

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 2315470
BY HOWARD SKOLNICK AND RAJ SHARMA
T/A IAN HOWARD SCHOOLWEAR AND SUNRISE SCHOOLWEAR
CENTRE
TO REGISTER A SERIES OF TWO TRADE MARKS
IN CLASS 25**

**AND IN THE MATTER OF OPPOSITION
THERE TO UNDER NO 92512
BY NAVID AFZAL T/A FASHION STOP**

BACKGROUND

1) On 9 November 2002, Howard Skolnick and Raj Sharma t/a Ian Howard Schoolwear and Sunrise Schoolwear Centre of 409 Barking Road, East Ham, London, E6 2JT and 289-291 High Street North, Manor Park, London, E12 6SL applied under the Trade Marks Act 1994 for registration of the following series of two trade marks:



2) The mark was sought to be registered in respect of “School uniform” in Class 25.

3) On 25 May 2004 Navid Afzal t/a Fashion Stop of 138 High Street North, East Ham, London, E6 2HT filed notice of opposition to the application. The grounds of opposition are in summary:

a) The mark is the badge used on the uniform of Brampton Manor School, it is therefore incapable of distinguishing between the goods of different suppliers of Brampton Manor School uniform. The mark denotes a characteristic of the goods, namely that they are intended to be worn by pupils of Brampton Manor School. The mark therefore offends against Sections 3(1)(b) and 3(1)(c) of the Trade Marks Act 1994.

b) The applicants are deliberately seeking monopoly rights in a mark to which they are not entitled. The applicants were aware at the time of application that the mark was not their property but the property of Brampton Manor School. The applicants do not intend to use the mark as a trade mark. That is to say they do not intend to use it to distinguish their own goods from the goods of other traders. Common sense indicates that the applicants intend to use the mark as a decoration or embellishment on clothing to be worn by pupils of Brampton Manor School. The applicants have already registered between them some 20 school badges as trade marks. If the affected schools omitted to prevent these registrations this may simply be because they were unaware that they were conceding rights in their badges in perpetuity. School administrators are unlikely to be experts in trade mark law. It is in every way improbable that the

applicants intend to use all of their marks as trade marks. Rather it would appear that it is their intention to prevent other traders, who may be authorised by a school either now or in the future, from trading in that school's uniform. The behaviour of the applicants thus falls short of the standards of acceptable commercial behaviour observed by reasonable and experienced traders. The application therefore offends against Section 3(6) of the Trade Marks Act 1994.

c) Reputation in the mark is self evidently the property of the school, not the applicants. If the mark is registered the applicants will be able to use it without obtaining permission from the school. There will therefore be misrepresentation because people will assume that the mark is being used with the approval of the school when it is not. In these circumstances any defect in the goods will reflect upon the school and will therefore cause damage to the school. The mark in suit therefore offends against Section 5(4)(a).

d) The copyright in the badge is the property of Brampton Manor School. Use of the mark is therefore liable to be prevented by the law of copyright and so the mark in suit offends against Section 5(4)(b) of the Trade Marks Act 1994.

4) The applicants subsequently filed a counterstatement denying the opponent's claims. The applicants state that they have the consent of the school to the registration and attach a letter from the head of the school dated 2 September 2003 to this effect. The applicants rebutted each of the grounds raised in some detail which I will not go into here but will refer to as required in my decision.

5) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. The matter came to be heard on 16 May 2006 when the opponent was represented by Ms Douglas of Messrs Withers & Rogers. The applicants were represented by Ms Michalos of Counsel instructed by B M Nyman & Co. Solicitors.

OPPONENT'S EVIDENCE

6) The opponent filed a witness statement, dated 2 December 2004, by Navid Afzal. Mr Afzal states that his business sells a wide range of children's and young persons' clothing including school uniforms. Since approximately 1997 his shop has sold items of uniform of Brompton Manor School. Prior to the filing date of the mark in suit he sold only sweatshirts, polo shirts and rugby shirts bearing the mark in suit. He states that in each of the years 1998 to 2002 he sold approximately 400 sweatshirts at an average price of £8 each and 800 polo shirts at an average of £6 each. At exhibits NA1 and NA2 he provides examples of a sweatshirt and polo shirt bearing the mark in suit.

