

**TRADE MARKS ACT 1938 (AS AMENDED)
AND TRADE MARKS ACT 1994**

IN THE MATTER OF an application

5 **by Scorpio Scrapers (UK) Limited and
Scorpio Scrapers CC to register the
trade mark SCORPIO in Class 7**

AND IN THE MATTER OF Opposition

10 **thereto by M & J (Europe) Limited**

Background

On 22 June 1994, Scorpio Scrapers (UK) Limited and Scorpio Scrapers CC, a South African
15 company, applied jointly for the registration of the trade mark SCORPIO in Class 7 in respect
of:

Cleaning apparatus, all for conveyors; conveyor scrapers; conveyor ploughs; conveyor
impact bars; conveyor impact beds; conveyor skirting; conveyor wipers; conveyor
20 pulleys; idlers; skirting; air operated scrapers; primary and secondary scrapers; parts
and fittings for all the aforesaid goods; all included in Class 7.

On 4 January 1996, M & J (Europe) Limited filed notice of opposition. The grounds of
opposition are in summary that:

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1. The opponent is the proprietor of pending UK application No.1570256 filed on
29 April 1994, which is in respect of the trade mark SCORPIO and has been
applied for in respect of identical goods.

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2. The opponent has made substantial use of the trade mark SCORPIO in relation
to the goods covered by application No. 1570256 and has acquired a

considerable reputation.

3. The trade mark which is the subject of the opposition should therefore be refused under Sections 11, 12(3) and 17(1) of the Trade Marks Act 1938 (as amended).

4. The application should be refused in the exercise of the Registrars discretion.

The applicants filed a Counterstatement accepting that the opponent is the proprietor of pending application No.1570256. However, the applicants point out that, prior to acceptance by the Registrar, they submitted evidence in support of their claim to have prior use of the trade mark SCORPIO from May 1993. Accordingly, the applicants contend that their trade mark was correctly accepted by the Registrar under the provisions of Section 12(3) of the Trade Marks Act 1938 (as amended). The applicants deny all the other grounds of opposition. Both sides seek an award of costs.

The matter came to be heard on 14 January 1999, when the applicants were represented by Mr M Edenborough of Counsel, instructed by Barker, Brettell, Trade Mark Agents, and the opponent was represented by Mr H Austin of Urquhart-Dykes & Lord, Trade Mark Agents.

By the time this matter came to be heard the Trade Marks Act 1938 had been repealed. However, in accordance with the transitional provisions set out in Schedule 3 to the Trade Marks Act 1994 I must continue to apply the provisions of the old law to these proceedings. Accordingly, all further references in this decision to provisions of the Act, are (unless otherwise stated) references to the provisions of the Trade Marks Act 1938 (as amended).

Opponent's Evidence

The opponent's evidence takes the form of a Statutory Declaration dated 25 February 1997 by Michael Garland, Tech.Eng. I.M.E.M.M.E. The most relevant parts of Mr Garland's evidence are reproduced below:

"From December 1989 I was a Director and shareholder of Material and Product Services Limited, a group company of Adtech (Wales) Limited. From July 1990 I was offered and accepted a Directorship of Adweld Engineering Limited another group of Adtech (Wales) Limited. From January 1991 I was offered and accepted a
5 Directorship of Adtech (Wales) Limited which I retained until the Company went into receivership in about July 1991."

"Adtech (Wales) Limited and its group companies were engineering supply, engineering contracting, manufacturing and sales companies. Adtech (Wales) Limited
10 manufactured a range of scrapers and ploughs; amongst those were scrapers under the name Bulldog (a polyurethane bladed scraper) and also under the name Scorpio (a tungsten bladed scraper). Attached hereto as exhibit MG-2 are copies of sample letters clearly showing that Adtech (Wales) Limited was manufacturing and selling belt
15 scrapers under the name SCORPIO in 1990; the Company had to my knowledge been selling scrapers under these names before that date. Adtech (Wales) Limited used the names SCORPIO and BULLDOG after looking for suitable names for various scraper products. I was aware of the SCORPIO name since my time (in the 1980s) as a Chief Engineer of Sasol (Pty) Limited of South Africa; the name SCORPIO was being used
20 by an engineering supply company I had dealings with."

