TRADE MARKS ACT 1938 (AS AMENDED)
AND TRADE MARKS ACT 1994
IN THE MATTER OF APPLICATIONS No 1465967 & 1465968
BY ESSELTE METO INTERNATIONAL GMBH
TO REGISTER A DEVICE TRADE MARK
IN CLASSES 9 & 16

AND IN THE MATTER OF OPPOSITION THERETO
UNDER NUMBERS 43920 & 43921
BY LONSTO (INTERNATIONAL) LIMITED

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BACKGROUND

On 29 May 1991, Esselte Meto International GmbH of Westerwaldstrasse 3 - 13, D-64646 Heppenheim, Germany applied under the Trade Marks Act 1938 for registration of the following device mark:

In respect of the following goods:

B1465967 Class 9: "Ticket dispensers; luminous or mechanical signalling panels; electrical monitoring apparatus; all included in Class 9"

B1465968 Class 16: "Tickets, ticket rolls, paper and cardboard signs; all included in Class 16."

The applications were advertised before acceptance by reason of use and trade evidence. An International priority date of 13 February 1991 was claimed due to a registration in the Federal Republic of Germany.

On 17 January 1996, Lonsto (International) Limited, filed notices of opposition to the applications. The grounds of opposition are in summary:

1) The marks applied for are identical and are the outline of a single ticket. The ticket shape is dictated by function in that the shape affects the effectiveness with which the ticket can be removed from the dispenser without either breaking off in the machine or pulling out, and wasting, subsequent tickets. The outline does not function as a trade mark within the meaning of Section 68 of the Trade marks Act, 1938.

2) The marks applied for are neither adapted to distinguish nor capable of distinguishing and therefore offend against Sections 9 & 10 of the Trade Marks Act 1938.

3) The opponents have, since at least 1991, sold in the UK, tickets of the same or substantially the same outline as the outline featured in the applicants' applications. Any use which may be made by the applicants of the marks applied for would be likely to

deceive or cause confusion in trade and offends against Section 11 of the Trade Marks Act 1938.

4) Registration of the marks applied for will unfairly prejudice the business of the opponents and should be refused by the Registrar in exercise of her discretionary powers.

The applicant filed a counterstatement denying all the grounds of opposition. Consolidation of the cases was agreed during the evidence rounds. Both sides seek an award of costs in their favour. Both sides filed evidence in these proceedings and the matter came to be heard on 6 October 2000, when the applicants were represented by Mr Edenborough of Counsel, instructed by Messrs D Young & Co. The opponents were represented by Ms Laine of Counsel, instructed by Messrs Marks & Clerk.

By the time this matter came to be decided the Trade Marks Act 1938 had been repealed in accordance with Section 106(2) and Schedule 5 of the Trade Marks Act 1994. In accordance with the transitional provisions set out in Schedule 3 to that Act, however, I must continue to apply the relevant provisions of the old law to these proceedings. Accordingly, all references in this decision are references to the provisions of the Trade Marks Act 1938 (as amended) unless otherwise indicated.

OPPONENTS' EVIDENCE

This consists of a statutory declaration, dated 22 November 1996, by Roger Dudding the Managing Director of Lonsto (International) Limited.

Lonsto (International) Ltd was formed in January 1970 with the object of launching a queuing system sold in Sweden under the trade mark TURN-O-MATIC in the UK and Ireland. Initially the equipment and tickets were manufactured by or for Turn-O-Matic AB. In 1982 the business in TURN-O-MATIC was purchased by a company which eventually became Esselte Meto International GmbH, the applicants. However, initial research into the UK market revealed that variations to the products were required. Variations were developed by the opponent who not only kept the Swedish company informed but also supplied certain products to them. Mr Dunning also claims that neither Turn-O-Matic AB nor their successors have ever exhibited at trade shows in the UK.