7) At exhibits NA3-NA6 he provides lists of the thirty-five trade marks owned by both or either of the two applicants. Mr Afzal comments on three of the school trade marks in particular.

- Kingsford Community School: UK registration 2315492. At exhibit NA7 Mr Afzal provides a letter dated 13 July 2001 from the Corporate Affairs Manager of the school which states that Mr Afzal can be the official supplier of the school's uniform with effect from August 2001.

- Plashet School: Application 2315394. The application was refused after Mr Afzal had drawn the attention of the school to the application. At exhibit NA8 is a copy of a letter from the school to Mr Afzal inviting him to display items of school uniform in the school or provide leaflets. It does not give Mr Afzal exclusive rights to sell this school's uniform.
- Lathom Junior School: Registration 2315394. At exhibit NA9 Mr Afzal provides a copy of a letter, dated 17 April 2002, sent out by the Head Teacher of this school to all parents/carers informing them that they can obtain items of school uniform from Mr Afzal's shop

8) Lastly, at exhibit NA10 he provides a copy of a letter, dated 23 August 2001 from solicitors acting for the applicants threatening action if Mr Afzal does not stop selling what are described as "illegal copies of the embroidered and printed logo" of six schools, amongst those named are Plashet and Lathom.

APPLICANTS' EVIDENCE

9) The applicants filed two witness statements. The first, dated 1 March 2005, is by Howard Skolnick. He states that he supplies official school uniforms either through his company, Ian Howard Schoolwear, or jointly with Sunrise Schoolwear Centre or others to a large number of primary and secondary schools which are mostly in London, although he states that he also supplies schools in Tyne and Wear and Norway. Mr Skolnick lists fifty such schools based in London. He states that schools want uniform to be supplied through official suppliers in order to ensure that they maintain control over the image of the school and the quality of the uniform whilst ensuring that it is available at a reasonable price.

10) Mr Skolnick states that the opponent has sold uniforms bearing school logos designed by his company without the permission of the relevant school. Because of this he states that he consulted local schools and the Education and Legal Departments of the London Borough of Newham to seek permission to register school badges as trade marks. At exhibit HS2 he supplies a copy of a letter from the Education Department at Newham informing schools in the borough that there was no reason not to co-operate with the applicants. At exhibit HS3 he provides numerous copies of letters from Heads of various schools sent to the Registry in support of trade mark applications lodged by the applicants. He states that following the badges being registered the opponent was reported to Newham Trading Standards and at exhibit HS4 he provides copies of correspondence between the applicant and the Trading Standards Officers.

11) At exhibit HS5 he provides a copy of a letter from the Head Teacher of Brampton Manor School stating that the opponent is not authorised to sell school uniform with the school badge upon it. With regard to Kingsford Community School, Plashnet School and Lathom Junior School Mr Skolnick states that he notes that the opponent has written permission to sell these schools uniforms and he states that he has never attempted to prevent the opponent from selling uniforms relating to these three schools. He goes further to state that even if he held the trade mark he would not

attempt to stop anyone selling a school uniform with the registered trade mark if the person were authorised by the school.

12) The second witness statement, dated 1 March 2005, is by Raj Sharma who trades as Sunrise Schoolwear Centre and supplies official school uniforms to a number of schools in the borough of Newham either solely or in partnership with Mr Skolnick or others. Mr Sharma also comments on previous disputes with the opponent. He also makes the same points as Mr Skolnick on schools controlling quality, price etc.

13) That concludes my review of the evidence. I now turn to the decision.

DECISION

14) As a preliminary point Ms Douglas questioned whether the hearing should take place. After some discussion she accepted that her client had requested the hearing in the first instance despite the opponent indicating that it would accept a decision off the papers. Her client subsequently changed his mind however, by this time the opponent had indicated that it would attend the hearing that had been scheduled. I declined to abandon the hearing and make a decision from the papers.

15) Ms Douglas also stated that the grounds under section 5(4)(a) and 5(4)(b) were withdrawn.

16) I therefore begin by considering the ground under Section 3(6) which reads:

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

Section 3(6) has its origins in Article 3(2)(d) of the Directive, the Act which implements Council Directive No. 89/104/EEC of 21 December 1988 which states:

“Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that...

(c) the application for registration of the trade mark was made in bad faith by the applicant.”

