class 9) decide that the application was to be refused in Class 9 and accepted in Classes 37, 38 and 42 or (if he considered that some goods in Class 9 gave rise to conflict with the earlier mark but others did not) decide that the application was to be refused in respect of the goods in respect of which there was a conflict and accepted in respect of the remaining goods in Class 9 and in Classes 37, 38 and 42.
55. I would add that, in the event of an appeal against a partial refusal adopting this approach, the appeal would, following *Nettec*, have suspensive effect with respect to the whole application subject to the effect of any request for division of the application. I shall return to this point below.
56. Turning to opposition under sections 38 and 40, I again consider that it is possible to construe section 40 consistently with Article 13. So construed, I consider that section 40(1) should be understood as meaning that, *to the extent that* opposition proceedings are decided in favour of the applicant, the Registrar shall registrar the trade mark. To the extent that they are decided in favour of the opponent, the Registrar shall refuse the application.

57. Thus if the hypothetical case considered in paragraph 52 above arose in opposition proceedings, I consider that the result should be the same. The hearing officer could and should decide to refuse the application so far as it related to “bicycles” but accept it so far as it related to “motor cars; motor cycles”. Again, it would unnecessary for the applicant to request amendment of the specification under section 39. Furthermore, in the context of opposition proceedings I consider that it would undesirable to require the applicant to do so, since that would involve invoking the machinery of rule 18, which would enable both the opponent and third parties to oppose the amendment.
58. The effect of an appeal in such a case would be the same as set out above.
59. It will be seen that the situations discussed above all involve taking the specification as it stands and, in the event that it is decided that grounds for refusal exist in respect of certain of the goods or services specified but not others, deleting the objectionable goods or services from the specification i.e. applying a blue-pencil approach. In *Hyde* I held that there was no difference in principle between applying a blue pencil to the existing specification on the one hand, and amending the specification either by adding a disclaimer or by re-drafting the specification so as to define a narrower class of goods or services within a broader class on the other hand. On consideration of *MISTER LONG* and *Nettec* and further reflection, however, I am less convinced that this is correct. It seems to me that it is arguable that: (i) the applicant rather than the Registrar has control over the wording of the specification; (ii) the Registrar has no power to order the applicant to alter the wording of the specification; (iii) section 37(3) requires the Registrar during examination to afford the applicant an opportunity to amend the specification, but the onus is upon the applicant to take that opportunity; (iv) there is no such requirement during opposition proceedings, but nevertheless the applicant can avail himself of the facility for self-help afforded by section 39; (v) in the absence of an application to amend the specification (or perhaps an undertaking or offer to apply to amend), the Registrar must take the wording of the specification as he finds it; and (vi) if a specification is re-worded after publication, that might prejudice third parties in a manner that mere deletion of some of the goods or

services would not, which would be a reason for requiring amendment pursuant to section 39 and rule 18. For the purposes of the present appeal, it is not necessary to come to a conclusion on this issue. I shall therefore not explore it any further.

### Request to divide

60. The applicant's request to divide the application had not been actioned by the time of the hearing. The Registrar's representative explained that the request had not been actioned because the Registrar considered himself to be *functus officio*<sup>2</sup> having refused the application, but that it would be actioned if the matter was remitted to the Registrar.
61. In my judgment this is not a correct analysis of the position. I agree that the Registrar is *functus officio* with regard to the matters that he has decided. (It does not necessarily follow that he is *functus officio* with regard to other matters, but that does not matter for present purposes.) I also agree that rule 19 must be construed as only permitting division prior to registration or refusal of the application. However, the Registrar's practice, endorsed in *Nettec*, is to treat an appeal as having suspensive effect, that is to say in a case such as present, as suspending the decision to refuse the application. That decision will only take effect if and when the appeal is dismissed. Accordingly, pending determination of the appeal, I consider that the Registrar retains the power to permit the applicant to divide the application.
62. I consider that this analysis is supported by *Oka Direct Ltd's Trade Mark Application* (O/043/06). In that case the applicant applied to divide the application in suit during the pendency of the appeal. Professor Annand sitting as the Appointed Person records in her decision at [11] that the Registrar stated that he did not object to the applicant filing a Form TM12. Moreover, it appears from Professor Annand's decision at [10] that she proceeded on the basis that the filing of the TM12 would have effect of confining the opposition

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<sup>2</sup> Having performed or discharged his office.



and appeal to Class 2, where the conflict with the opponent lay, thereby enabling the divisional application in respect of a number of other classes to proceed to registration.