The opponents claim to have always used the trade mark LONSTO upon and in relation to queuing systems and the tickets for use therewith, including tickets supplied from both the Swedish suppliers and subsequently by the applicants. At exhibit RD1 an example of a ticket sourced by the opponents from the applicants and bearing the LONSTO trade mark is supplied. The ticket also has the mark TURN-O-MATIC and device on it.

Mr Dudding states that his company ceased to purchase tickets for use with queuing systems from the applicants in 1991, and instead purchased from a Spanish supplier. He states that the name LONSTO has appeared on tickets sold in the UK at all times, including when those tickets were supplied by the applicants. At exhibit RD2 is an example of the ticket sold by the opponents after it ceased to purchase from the applicants. The ticket shows the LONSTO trade mark.

Mr Dudding states that the applicants began to sell queuing systems and tickets in the UK "in

around 1991 / 92". He claims that their sales have not been substantial and that the opponents have "approximately 99% of the UK market in queuing systems and tickets for use therewith".

Mr Dudding provides the following technical description of the queuing systems referred to in this case.

> "The trade mark applied for under application Nos B1465967 and B1465968 is an outline of a ticket of the type used in a queuing system. The ticket consists of a 'tongue' and two 'prongs'. Tickets of this type have been manufactured since around 1980. Prior to that time tickets were of a rectangular configuration and did not have a 'tongue'."

An example of such a ticket is provided at exhibit RD3 and shows a rectangular ticket with the words Turn-O-Matic and Lonsto on it. Mr Dudding continues:

> "Tickets are not produced individually but in the form of perforated rolls. The ticket roll, having been inserted into the ticket dispenser, runs free in that the ticket roll is not mounted upon a spindle. The diameter and weight of the ticket roll and the design of the dispenser are all relative to the way the dispensing occurs without the need for cams or levers. The person using the queuing system will grasp the tongue of the ticket protruding from the ticket dispenser and use the tongue to pull the ticket away from the roll. The perforations ensure that only one ticket is removed from a roll at a time. The width of the 'prongs' is important in the ticket design. If the prongs are too wide then the width of the tongue is also made narrower making it difficult for the customer to grasp the ticket. It could also be difficult for the customer to remove the ticket without tugging excessively at the roll which would result in more than one ticket being pulled out from the machine and tickets being wasted at a greater cost to the purchaser of the tickets. In the event that the 'prongs' are made too narrow then the ticket will be removed too easily, the next ticket not being pulled down sufficiently for the tongue to be easily grasped by the next customer. The ticket shape shown in application nos B1465967/ 8 is one which is economical to make and, in terms of ease of use, practical."

At exhibit RD4 are photocopies of promotional material showing ticket designs offered by two Italian companies, Visel Italiana s.r.l and Bel s.a.s. Mr Dudding states that these companies were established in 1991 and 1964 respectively. The designs shown on the two pages have instances which are similar to the mark in suit. Mr Dudding also claims that a Spanish company, Regna Valencia S.L also manufactures tickets of a similar shape to the device applied for by the applicants. However, no exhibit is given which reflects this.

Mr Dudding claims that the mark in suit is "a representation of a ticket for use in a queuing system and as such is a picture of the goods or a picture of goods designed to be used with other goods covered by the two applications." He also states that:

> "I believe that Application Nos B1469567 and B1469568 were filed by the applicants in an attempt to prevent my company and anyone else engaged in the business of manufacturing or supplying queue management systems from using, in their queue management systems, a ticket shape identical or similar to the representation shown in the applications, the result of which would have serious consequences for my company's business and the business of any system to allow registration of a representation of the

shape of a ticket shape which is composed of so many functional features."

