

TRADE MARKS ACT 1994

**IN THE MATTER OF Registration Nos 2399962 and 2406779
in the name of Cemex UK Operations Ltd**

**IN THE MATTER OF the consolidated applications for a declaration of
invalidity Nos. 83203 and 83204 by Lafarge Cement UK PLC**

**Appeal of the Applicant from the decision of
Mr. Mark Bryant dated 13 February 2009**

DECISION

1. This is an appeal against a decision of Mr Mark Bryant, the Hearing Officer for the Registrar, dated 13 February 2009, relating to applications for a declaration of invalidity of two series trade mark registrations for goods in Class 19 and services in Classes 35, 37, 39 and 42. The Hearing Officer rejected the applications for invalidity in respect of all the services, and would have declared the marks invalid in respect of the Class 19 goods, save for a limitation offered by the registered proprietor. This appeal relates only to the decision in respect of the Class 19 goods.
2. Cemex UK Operations Limited ("Cemex") is the proprietor of two series of trade marks. On 22 August 2005, it applied to register the series of 5 marks set out below:



3. The specification covered a number of services, which I need not set out here, and the following goods in Class 19: Building materials (non-metallic); concrete; mortar; screed; cement mixtures; cement based materials; cement based mixtures; cement for building; cementitious products; cementitious materials; cement and ash mixtures; sand; gravel; aggregates.
4. On 17 November 2005 Cemex applied to register a further series of two marks for the same goods and services:



5. The marks were registered respectively in March and September 2006.
6. On 7 April 2008, Lafarge Cement UK Plc ("Lafarge") applied for both registrations to be declared invalid, on the grounds that they offend against section 3(1)(c) of the Trade Marks Act 1994 as designating a characteristic of cements, and against section 3(3)(b) as being of a nature to deceive the cement buying public. Lafarge said that the trade marks contain the phonetic equivalent of the terms "CEM II" and "CEM III" respectively which it is common ground describe cement types defined by British Standard BS EN 197- 1:2000

7. Both parties filed evidence and were represented at a hearing before Mr Bryant in January 2009. Mr Bryant produced a written decision dated 13 February 2009. He rejected the application for invalidity in so far as it related to the specification of services in the registrations. That part of his decision is not under appeal. However, he would have made a declaration of invalidity in relation to the Class 19 goods on the s 3(3)(b) grounds, had it not been for a limitation offered by the registered proprietor just before the hearing, which he took the view 'saved' that part of the registrations. Lafarge has appealed the latter part of his decision.

8. The grounds of appeal set out in Lafarge's TM55 were:
 - a) that in applying s 3(1)(c), Mr Bryant erred in his assessment of the device elements of the marks, which Lafarge had submitted were *de minimis*, and in particular that he was wrong to rely upon the *Limoncello* case. (I would add here that paragraphs 1-4 of the Grounds of Appeal were not expressly restricted to the Class 19 goods);
 - b) that the Hearing Officer was wrong in his approach to a possible limitation of the specification of the Class 19 goods; and
 - c) that the late offer of that limitation should have been reflected in the order as to costs.

9. At the hearing of the appeal, Mr Chapple, who appeared for Lafarge, explained that the appeal related only to the Class 19 goods in the specifications. He also said that the appeal challenged only paragraphs 30, 32, 34 and 44 of the Hearing Officer's decision. Paragraphs 30-34 related to the s 3(1)(c) challenge to the marks. Paragraph 44 was the paragraph in which Mr Bryant accepted that the s 3(3)(b) objection which he would otherwise have upheld for the Class 19 goods could be satisfactorily dealt with by the limitation offered by Cemex.

10. The Hearing Officer's findings, so far as relevant, were as follows: Having summarised the evidence, he stated the law by reference to a number of European Court of Justice decisions. There is no criticism of those parts of his judgment. At paragraph 25, he summarised Lafarge's main argument as being that the word and numeral elements "CEM 2" and "CEM 3" are the dominant features of the trade marks at issue "and the additional device elements are insignificant." It was common ground that "CEM 2" and "CEM 3" indicate that the products sold under these trade marks conform to British Standard BS EN 197-1:2000 and so designate the goods as part of a defined range of cement types. The Hearing Officer noted at paragraph 26 that Lafarge put forward "a secondary argument that the device element in Cemex's trade marks designates the recycled nature of the components of the cement."

11. At paragraph 27, the Hearing Officer identified the relevant consumers of Cemex's goods and services, and at paragraph 28 he said
"in assessing the trade marks, as a whole, it is necessary to understand the significance of the component parts of the trade marks."
He considered the word and numeral elements of the marks first and in paragraph 29 concluded that they designate the category of products as defined by the British Standard.