17) The Directive gives no more clue as to the meaning of “bad faith” than the Act. Subsequent case law has avoided explicit definition, but has not shirked from indicating its characteristics. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J stated at page 379:

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

paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

18) In a more recent case the Privy Council considered earlier authorities in *Barlow Clowes International Ltd (in liquidation) & Others v Eurotrust International Limited & Others*, (Privy Council Appeal No 38 of 2004 on which judgment was delivered on 10 October 2005 - not reported at the time of writing). In particular, their Lordships considered a submission from Counsel that an inquiry into the defendant’s views about standards of honesty is required. The following passage from Lord Hoffman’s judgment sets out the position as follows:-

“[Counsel for the defendant] relied upon a statement by Lord Hutton in *Twinsectra Ltd v Yardley* [2002] 2 AC 164, 174, with which the majority of their Lordships agreed:

“35. There is, in my opinion, a further consideration which supports the view that for liability as an accessory to arise the defendant must himself appreciate that what he was doing was dishonest by the standards of honest and reasonable men. A finding by a judge that a defendant has been dishonest is a grave finding, and it is particularly grave against a professional man, such as a solicitor. Notwithstanding that the issue arises in equity law and not in a criminal context, I think that it would be less than just for the law to permit a finding that a defendant had been ‘dishonest’ in assisting in a breach of trust where he knew of the facts which created the trust and its breach but had not been aware that what he was doing would be regarded by honest men as being dishonest.

“36. I consider that the courts should continue to apply that test and that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he set his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct.”

15.....Their Lordships accept that there is an element of ambiguity in these remarks which may have encouraged a belief, expressed in some academic writing, that *Twinsectra* had departed from the law as previously understood and invited inquiry not merely into the defendant’s mental state about the nature of the transaction in which he was participating but also into his views about generally acceptable standards of honesty. But they do not consider that this is what Lord Hutton meant. The reference to “what he knows would offend normally accepted standards of honest conduct” meant only that his knowledge of the transaction had to be such as to render his participation contrary to normally acceptable standards of honest conduct. It did not require that he should have had reflections about what those normally acceptable standards were.

16....Similarly in the speech of Lord Hoffmann, the statement (in paragraph 20) that a dishonest state of mind meant “consciousness that one is transgressing

ordinary standards of honest behaviour” was in their Lordships’ view, intended to require consciousness of those elements of the transaction which make participation transgress ordinary standards of honest behaviour. It did not also require him to have thought about those standards were.”

19) On the basis of these authorities it is clear that a finding of bad faith may be made in circumstances which do not involve actual dishonesty. Furthermore, it is not necessary for me to reach a view on the applicants states of mind regarding the transaction if I am satisfied that their action in applying for the mark in the light of all the surrounding circumstances would have been considered contrary to normally accepted standards of honest conduct.

20) In terms of the date at which the matter falls to be considered, it is well established that the relevant date for consideration of a bad faith claim is the application filing date or at least a date no later than that (*Hotpicks Trade Mark*, [2004] RPC 42 and *Nonogram Trade Mark*, [2001] RPC 21).

21) The opponent states that the applicants have applied for a large number of marks, approximately thirty-five, all of them school badges. The opponent contends that the applicants can have no intention of using such a large number of trade marks as they are small companies. It is also contended that the applicants are not the rightful owners of the badges. In answer to the last point, clearly the owners of the copyright are the individual schools. However, in this case, as in all of the other marks registered, the school has consented to the applicants registering the school badge as a trade mark. The evidence shows that the local education authority is also in full agreement that the applications should be registered. As to whether the applicants have shown bad faith in registering such a large number of trade marks, this is a contention that I have accepted in different circumstances. However, in the instant case it seems to me obvious why the applicants would seek to register so many trade marks, when each of them is a school badge which relates to a different school. I have no doubt that they have every intention of using them as they have a ready made clientele for the goods to be sold under each mark, not only in the new pupils attending each of the schools but in replacement purchases of school uniform by current pupils of each of the schools concerned. The fact that there would appear to have been an error in seeking to restrict the opponent using a school badge when he had been appointed as one of the official suppliers does not invalidate the instant application. The objection under section 3(6) therefore fails.