20 Exhibit MG-2 to Mr Garland's declaration consists of copies of four letters addressed to companies in the South Wales area. The letters are dated between March and October 1990. Each of these letters mentions the availability for sale of a range of scrapers, including scrapers under the trade mark SCORPIO. All four letters are on Adtech (Wales) Limited's headed note
25 paper and are signed in each case by a Mr P Davison-Sebry, who was the Managing Director of Adtech (Wales) Limited.

Mr Garland continues:

30 "Many of Adtech (Wales) Limited's customers associated these products with me personally. When Adtech (Wales) Limited went into receivership, I set up the

company M & J (Europe) Limited. My company carried on selling belts and scrapers and acquired the goodwill in the name of SCORPIO from the Receiver. I therefore believe that my company is the rightful owner in the United Kingdom of the trade mark SCORPIO for belt scrapers."

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The Applicants' Evidence

The applicants' evidence consists of an affidavit dated 7 August 1997 by Brian Robert Merchant, who is the Managing Member of Scorpio Scrapers CC. Mr Merchant states:

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"The present UK trade mark application no. 1575977 SCORPIO was filed on 22 June 1994 in the joint names of Scorpio Scrapers (UK) Limited and Scorpio Scrapers CC. When the subject application was examined by the Trade Marks Registry, prior pending application 1570256 for M & J (Europe) Limited dated April 1994 was cited. My company and the co-applicant made a claim to prior use of the mark SCORPIO in the UK and on 20 February 1995, Mr Alan Bowler, Director of Scorpio Scrapers (UK) Limited made a Statutory Declaration, together with the exhibits A, B & C setting out details of the relationship between our two companies and the use made of the trade mark SCORPIO in the UK since May 1993 (although my company have been making serious attempts to sell SCORPIO goods in the UK since 1989). The Statutory Declaration and Exhibits were filed at the Trade Marks Registry on 22 February 1995. There is now previously shown to me marked Exhibit BRM3 a copy of Mr Bowler's Statutory Declaration and three exhibits."

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25 The following extract from Mr Bowler's declaration sets out the applicants' version of events leading up to the current proceedings:

"The co-applicant's first initiated plans to market their Scorpio products in the UK over five years ago and talks took place with two British companies in 1989 and 1991 with a view to finding a suitable representative. The co-applicants then entered into talks with a firm called T.M. Gentech Limited, which resulted in an agreement, and

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Scorpio products were first marketed in the UK through T.M Gentech Limited in May 1993. I myself worked for T.M. Gentech and was involved in the transaction. There is now produced and shown to me marked Exhibit A copies of invoices dating from 24 May 1993 issued by the co-applicants to T.M. Gentech Limited, together with copies of the relevant pages from the official catalogue of the Hillhead '93 exhibition where the goods were launched in the UK by the co-applicants."

Exhibit A to Mr Bowler's declaration includes copies of nine invoices from Scorpio Scrapers CC to T M Gentech. All of the invoices are dated in 1993. Some of them are illegible but it is clear from others that they are invoices for goods falling within the specification of goods of the subject application. Although none of the goods are listed under the trade mark SCORPIO the trade mark "Scorpio belt scrapers" appears to have been applied prominently to most of the original invoices by way of a stamp. Also included with Exhibit A is a copy of a publication called 'Quarry Management' dated June 1993. Beneath the title are the words 'Hillhead '93 Official Catalogue'. Within this publication is an article entitled 'Midlands Firm to Manufacture Scorpio Scrapers Under Licence' and an entry announcing that T.M. Gentech Limited would be present at the 1993 exhibition. This entry also explains that T.M. Gentech Limited will be launching in the UK a well established range of conveyor belt scrapers manufactured and marketed by themselves under licence from Scorpio Scrapers of South Africa. It continues that they will be requiring agents for specific areas and provides a contact address and telephone number.

Mr Bowler continues:

"In October 1993 T.M. Gentech Limited appointed the company M & J (Europe) Limited to be distributors of the co-applicants SCORPIO products primarily in the Welsh region. M & J (Europe) Limited were, and have only ever been simple distributors of our clients Scorpio products and can therefore have no claim to ownership of the trade mark SCORPIO. On leaving the employment of T.M Gentech in February 1994 it was intended that a company was to be set up and run by Mr Merchant of the co-applicants, Mr & Mrs Garland of M & J (Europe) Limited and

myself to manufacture and market SCORPIO products exclusively in the UK. Negotiations between myself and Brian Merchant on the one hand and Mr & Mrs Garland on the other hand broke down in May 1994 and myself and Mr Merchant set up my company to market and manufacture the SCORPIO product range."