12. In paragraph 30, the first of the paragraphs criticised on this appeal, the Hearing Officer said:
" ... I must go on to consider the other components of these trade marks, namely the circle device incorporating a number of arrow-like devices. Addressing Lafarge's contention that this is *de minimis* in all of the contested trade marks, I observe that the devices form a border around the outside of the word and numeral elements of the trade marks and incorporate either two (in the case of "CEM 2") or three (in the case of "CEM 3") triangles, which take on the appearance of arrows within this border. These triangles are approximately the same size as each letter in the "CEM" elements

of the trade marks and also are represented in the same colour or tone as the letters and numerals. Taking these points into account, I find that the device element in both series of trade marks is not, in the words of Lafarge, "*de minimis*". In other words, I find that these device elements are not negligible in the sense discussed by the ECJ in *Shaker di L. Laudato & C. Sas v OHIM (LIMONCELLO)* C-334/05 P."

13. Mr Bryant went on (in a paragraph which was not criticised by Lafarge):

"31. The impact of such a finding, is that I need to go on to consider if the device elements designate a characteristic of the products. Even though I have found that the device elements are not negligible, if all the elements of Cemex's trade marks designate a characteristic then the totality will also fall foul of Section 3(1) (c) of the Act. Mr Chapple contended, at the hearing when putting forward his secondary argument, that these elements designate the recycled nature of the components of the cement."

14. In paragraph 32, a paragraph which Lafarge did challenge, Mr Bryant said:

"32. Mr Chapple contended that as the trade mark appears alongside a recycling symbol and above the words "sustainable cement", this is evidence that the device element of the trade mark also designates "recycling". I am not persuaded by this argument. I have not been presented with any evidence that the device element is recognised in the trade as having such a meaning and whilst it may be possible that a circle comprising two or three arrows may suggest such a characteristic, this is far from obvious. The presence of an established recycling sign alongside Cemex's trade mark and the proximity of the words "sustainable cement" does not lead to the conclusion that the device element of the trade mark designates the same. I therefore reject Mr Chapple's contention."

15. The Hearing Officer referred in paragraph 33 to some comments of the European Court of Justice in *Baby-Dry*, before concluding in paragraph 34:

“34. My conclusion that the device elements of the trade marks do not designate a characteristic of the goods or services or that they are *de minimis* results in a finding that these trade marks are configured in a manner that distinguishes the whole from the usual way of designating cements and as such, I find that the grounds based upon Section 3(1) (c) of the Act fail.”

16. The Hearing Officer then considered the objections under section 3(3)(b). He summarised the law, and no criticism is made of that part of his judgment. He came to the conclusion that there was a sufficiently serious risk that the relevant consumer would be deceived by use of the trade marks in respect of cement products for the objections to succeed in relation to all goods listed in Class 19, but not in relation to the services. Mr Bryant then referred to Cemex’s indication that if the section 3(3)(b) objection succeeded, it would be willing to consider adding a limitation to the Class 19 specifications in these terms “all being, or made predominantly from, cement falling within the British Standards Institute’s definition of CEM II or CEM III” as appropriate. Mr Bryant considered this in paragraph 44:

“44. Lafarge have not responded to this secondary submission or requested further time to consider it and as such I will make a finding on its merits now. It is my view that such limitations are sufficient to overcome the deceptive nature of the two trade marks and therefore defeat the action insofar as it is based upon Section 3(3) of the Act. As such, Lafarge will be unsuccessful in its actions against Cemex’s two trade marks. Firstly though, Cemex is required to formally submit a request to amend the Class 19 specifications to the Registry. These actions should be conducted through the filing of a “Notice to partially surrender a registration”

(Form TM23). Cemex are therefore permitted a period of one month from the date of this decision to do so. Failing this, the registrations will be partially invalidated in respect to the whole of the Class 19 specifications of both of Cemex's registrations."

17. Lastly, in paragraph 45, the Hearing Officer dealt with the costs of the application. He concluded that the application had failed in respect of the service classes, but would have been successful in respect of the Class 19 goods save only for the late offer of the limitation. In the circumstances, he made no order as costs.