APPLICANT'S EVIDENCE

This consists of three statutory declarations. The first, dated 13 November 1997, is by Mr Keith Richard Havelock, a partner in D Young & Co., Patent and Trade Mark attorneys for the applicant company. He states that as part of the application process trade evidence was filed in support of the applications. This support took the form of a statutory declaration by Mr Geoffrey Frissel Crellin. This statutory declaration is filed as exhibit KRH1. In this declaration, dated 5 April 1993, Mr Crellin states that:

> "I am the Director of Picon Limited which is a trade association representing manufacturers and suppliers of machinery and equipment related to the printing, graphic arts, pulp, paper and converting industries. I have good knowledge of the trade marks and trade descriptions used in the said industry. I associate the device Trade Mark shown below exclusively with Esselte Meto International Produktions GmbH. To the best of my knowledge other traders in the said industry would not be aggrieved by the registration of the device as a trade mark in classes 9 and 16 in the name of Esselte Meto International Produktions GmbH."

The device mark referred to was reproduced on the statutory declaration and is identical to the mark in suit.

The second statutory declaration, dated 20 October 1997, is by Peter Alder the business manager of Esselte Meto Limited which he states is " an associated company of Meto International GmbH, which is the surviving company of the merger of Esselte Meto International GmbH with and into another of its associated companies."

Mr Alder states that the applicants commenced use of the trade mark, in 1983, in the UK "in connection with ticket dispensers, luminous or mechanical signalling panels; electrical monitoring apparatus, tickets, ticket rolls, paper and cardboard signs, labels". He states that the mark has been continuously and extensively used in connection with those goods throughout the whole of the UK from 1983 to the present date. He confirms that from 1983 to 1992 the goods sold in the UK were exclusively distributed by Lonsto Ltd (the opponents). From 1992 to 1996 the goods were distributed by the opponents.

Mr Alder states that at all times the goods produced and sold under the trade mark have been controlled by the applicants and that all goodwill attaching to and represented by the trade mark is the property of the applicants. He provides sales figures and also advertising figures as follows:

Year	Sales £	Advertising £
1993	53,000	600
1994	106,000	1,100
1995	122,000	2,500

The third statutory declaration, dated 27 August 1997, is by Marvin Mashlan the Product Manager for queuing systems of Meto GmbH (formerly called Esselte Meto GmbH), an associated company of Esselete Meto International GmbH.

Mr Mashlan states that the applicants commenced use of the trade mark, in 1983, in the UK "in connection with ticket dispensers, luminous or mechanical signalling panels; electrical monitoring apparatus, tickets, ticket rolls, paper and cardboard signs, labels". He states that the mark has been continuously and extensively used in connection with those goods throughout the whole of the UK from 1983 to the present date. He confirms that from 1983 to 1992 the goods sold in the UK were exclusively distributed by the opponents. At exhibit MM1 he provides "specimen materials" which, he claims, shows how the mark has been used in the UK in relation to the above goods since 1983. The pages show numerous illustrations and photographs of the tickets with the applicant's name shown on them. There are also instances which show the mark used on electronic items, indicator panels, alert cubes, ticket dispensers and tickets. Other than on the alert cubes the mark is always used together with words "Turn-O-Matic." None of the brochures are dated.

Mr Mashlan provides sales figures for gods sold under the mark as follows:

Year	Sales £
1987	517,571
1988	722,740
1989	550,003
1990	358,943
1991	601,065

Mr Mashlan lists a number of towns and cities throughout the UK where he claims goods under the mark in suit were sold prior to 29 May 1991.

Referring to the opponents' evidence, Mr Mashlan claims that the exhibits to Mr Dudding's evidence clearly show the trade mark being used on the ticket dated prior to the ending of the distribution agreement whereas it is absent from the ticket dated after the termination. He also disputes Mr Dudding's claim as to market share. Further, Mr Mashlan states that the letter from the opponents' solicitor at exhibit MM2 refers to the "dominant position in the market" held by the applicants. In fact the letter states that:

> "Any attempt by you to cease to supply Lonsto, to prevent Lonsto operating as an independent alternative source for the supply of goods to customers in the United Kingdom and Eire will be unlawful under the terms of Article 86 of the Treaty of Rome where our instructions are that you hold a dominant position in the market."