22) I next turn to the grounds of opposition under Section 3(1)(b) & (c) which read:

“3.-(1) The following shall not be registered -

- (a) ...
- (b) trade marks which are devoid of any distinctive character,
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time

of production of goods or of rendering of services, or other characteristics of goods or services,

(d)

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

23) It is clear from the views expressed by the European Court of Justice in *Companyline* [2003] E.T.M.R. 20 and the High Court in *Have a Break* [2002] EWHC 2533 (Ch) that Section 3(1)(b) has separate and independent scope from Section 3(1)(c). Therefore, I have to consider each section separately.

24) The opponent contends that the mark which the applicants seek to register is a school badge which is used on the uniform of Brampton School. They state that school uniforms are supplied from a number of different undertakings and that therefore the mark in suit is incapable of distinguishing between the different suppliers of Brampton Manor uniforms. That the mark in suit is a school badge is not in dispute. However, if an organisation such as a school decides to design a badge and then consents to have that mark registered by a third party this does not in my opinion breach section 3(1)(b) as clearly the badge can only be used with the consent of the organisation and so it can distinguish between goods of various suppliers. Even if the organisation permits more than one supplier the goods are produced with the consent of the organisation and have to adhere to standards laid down by the organisation. Sporting clubs, both amateur and professional, have registered trade marks and defended them. See *Arsenal Football Club Plc v Reed* [2001] RPC 46.

25) Historically schools have controlled the use of their badges as they own the copyright. Whilst items without badges, such as shirts, have been sold under the guise of school uniform by a number of different outlets there is no evidence to suggest that there has been unfettered use of school badges in the past. I am aware from my own experience as a parent and a grandparent that schools tend to inform parents where authorised items can be purchased such as ties, caps, blazer badges etc whilst items such as shirts, trousers and skirts usually only have to be of a certain colour which can be supplied by any outlet. The opposition under section 3(1)(b) therefore fails.

26) I next consider the position under Section 3(1)(c). In considering this ground I look to the guidance given by the European Court of Justice in relation to Article 7(1)(c) of Council Regulation 40/94 on the Community Trade Mark in *Baby-Dry* [2001] ETMR 75. Article 7(1)(c) is equivalent to Section 3(1)(c) of the Trade Marks Act 1994. The findings of the Court are set out in paragraph 35 et seq of the judgement. Paragraphs 37, 39 and 40 serve to illustrate the approach adopted by the Court.

“37. It is clear from those two provisions taken together that the purpose of the prohibition of registration of purely descriptive signs or indications as trade marks is, as both Proctor & Gamble and the OHIM acknowledge, to prevent registration as trade marks signs or indications which, because they are no

different from the usual way of designating the relevant goods or services or their characteristics, could not fulfil the function of identifying the undertaking that markets them and are thus devoid of the distinctive character needed for that function.

39. The signs and indications referred to in Article 7(1)(c) of Regulation No 40/94 are thus only those which may serve in normal usage from a consumer's point of view to designate, either directly or by reference to one of their essential characteristics, goods or services such as those in respect of which registration is sought. Furthermore, a mark composed of signs or indications satisfying that definition should not be refused registration unless it comprises no other signs or indications and, in addition, the purely descriptive signs or indications of which it is composed are not presented or configured in a manner that distinguishes the resultant whole from the usual way of designating the goods or services concerned or their essential characteristics.

40. As regards marks composed of words, such as the mark at issue here, descriptiveness must be determined not only in relation to each word taken separately but also in relation to the whole which they form. Any perceptible difference between the combination of words submitted for registration and the terms used in the common parlance of the relevant class of consumers is apt to confer distinctive character on the word combination enabling it to be registered as a trade mark.”

27) I also take into account the comments of Advocate General Jacobs in the *Doublemint* case (C-191/01 P), dated 10 April 2003, where he said:

“91. That last consideration leads me to the question of the extent to which Article 7(1)(c) of the Trade Mark Regulation must be interpreted in the light of the aim referred to in the *Windsurfing Chiemsee* judgment, namely that descriptive signs and indications should be freely available to be used by all traders in relation to the relevant goods.

92. In my opinion in *Baby-Dry*, (39) I took the approach that in the scheme of the Community Trade Mark Regulation a trade mark could include signs or indications designating product characteristics but could not consist exclusively of them. By virtue of Article 12(b), the trade mark cannot prevent other traders from using such signs for descriptive purposes. The aim of Article 7(1)(c) is to avoid the registration of descriptive brand names for which no protection could be available rather than to prevent any monopolising of ordinary descriptive terms. A very similar view was taken by the Court at paragraph 37 of its judgment.