Standard of review

18. The standard of review for this appeal is helpfully set out at paragraphs 5-6 of the decision of Daniel Alexander QC in *Digipos Store Solutions Group Limited v. Digi International Inc* [2008] RPC 24:

"5... It is clear from *Reef Trade Mark* [2003] RPC 5 ("*Reef*") and *BUD Trade Mark* [2003] RPC 25 ("*BUD*") that neither surprise at a Hearing Officer's conclusion nor a belief that he has reached the wrong decision suffice to justify interference by this court. Before that is warranted, it is necessary for this court to be satisfied that there is a distinct and material error of principle in the decision in question or that the Hearing Officer was clearly wrong (*Reef*). As Robert Walker LJ (as he then was) said:

"...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" (*Reef*, para. 28)

6. This was reinforced in *BUD*, where the Court of Appeal made it clear that it preferred the approach of the appellate judge but nonetheless held that there was no error of principle justifying departure from the Hearing Officer's decision. As Lord Hoffmann said in *Biogen v. Medeva* [1997] RPC 1 at 45, appellate review of nuanced assessments requires an appellate court to be very cautious in differing from a judge's evaluation. In the context of

appeals from the Registrar relating to section 5(2)(b) of the Act, alleged errors that consist of wrongly assessing similarities between marks, attributing too much or too little discernment to the average consumer or giving too much or too little weight to certain factors in the multi-factorial global assessment are not errors of principle warranting interference.”

The decision with regard to each of the issues in this case involved a multi-factorial assessment of the kind mentioned above.

19. I have summarised above the grounds of appeal as they are set out in Lafarge's Form TM55. Mr Chapple's skeleton argument for the appeal put the basis of the appeal somewhat differently, and Mr Stobbs objected to this on Cemex's behalf. An important element of Mr Chapple's argument before me was that he said that the Hearing Officer was not only manifestly wrong in deciding that the device element was not *de minimis*, but also in deciding that the device element did not designate recycling. This point had certainly been one of Mr Chapple's submissions to the Hearing Officer and was dealt with in the decision. Mr Chapple submitted to me that the question of whether the device designated recycling was part of the question as to whether it was or was not *de minimis* and so was implicit in the Grounds of Appeal.
20. In my view, Mr Stobbs was justified in complaining that this point did not appear on the face of the Grounds of Appeal, nor am I convinced that the point was raised as part of a wider argument about the significance of the device element of the marks. As a general rule, of course, an appellant must set out in his grounds of appeal all of the grounds on which he wishes to rely and Lafarge should have raised the point specifically in its TM55. However, I do not think that Mr Stobbs was seriously prejudiced by having to deal with the point at the hearing, as he had already dealt with it below, and he had been alerted to its importance to the appeal by Mr

Chapple's skeleton argument. In the light of the decision which I have come to, it does not matter that Lafarge failed to plead the point properly.

Section 3(1)(c)

21. Mr Chapple's position was that Mr Bryant was (a) manifestly wrong in deciding that the device element was not *de minimis*, (b) manifestly wrong in deciding that the device element did not designate recycling and (c) wrong in law in considering those two points in isolation to each other.

22. Before considering Mr Chapple's three points, however, it seems to me that it is important to bear in mind that Lafarge's objection to these marks was under section 3(1)(c), not section 3(1)(b). Where a mark contains descriptive words together with additional material, such as a device, usually the relevant objection to consider would be that under section 3(1)(b) (see e.g. *Cycling IS... trade mark* [2002] R.P.C. 37). That is because a mark which contains elements in addition to descriptive words will only be refused registration under 3(1)(c) if, even with those additional elements, the mark *exclusively* consists of elements which may designate the characteristics of the goods. Frequently, "decorative" additional elements are not apt to designate the characteristics of the goods. As he rightly pointed out in paragraph 31 of his decision, that was the test which the Hearing Officer had to apply here; he had to decide whether the marks contained such additional elements, and, if so, he had to consider whether they too designated the characteristics of the goods.

23. The first of Mr Chapple's three points relates, it seems to me to the initial issue of whether the mark contains such additional elements at all. The thrust of his argument was, I think, that the device elements of the marks were so insignificant that they could in effect be ignored. Hence, he suggested that the Hearing Officer had wrongly rejected the argument advanced by Lafarge that the circle/arrow devices were "*de minimis*." I note that the point had not been put in those terms in Lafarge's TM26; instead, it was said that the word/numeral combination was the "dominant

feature" of the mark and the device elements did not add distinctiveness to it. In its skeleton argument for the hearing before Mr Bryant, Lafarge put the matter in a manner more appropriate to s 3(1)(c), suggesting that the device elements of the mark were "insignificant" or, if they were not "*de minimis*," the marks nonetheless consisted exclusively of a relevant indication.