OPPONENTS' EVIDENCE IN REPLY

This consists of a further statutory declaration by Mr Roger Dudding, dated 16 April 1999. He states that since 1972 the opponents have manufactured ticket dispensers' housings both directly and through subcontractors. Throughout this time he states that the applicants' role was restricted to the manufacture and supply of ticket rools and some ticket dispensers. Mr Dudding stresses the independence of his company in that the applicants (and their successors) did not financially assist in any promotions as would normally be the case in a distribution agreement, and the applicants exercised no control whatsoever over the products manufactured by, or on the behalf of, the opponents.

Mr Dudding states that the items sold by his company were marketed under the Lonsto mark rather than Turn-O-Matic as in non-retail environments the link to supermarkets was undesirable. At exhibit RD#1 he provides brochure photographs and other depictions showing how the items were marketed. The only mark that can be seen in these exhibits is the name LONSTO.

Mr Dudding claims that the sales figures claimed by the applicants (in Mr Mashlans' declaration) actually belong to his company. He also comments that the increase in sales figures in 1991 was due to the opponents stockpiling tickets following the threat by the applicants to stop supplies. He refutes the interpretation of the solicitor's letter by Mr Mashlan, stating that in the UK the applicants were not active other than supplying tickets to the opponents. He accepts that the applicants had a dominant market position in the rest of Europe.

Mr Dudding states that the figures given by the applicants for sales during the period 1993 - 1997 include all sales under the Turn-O-Matic mark. He repeats his view that at the time of the filing of the applications his company held 99% of the relevant market. The position now is slightly different as the market has changed. Mr Dudding states that his company still is pre-eminent in the printed ticket market, whilst the applicants via their distributor QMS derive 80% of their business from the Post Office where a ticketless system is used.

A list of the food retailers who are clients of the opponent is provided, this includes every major food retail chain in the UK. It is claimed that these companies source the majority of their ticket rolls and queue management equipment with the opponent. At exhibit RD#2 he supplies examples of orders and invoices from these customers. He also supplies a list of public sector bodies, banking and other retail outlets that his company supplies.

Finally turnover figures for the years 1971 - 1998 are provided. I have selected the figures from around the relevant date.

Year	Turnover £
1988	905,509
1989	1,017,763
1990	1,071,516
1991	1,122,009

1992	1,233,043

That completes my review of the evidence.

DECISION

In reaching my decision I have taken into account all the authorities that I was referred to at the hearing, although I have not quoted or mentioned them all.

The opponents have referred to Section 9 in their statement of grounds, however as this application is for registration in Part B of the Register, the opposition under Section 9 is not relevant.

I first consider the grounds of opposition under Sections 10 & 68 which state:

> *10. - (1) In order for a trade mark to be registrable in Part B of the register it must be capable, in relation to the goods in respect of which it is registered or proposed to be registered, of distinguishing goods with which the proprietor of the trade mark is or may be connected in the course of trade from goods in the case of which no such connection subsists, either generally or, where the trade mark is registered or proposed to be registered subject to limitations, in relation to use within the extent of the registration.*
>
> *(2) In determining whether a trade mark is capable of distinguishing as aforesaid the tribunal may have regard to the extent to which -*
>
> *(a) the trade mark is inherently capable of distinguishing as aforesaid; and*
>
> *(b) by reason of the use of the trade mark or of any other circumstances, the trade mark is in fact capable of distinguishing as aforesaid.*
>
> *(3) A trade mark may be registered in Part B notwithstanding any registration in Part A in the name of the same proprietor of the same trade mark or any part or parts thereof.*

Section 68(1) provides the following definitions:

> "Mark": - includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof.
>
> "Trade Mark": - means, except in relation to a certification trade mark, a mark used for the purpose of indicating, or do as to indicate, a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the mark, whether with or without indication of the identity of that person."