93. In the present case, both the Office and the United Kingdom Government have expressed reservations about that approach, which has also been criticised in the literature. (40) It appears, they have pointed out, to represent a departure from the Courts statement in *Windsurfing Chiemsee* that Article 7(1)(c) of the Trade Marks Directive “pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the categories of goods or services in respect of which registration is applied for may be

freely used by all and that Article 6(1)(b) (which corresponds to Article 12(b) of the Regulation) does not have a decisive bearing on that interpretation”.

94. It may be feared that the approach in question is liable to shift the balance of power in favour of a trade mark owner with monopolistic ambitions who may assert, or threaten to assert, his rights against an alleged “infringer who merely seeks to use descriptive terms descriptively and honestly”. In the real world, a defence under Article 12(b) might be worth rather less than its ostensible value in law.

95. That danger cannot be ignored. A trade mark owner wishing to monopolise not only his trade mark but the area around it may threaten unmeritorious proceedings against a competitor, who may capitulate rather than incur the costs of litigation as well as risk an adverse outcome.

96. However, for the reasons already given, I do not think that the *Baby-Dry* case, properly understood, does shift the balance in the way that has been suggested. And the danger mentioned will be obviated if the criterion of “perceptible difference” in paragraph 40 of the *Baby-Dry* judgment is applied as I have suggested above, so that a mark is accepted for registration only when it is apparent to both traders and consumers that as a whole it is not suitable, in the ordinary language of trade, as a designation of characteristics of the product in question.

97. In any event, it seems clear that there was no intention, in the *Baby-Dry* judgment, to depart from the view in *Windsurfing Chiemsee* that it is in the public interest that descriptive signs may be freely used by all. Very recently, in *Linde*, (42) the Court has expressly reaffirmed that position.”

28) This opinion was confirmed by the European Court of Justice in *Doublemint Case (Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) v Wm Wrigley Jr* [2003] WL101985) which said:

“31. By prohibiting the registration as Community trade marks of such signs and indications, Article 7(1)(c) of Regulation No 40/94 pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the characteristics of goods or services in respect of which registration is sought may be freely used by all. That provision accordingly prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks.”

29) It is clear from the above that I must determine whether, assuming notional and fair use, the marks in suit, will be viewed by the average consumer to directly designate the essential characteristics, “kind” and “intended purpose”, of the goods for which registration is sought. Only if the marks are no different from the usual way of designating the relevant goods or their characteristics can it be debarred from registration.

30) The opponent contends that the mark in suit denotes a characteristic of the goods, namely that the school uniforms are intended to be worn by the pupils of Brampton

Manor School. Whilst this is undoubtedly the case I do not accept that the mark in suit is a sign which may serve, in trade, to designate the kind, quality, intended purpose, value etc of the goods in question. There are no reasons for an honest trader to use the mark in suit which is a distinctive artistic design created on behalf of the school and for which they own the copyright. I accept the applicant's contention that it is loosely analogous with "badges of allegiance" which are acceptable as trade marks. An item of clothing which carries the mark in suit has been manufactured to strict standards set down by the school and the purchaser will know that the garment is fit for purpose and will be available at set prices, almost irrespective of size. Again this has been the historical position with school badges and official suppliers, which the opponent will be well aware of as he is himself an official supplier to certain schools. The ground of opposition under section 3(1)(c) fails.

31) As the applicants have been successful they are entitled to a contribution towards their costs. At the hearing the applicants sought to have costs awarded that were closer to the actual sums involved. Both sides provided submissions with regard to costs. There has been a great deal of concern expressed by both parties over each others' conduct. I believe that the conduct of both parties has fallen short of the ideal but not in such a manner that should affect the total costs awarded. However, the opposition did have at its heart an allegation of bad faith, which is a very serious charge and one which the opponent singularly failed to corroborate, indeed the opponent did not make out a prima facie case. Taking all of the circumstances in account I order the opponent to pay the applicants the sum of £3,500. 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 14th day of June 2006

**George W Salthouse
For the Registrar,
the Comptroller-General**