24. Mr Chapple referred me to a passage in Chapter 3 of the Registry's Manual of Trade Marks Practice which had been put in evidence by Cemex. The passage is under the heading 'GET UP ('surplus'). Trade marks including prominent descriptive or non-distinctive signs with get-up and/or combined with other distinctive signs ('surplus')." It says "*When considering whether a trade mark has any distinctive character, the question is whether the sign as a whole will identify the trade source of the goods or services to the average consumer of those types of goods or services. ... The more word(s) look like a generic description of the product the less likely it is that the average consumer's perception of the side will be changed by minor elements of get-up. Each case turns on its own facts. ... where the application is for a shape and the distinctive element of the mark is not the shape, i.e. is a word or figurative element, such marks will generally be acceptable ... However, applications of this type will be open to objection if the distinctive element is proportionately too small (de minimis) within the marks a whole. The distinctive element must be visible and legible as a matter of first impression.*" (NB the italics are mine).
25. Mr Chapple argued that the figurative elements of these marks – the small circles and the triangles/arrows on them – were clearly "proportionately too small" to be of significance. The dominant component of the mark was the word/numeral combination, and the first impression given to the consumer was of that combination; the circular border had no "distinctive attraction" in itself.

26. I think that this argument comes perilously close to raising s 3(1)(b) considerations in relation to s 3(1)(c). I do not think that the test for the latter provision is whether the additional elements have independent distinctiveness, but whether they designate the characteristics of the goods. If they do not, then the mark does not *exclusively* consist of such elements and an objection under s 3(1)(c) must fail.
27. In addition, I find it difficult to see how the passage cited from the Manual is of relevance to this appeal. First, I think that the words which I have italicised at the start of the passage show that it is referring to the test of a mark's distinctiveness under s 3(1)(b), not to the matters relevant to s 3(1)(c). Secondly, I think it important to note that the Manual of course makes it clear that each case turns on its own facts. It would undoubtedly be inappropriate to read the Manual's reference to the distinctive element of a mark as being "proportionately too small" as imposing any particular proportion of a mark which must be distinctive.
28. In any event, I am not persuaded that the Hearing Officer applied the wrong test. I think that he started off as one would expect by deciding whether the word and numeral elements of the marks designated characteristics of the goods. As they did, he next considered whether the device elements of the marks were so insignificant that they could, in effect, be ignored for the purposes of section 3(1)(c), as one might, perhaps, ignore the impact of some very slight stylisation of descriptive words (see e.g. the comments of Richard Arnold QC in '*SPAMBUSTER*' *Hormel Foods Corp. v Antilles Landscape Investments NV* [2005] RPC 28 at §142 ff). Mr Bryant found that the device elements were not negligible, so he moved on to consider whether they too designated a characteristic of the products.
29. Nothing in the process which I have described appears to me to indicate any error in the Hearing Officer's approach. Furthermore, it does not seem to me that this is a case in which it can be said that the Hearing Officer

was manifestly wrong in the conclusion that he reached as to the significance of the device elements of the marks. He considered the size of the device elements in comparison to the letters/numerals and took into account the impact of the colours of the different marks in this series. In my judgment, there is nothing in this element of his decision which I could or should set aside on appeal.

30. At the end of paragraph 30 of his decision, the Hearing Officer referred to the decision of the European Court of Justice in *Limoncello* (Case C-334/05, *Shaker di Laudato v OHIM*). This was a point criticised in the Grounds of Appeal as being a decision made in altogether another context. This point was not seriously pursued by Mr Chapple on the appeal and it does not seem to me that the reference to the case indicates that the Hearing Officer had adopted the wrong test for section 3(1)(c).
31. Mr Chapple's second point was that the Hearing Officer was manifestly wrong in rejecting the argument that the device elements of the trade marks designated a characteristic of the goods, because the device represented recycling and cements falling within the relevant British Standards would contain some recycled material. I do not accept this criticism of the decision. The Hearing Officer had no evidence before him to suggest that the devices would be recognised by the relevant public as referring to the recycled or partly recycled nature of the goods. He took the view that this reference was not obvious, and that the use of the familiar, triangular recycling sign alongside Cemex's trade mark did not make it so. It seems to me that those were conclusions which were fully open to him to make. Indeed, it seems to me that the fact that the established recycling sign was used alongside Cemex's device rather suggests that it was necessary to add the sign to send the "recycled" message. Again, I consider that there is nothing in this element of his decision which I could or should set aside on appeal.