63. I would add that the Registrar's position as summarised in paragraph 60 above illustrates the vice in the hearing officer's approach. If the appeal were to be dismissed, then (subject to the point I consider next) the matter would not be remitted to the Registrar. That would mean the applicant would thereby be deprived of the opportunity of obtaining registration in Classes 37, 38 and 42 even though the effect of the hearing officer's decision is that the application meets the requirements for registration so far as it relates to those Classes.

#### Request to restrict the specification

64. As explained above, the application's request to restrict the specification is a conditional one. At the hearing I queried whether section 39 enabled an applicant to make a conditional application to restrict his specification, although it is fair to say that I effectively permitted such an application in *Hyde*. Counsel for the applicant submitted that this was permissible, and the Registrar's representative accepted this. Accordingly both parties agreed that, in the event that I upheld the hearing officer's conclusion with regard to section 5(2)(b), I should remit the matter to the Registrar to give the applicant the opportunity to argue that section 5(2)(b) was not a bar to the application as proposed to be restricted.
65. Since the hearing, however, I have discovered that the Court of First Instance has consistently held that an application to restrict a specification of goods or services under Article 44(1) of Council Regulation 40/94/EEC of 20 December 1993 on the Community trade mark (which corresponds very closely to section 39(1) of the 1994 Act) must be made unconditionally and not in the alternative: see Case T-219/00 *Ellos v OHIM* [2002] ECR II-753 at [58]-[63], Case T-396/02 *Storck v OHIM* (10 November 2004) at [20] and Case T-130/03 *Alcon Inc v OHIM* (22 September 2005) at [51]. If section 39(1) is to be construed in the same way that the CFI has construed Article

44(1), then the applicant cannot make a conditional application despite the parties' agreement to the contrary.

66. For reasons that I shall explain, I do not believe that it is necessary for me to reach a conclusion on this point.

### Conclusion

67. For the reasons given in paragraphs 31-38 above, the appeal will be dismissed to the extent that it challenges the hearing officer's decision that the application is precluded from registration by section 5(2)(b) in so far as it embraces at least some of the goods in the applicant's Class 9 specification.

68. The parties are agreed that in these circumstances I should remit the matter to the Registrar for further consideration. I too agree that I should do so, but not for the reason given by the parties. For the reasons given in paragraphs 39-58 above, I consider that the hearing officer was wrong to have refused the application in its entirety when grounds for refusal only existed in respect of some or all goods in Class 9. To that extent, the appeal will be allowed. It is necessary for me to remit the matter to the Registrar because, although it is clear from the decision that (a) there are grounds for refusal with respect to some goods in Class 9 and (b) there are no grounds for refusal with respect to Classes 37, 38 and 42, the hearing officer did not decide whether or not grounds for refusal exist in respect of all goods in Class 9. If grounds for refusal do not exist in respect of some goods in Class 9, then the application should be permitted to proceed to publication to the extent that it relates to those goods.

69. For the avoidance of doubt, I should make three things clear:

- (1) Following the giving of this decision I expect the Registrar to action the applicant's request for division, thereby enabling the divisional application in Classes 37, 38 and 42 to proceed to registration in any event.

- (2) Since I have not ruled upon the applicant's request to restrict the specification in Class 9, it will be up to the applicant to decide whether it wishes to pursue this request (or indeed some other request for restriction), and if so whether conditionally or unconditionally. If it is pursued, it will be for the Registrar to rule upon it in the first instance.
- (3) This decision should not read as discouraging applicants from restricting their specifications of goods and services in order to avoid conflict with earlier rights. On the contrary, it is important that applicants should take a realistic view of the coverage that they (a) need and (b) are likely to get at as early a stage as possible. If applicants do not do so, and subsequently either make a late request to restrict their specifications (particularly a request made for the first time during the pendency of an appeal) or suffer a partially adverse decision which could have been avoided by an appropriate restriction, they must expect to be penalised in costs: see *Hyde's Trade Mark Application (No 3) (O/069/06)*. Furthermore, it follows from paragraph 59 above that applicants may be able achieve restrictions through voluntarily re-wording their specifications that cannot be effected in any other way.

### Costs

70. In accordance with normal practice in *ex parte* cases, I shall make no order as to the costs of the appeal.

11 May 2006

RICHARD ARNOLD QC

Helen Mensah, instructed by Claire Lazenby, appeared for the applicant.

Allan James appeared for the Registrar.