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Mr Bowler says that the mark SCORPIO has been used in the UK continuously since May 1993 in relation to the goods covered by the subject application and he provides turnover figures for 1993 and 1994. It appears from these figures that approximately £20,000 worth of goods were sold in the UK under the trade mark SCORPIO in 1993 and approximately
10 £60,000 worth of goods were sold under the trade mark SCORPIO in 1994. Mr Bowler also provides approximate figures for promotional expenditure during the years 1993 and 1994. These indicate that the co-applicants spent around £8,000 promoting their trade mark in the UK in 1993 and a further £10,000 in 1994. Mr Bowler also confirms that the co-applicants participated in the Hillhead 1993 exhibition (which he says is the largest quarry exhibition in
15 Europe) and further exhibitions from 1994 onwards.

Mr Merchant's affidavit includes the following criticisms of Mr Garland's evidence:

"Mr Garland states that Adtech (Wales) Limited manufactured, inter alia, a range of
20 tungsten-bladed scrapers under the trade mark SCORPIO, but the only evidence of this alleged use are copies of four letters dated March 1992 to October 1990 all of which refer to the availability for sale of a SCORPIO range of tungsten-bladed scrapers but there is no reference or evidence to any specific sales made of the said goods. Apparently, Adtech (Wales) Limited then went into receivership in July 1991,
25 and Mr Garland then set up M & J (Europe) Limited and allegedly bought from the Receivers of Adtech (Wales) Limited the goodwill in the name SCORPIO. Mr Garland has neither provided any evidence of actual sales of tungsten-bladed scrapers under the trade mark SCORPIO and of any resultant goodwill and reputation built up by Adtech (Wales) Limited nor any evidence of the purchase of the goodwill from the
30 Receivers. Finally, Mr Garland states that he carried on selling belt scrapers but does not specify that he sold them under the name SCORPIO and moreover has provided no

evidence of sales of goods under this trade mark."

Opponent's Request to Admit Late Evidence

5 On 13 January 1999, the day before the Hearing, the opponent sought leave to file additional
evidence. This evidence consisted of a copy of an assignment document dated 13 January
1997 between Adtech (Wales) Limited and M & J (Europe) Limited. The document records
that the Assignor - Adtech (Wales) Limited - is the proprietor of the goodwill in the trade
mark SCORPIO for belt scrapers and records an assignment of "property, right, title,
10 goodwill and interest in said trade mark" to the Assignee - M & J (Europe) Limited. The
document is signed by Mr Garland for M & J (Europe) Limited and by a person who describes
himself as the Assignor-Receiver of Adtech (Wales) Limited. The signature of this person is
illegible and there is no other indication as to the name of the person signing the document on
behalf of the Assignor. The document is certified as being a true copy by Mr Hedley William
15 Austin, the opponent's Trade Mark Agent.

After hearing arguments from the parties at the Hearing on 14 January 1999, I decided to
admit this document into the proceedings under the provisions of Rule 13(8) of the Trade
Mark Rules 1994 (as amended). However, in view of the late submission of this document
20 and in the light of certain reservations expressed by the applicants' representatives as to its
authenticity, I made my decision conditional. I allowed the applicants a short period of time
within which to make enquiries of the Receiver of Adtech (Wales) Limited and to bring
forward any evidence which might support their doubts that the document put forward by the
opponent was authentic. I also indicated that the applicant would have a short period of time
25 within which to comment upon any information brought forward by the applicants. As a result
of this the applicants' Trade Mark Agents wrote to me on 19 January 1999 indicating that they
had determined that the signature on the Assignment document was that of a Mr J P
Considine, a Joint Receiver of Adtech (Wales) Limited. That letter and an accompanying
affidavit of Ann Critchell-Ward made further points with regard to the form and effect of the
30 assignment document. The opponent responded to these points in a further letter dated 25
January 1999. For reasons which will become clear later in this decision, I only intend need to

rely upon the assignment document to the extent that it clarifies the sequence of events set out in the opponent's evidence. I do not therefore need to address the applicants' technical criticisms of the assignment document or the opponent's response to those criticisms. Nor do I intend to give any weight to the evidence of Ann Critchell-Ward insofar as it contains
5 hearsay evidence about various statements made to her by the Receiver of Adtec (Wales) Limited.