In *Coca-Cola Co.* [1986] 1 WLR 695, Lord Templeman at 698 states:

> "The word "mark" both in its normal meaning and in its statutory definition is apt only to

describe something which distinguishes goods rather than the goods themselves. A bottle is a container not a mark. The distinction between a mark and the thing which is marked is supported by authority. In *In re James's Trade Mark* [1886] 33 Ch.D. 392, the plaintiffs sold black lead in the form of a dome and in other shapes. Their products were impressed with the representation of a dome and their labels carried a picture of a black dome. The plaintiffs were allowed to register the representation or picture of a black dome as their trade mark. Similarly, the Coca-Cola Co. has been allowed to register a line drawing of a Coca-Cola bottle as a trade mark. But, dealing with the article itself, in *In re James's Trade-Mark,* Lindley L.J. said at P.395:"

> "A mark must be something distinct from the thing marked. The thing itself cannot be a mark of itself, but here we have got the thing and we have got a mark on the thing, and the question is, whether that mark on the thing is or is not a distinctive mark within the meaning of the Act. Of course the plaintiffs in this case have no monopoly in black lead of this shape. Anybody may make black lead of this shape provided he does not mark it as the plaintiffs mark theirs, and provided he does not pass it off as the plaintiffs' black lead. There is no monopoly in the shape, and I cannot help thinking that that has not been sufficiently kept in mind. What the plaintiffs have registered is a brand, a mark like a dome intended to represent a dome."

I also have regard to the comments of Harman L.J. in Reynold Chains Ltd's Application [1966] RPC 487 at page 494 where he states:

> "The problem here arises under two sections, 9 and 10, which deal with the registrability of so-called marks. A trade mark in order to be registrable must contain certain characteristics, of which the only one here relevant is "any other distinctive mark". So that the mark has got to be distinctive and that, in the end, is the only thing we have got to decide on this motion: Is it distinctive? The Act goes on to define 'distinctive' in a number of sub-sections but they are really only words which gild the lily, and the more of them you add, the more difficult the matter becomes. "'Distinctive' means adapted, in relation to the goods in respect of which a trade mark is registered or proposed to be registered, to distinguish goods with which the proprietor of the trade mark is or may be connected in the course of trade from the goods in the case of which no such connection subsists." That cloud of words is very difficult to understand. 'Adapted' there I think means 'fitted' but anyhow not adapted in the sense of the word 'adaptation'. It means that the thing to be distinguished must distinguish the goods of trader A, although you need not mention the name, from the goods of any other trader. It is well known that it cannot be a mere picture. It cannot be a mere word of description. It must be a device of come sort, and the question here is whether what is proposed to be registered is such a device."
>
> "The thing which is proposed to be registered is a blank space of a certain shape which may represent a link of a chain, over the top of which is a bit of a sprocket and underneath which is a bit of a bicycle chain or some chain of a similar kind. It is respect of such articles as sprockets and bicycle chains that the so-called mark is sought to be registered."
>
> "I think the whole thing is a matter of first impression. When you look at it, what does the

thing present? To me it presents a blank space where you are to put a name or possibly drawing of some sort, with a descriptive surround showing the kind of articles in which the trader to whom it belongs deals, whoever he is. In other words, I find it no more than a description of a chain and a sprocket. I do not see that it has the dignity which would be conferred upon it by calling it a device. I think it is merely a pictorial representation, and if you should put into the middle of the blank space which is waiting for it some name or some trade mark, then that is what you would look at and not merely the pictorial things which surround it."

At the hearing Ms Laine contended that the mark in suit was not in fact a device mark but a shape, and was therefore unable to be registered under the 1938 Trade Marks Act. She referred to the comments of Lloyd J. in Dualit Ltd's (toaster shapes) Trade Mark applications [1999] where at page 892 he states:

> "An application for the registration of a shape as a trade mark first became possible under the Trade Marks Act 1994. Previously under the 1938 Act it was held to be impermissible on the basis that a mark meant something other than the goods themselves."