32. The third limb of Lafarge's argument was that the Hearing Officer went wrong because he wrongly decided the "de minimis" point and the recycling point in isolation from each other and failed to take the appropriate global view of the mark when assessing its registrability. In this respect, Mr Chapple relied in particular upon paragraph 34, which I have set out above.
33. The Hearing Officer made it plain in paragraphs 27, 28 and 33 that he was carrying out a 'whole mark analysis'. I do not think that he can be criticised for analysing the various elements of the mark identified by the applicant in its own evidence when considering whether the marks consisted 'exclusively' of signs indicating characteristics of the goods for the purposes of sub-section 3(1)(c). On the contrary, I think it a normal process of examination, to look at the various elements in the mark, when assessing the impact of the mark as a whole, see e.g. *Develey Holding GmbH & Co Beteiligungs KG v OHIM*, Case C-238/06, [2008] ETMR 20 at §82. In my view, that is what the Hearing Officer did here, and he committed no error of principle in his approach to the assessment of the mark as a whole.
34. I accept that the wording of the phrase "or that they are de minimis" in paragraph 34 is rather odd, and it is not clear what Mr Bryant intended to say. However, given the clear findings in the foregoing paragraphs of his decision, I think that this may be no more than a typographical error, and the phrase should perhaps have read "nor that they are de minimis." In the light of his findings, in my view it is clear that what the Hearing Officer meant to say was that the device elements do not designate a characteristic of the goods and were not *de minimis*. In any event, I do not think that paragraph 34 indicates that Mr Bryant was dividing up the different aspects of the appreciation of the mark in an inappropriate manner, and failing to undertake a global appreciation of its validity, all the more so given the number of references earlier in the decision to the need for such a global appreciation.
35. I therefore reject the appeal under s 3(1)(c).

Section 3(3)(b) and the limitation

36. Lafarge's complaint about the Hearing Officer's acceptance of the limitation offered by Cemex was first, that the limitation could not in any event save the registration in respect of sand, gravel and aggregates, secondly that it was inappropriately or inadequately worded, and thirdly that as the limitation had been raised only in vague terms in Cemex's skeleton argument for the Hearing before Mr Bryant, he should not have acted upon that indication or that there should have been some costs penalty.

37. What Mr Bryant did, in paragraph 44 of his decision, was to require Cemex to make a formal application to the Registry on Form TM23 to amend its Class 19 specifications by way of a partial surrender, so as to overcome the otherwise deceptive nature of two trade marks. He allowed Cemex one month to do that, failing which trade marks would be invalidated in respect of the Class 19 specifications. As I understand it, Cemex made such an application on 6 March 2009, but the application has been put on hold pending the result of this appeal.

38. The first of Lafarge's points was that no such limitation could overcome the inherent deceptiveness of using the marks on sand, gravels and aggregates, as those are goods which are not cement and do not contain cement, even if they plainly may have some connection with cement and similar products. Mr Stobbs argued that use on such goods would not be deceptive at all, but that contention is contrary to the Hearing Officer's decision, which Cemex has not itself appealed. In my view, the Hearing Officer's finding that the use of the marks on sand, gravels or aggregates would be deceptive must stand. In such circumstances, the limitation offered by Cemex before Mr Bryant and set out in paragraph 43 of his decision would not have the necessary curative effect in respect of such goods. I therefore allow the appeal on this point, such that both specifications should be invalidated for "sand, gravels and aggregates."

39. Lafarge's second point was as to the wording of the partial surrender or limitation offered by Cemex. It did not accept that the proposed wording would suffice to avoid the deceptiveness identified by the Hearing Officer. I am not convinced that is right, given the types of goods remaining in the Class 19 specifications. Moreover, it seems to me that this is plainly a matter which can and should be dealt with not by me on this appeal but in the context of Cemex's TM23 application. I am not prepared to reverse the Hearing Officer's findings in paragraph 44 in this respect, as I do not consider that they disclose any material error of fact or law.
40. Lastly, Lafarge complained that the costs order made by the Hearing Officer was unfair because Cemex's offer of the limitation was made too late in the day. It does not seem to me, however, that there are grounds for me to interfere with the Hearing Officer's exercise of his discretion in this respect, and I do not propose to interfere with the costs order below.
41. As for the costs of this appeal, seems to me that Cemex has broadly been successful in resisting the appeal, the only exception being in relation to the s 3(3)(b) objection to sand, gravels and aggregates. I will therefore order Lafarge to pay Cemex a contribution of £1250 towards its costs of this appeal. Given that the imminence of the Christmas break, such payment shall be made by 12th January 2010.

Amanda Michaels
22 December 2009

Mr Malcolm Chapple instructed by Hallmark IP appeared for the appellant/applicant

Mr Julius Stobbs of Ipulse appeared for the registered proprietor/respondent.