Decision

10 It will be apparent from the above that both parties have a pending UK trade mark application for the mark SCORPIO. The opponent's application was filed on 29 April 1994. The specification of goods of that application is:

15 Material handling apparatus and machines; mining apparatus; conveyors; cleaning apparatus and machines for cleaning the aforesaid goods; conveyor scrapers, conveyor ploughs, conveyor impact bars, conveyor skirting, conveyor wipers; parts and fittings for all the aforesaid goods; all included in Class 7.

The applicants' mark was applied for nearly two months later on 22 June 1994, but it was
20 accepted by the Registrar in favour of the opponent's application because the applicants were able to show use of the trade mark SCORPIO from May 1993. The marks at issue are identical and it is obvious that the specification of goods of the applications overlap and cover largely identical goods.

25 Before me, it was common ground that the outcome of the matter depends upon whether I accept that the applicants were the first to use the mark SCORPIO in May 1993, or whether I accept the opponent's claim to be entitled to the benefit of use of the mark SCORPIO since 1990. Both sides were also in agreement that the grounds of opposition under Sections 12(3), 11 and 17(1) of the Act stood or fell together. Nevertheless, I propose to consider the ground
30 of opposition under Section 11 of the Act first.

Section 11 is as follows:

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

10 The established test under Section 11 of the Act is set out in Smith-Hayden & Co. Limited's Application (1946) 63 RPC 97 at page 101, as adapted by Lord Upjohn in BALI, 1969 RPC 472 at page 496. Adapted to the matter in hand it the test can be expressed as follows:

15 "Having regard to the use of the mark SCORPIO, is the tribunal satisfied that the mark applied for, if used by the applicants in a normal and fair manner in connection with any goods covered by the registration proposed, will not be reasonably likely to cause deception and confusion amongst a substantial number of persons?"

20 It is well established that an opposition under Section 11 of the Act should be assessed at the date of application. The question is therefore whether use of the mark SCORPIO by the applicants, at 22 June 1994, was liable to cause confusion or deception amongst a substantial number of persons in the light of the earlier use that has been shown of the mark SCORPIO by the opponent or by Adtech (Wales) Limited.

25 Mr Garland gives evidence that Adtech (Wales) Limited used the mark SCORPIO in relation to belt scrapers during 1990. However, there is little specific evidence which supports this claim. No sales or promotional figures have been provided. The only concrete evidence establishing the use of the mark SCORPIO by Adtech (Wales) Limited is contained within Exhibit MG-2 to Mr Garland's declaration. The four letters which make up that exhibit do show that Adtech (Wales) Limited offered goods for sale under the trade mark SCORPIO during 1990. It appears to me that, in the absence of use in the intervening period, such limited use was unlikely to create an expectation on the part of a substantial number of persons that the goods that were being offered for sale under the SCORPIO trade mark in 1994 originated

from the same source as those that were offered for sale some three years earlier.

In this connection I note that Section 6(3) of the Trade Marks Act 1994 states that a registered trade mark which has expired shall continue to be taken into account in determining the registrability of a later mark for a period of one year after the expiry of the registration or unless the registrar is satisfied that there was no *bona fide* use of the registered mark during the two years immediately preceding the expiry. Section 20(4) of the Trade Marks Act 1938 (as amended) contained a similar provision. These provisions appear to me to support a conclusion that, in the absence of any particular reputation, a period of two years non-use will normally be sufficient to avoid any confusion that might otherwise arise from the adoption and use of the same mark by a new party. There may be circumstances that would justify a different conclusion with regard to the protection to be afforded to an unregistered mark, particularly where specialist machinery is at issue. However, the absence of any evidence of significant sales and reputation (or indeed any sales or reputation) under the trade mark SCORPIO by Adtec (Wales) limited suggests that this is not an exceptional case.