The mark in suit is clearly a pictorial representation of a ticket, the type which one encounters in a supermarket. It is a two dimensional representation of an essentially two dimensional object. It thus differs from the device in James's trade mark and Coca-Cola where three dimensional objects were being marked with a two dimensional representation of the product. Here if the mark were scaled up to the size of the ticket they would be identical. The shape of the ticket has been developed to ensure that only one ticket at a time is released and that the next ticket is readily available for the next customer. The evidence of Mr Dudding is quite explicit on this point and has not been disputed that the shape of the ticket is required to achieve the technical result. There is no capricious addition.

In my view the application is for the shape of a ticket and so is neither adapted to distinguish nor capable of distinguishing tickets or ticket rolls in Class 16. In the alternative, even if the mark is not the shape of the ticket but a representation of it (a device) it is plainly a device which characterises the nature of the goods. It can be no more distinctive than a representation of a generic motor car can be for motor cars. There is some evidence that the tickets the applicants sold prior to 1991 carried a device-like mark replicating the shape of the ticket itself. However, this was not prominent and was overshadowed by the impact of the marks TURN-O-MATIC and LONSTO which also appeared on the tickets , as per TREAT 1996 RPC 281. Accordingly, even if it is right to think of the applicants ' mark as a device, and potentially registrable under the 1938 Act, it is not registrable prima facie, and the limited use that has been shown before the relevant date is plainly insufficient to establish that it had become distinctive in fact in the UK prior to the relevant date.

I must now consider the mark in relation to the other goods in Class 16 and those in Class 9.

Ms Laine contended that the opponent has also been using the device mark as part of their advertising. Their brochures do show items of equipment from a queue management system with tickets protruding from have the functional prongs and wide tongue shown in the mark in suit. However, they are clearly not being used as a trade mark, and the applicant would be unable to prevent the opponent from selling tickets shaped in this manner as to paraphrase Lindley L.J. from

James' application:

> "Of course the plaintiffs in this case have no monopoly in tickets of this shape. Anybody may make tickets of this shape provided he does not mark it as the plaintiffs mark theirs, and provided he does not pass it off as the plaintiffs' tickets. There is no monopoly in the shape, and I cannot help thinking that that has not been sufficiently kept in mind. What the plaintiffs have registered is a brand, a mark like a ticket intended to represent a ticket."

The evidence filed by the applicant shows that the device is being used *solus*, without the TURN-O-MATIC trade mark on equipment (other than the tickets) which forms a queue management system. However, this same evidence shows quite clearly that the sort of queuing systems the parties here sell are clearly designed to use tickets of the type in question. The queuing system is built around the ticket type and vice versa. In these circumstances the shape or representation of the ticket appears to characterise the type of ticketing system as well as the ticket.

In James' application the dome shape was an arbitrary addition to a basic shape. In this case the shape of the ticket is not arbitrary but functional. The ground of opposition under these sections therefore succeeds in relation to the whole of the applicants' specification.

Finally, I consider the ground of opposition is under Sections 11 of the 1938 Act. This reads as follows:

> *"11. - It shall not be lawful to register as a service mark or part of a service mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design."*

Under this heading I must determine whether the applicants' mark is liable to cause confusion having regard to the earlier use of tickets and/ or devices of the same shape. Plainly, there cannot be confusion between the applicants' mark and the opponents' LONSTO mark. Accordingly, I would have to determine which of the two parties owned any goodwill generated by the use of the device prior to 1991. However, as I have already found that the device is non-distinctive and has not acquired a distinctive character in fact through use, neither party can be found to own any relevant goodwill or reputation under the device.

The opposition having been successful the opponents are entitled to a contribution towards costs. I order the applicants to pay the opponents the sum of £1470. 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 20 Day of December 2000

George W Salthouse
For the Registrar
The Comptroller General