The outcome may have been different if the opponent had been able to show that M & J (Europe) Limited made significant use of the mark SCORPIO before the material date. However, there is nothing in the evidence which supports such a conclusion. Although Mr Garland states that "my company carried on selling belt scrapers and acquired the goodwill in the name of SCORPIO from the Receiver", he does not say that his company - M & J (Europe) Limited - carried on selling belt scrapers under the trade mark SCORPIO. Mr Merchant's affidavit of 7 August 1997 specifically drew attention to this omission in the opponent's evidence. Despite this the opponent has filed no further evidence showing use of the trade mark SCORPIO by M & J (Europe) Limited (this is perhaps not surprising given that the opponent only claims to have acquired ownership of the mark in 1997). In these circumstances it is impossible to avoid the conclusion that the only earlier use of the mark SCORPIO to which the opponent can point, is the very limited use of the mark by Adtech (Wales) Limited in 1990. As I have already indicated, I do not regard that use as sufficient to support the opponent's objection under Section 11 of the Act. The opposition under this heading therefore fails.

Section 12(3) of the Act is as follows:

5 "(3) Where separate applications are made by different persons to be registered as proprietors respectively of marks that are identical or nearly resemble each other, in respect of -

- a) the same goods,
 - b) the same description of goods, or
 - c) goods and services or description of goods and services which are associated with
- 10 each other,

 the Registrar may refuse to register any of them until their rights have been determined by the Court, or have been settled by agreement in a manner approved by him or on an appeal (which may be brought either to the Board of Trade or to

15 the Court at the option of the appellant) by the Board or the Court, as the case may be.

Section 17(2) of the Act is as follows:

20 17(2) Subject to the provisions of this Act, the Registrar may refuse the application, or may accept it absolutely or subject to such amendments, modifications, conditions or limitations, if any, as he may think right.

The combined effect of these provisions is that when faced with conflicting pending

25 applications, the Registrar may refuse to proceed with either or both of those applications. The normal practice under the Trade Marks Act 1938 was that the application the earliest filing date would normally be allowed to proceed to publication unless the application with the later filing date could show the first use of the trade mark. This is what happened in this case. The opponent's claim to priority is founded partly upon its claim to be the beneficial owner of

30 the goodwill arising from Adtech (Wales) Limited's use of the trade mark SCORPIO in 1990, and partly upon the claim that M & J (Europe) Limited continued to sell scrapers from 1991

onwards.

I have already found that the latter claim is not supported by the evidence. I think it is equally apparent that the opponent's claim to priority based upon the acquisition of the trade mark
5 SCORPIO from the Receiver or Adtech (Wales) Limited in 1997 is also fatally flawed. The most obvious flaw is that the assignment did not occur until 1997. As I have already indicated, it was common ground before me that the matter must be determined as at the date of the application. The opponent cannot claim to have a superior claim to priority based upon an assignment that took place two and half years after the filing of the application under
10 opposition, even longer after the filing of their own application, and even after the filing of the opposition. Further, although it is clear from Sections 22 to 27 of the Trade Marks Act 1994 that a registered trade mark, or a pending application for a registered trade mark, may be assigned as an object of property, it seems very unlikely that any goodwill that may have existed would have survived the period from July 1991 to January 1997 in the absence of
15 continued trade.

At the Hearing, Mr Austin argued that M & J (Europe) Limited had become the *de facto* beneficiary of the goodwill characterised by the trade mark SCORPIO in 1991 because M & J
(Europe) Limited had carried on the business previously conducted under the trade mark by
20 Adtech (Wales) Limited. Even if there were any evidence to support this proposition (which I have already found there is not), I think it is clear that one party cannot simply acquire the property of another other than through a legal mechanism such as an assignment. It is clear from the evidence that no such assignment existed at 22 June 1994. At the relevant date, the opponent cannot therefore have had any legitimate claim to the title of the trade mark
25 SCORPIO arising from any use thereof by Adtech (Wales) Limited in 1990.

The opponent's case must therefore rest entirely on the earlier filing date of their own application No. 1570256. If they can show that there was no use by the applicants which predated their own application (29 April 1994), the opposition under Section 12(3) must
30 succeed on the basis of the opponent's earlier filing date.

Before me, Mr Austin criticised the applicants' evidence of use. He pointed out that the invoices supplied with Mr Bowler's evidence only showed use of the mark SCORPIO in relation to transactions between T.M. Gentech Limited and Scorpio Scrapers CC. Mr Austin pointed to the evidence that T.M. Gentech Limited were the applicants' distributors in the UK.

5 He suggested that this evidence merely showed transactions of an internal nature between companies engaged in a joint enterprise. He contended that it did not show that the mark had been placed before the relevant public or that goods were offered for sale to the relevant public or that any sales had occurred prior to the relevant date. If the invoices were the only evidence provided by the applicants there may have been some merit in Mr Austin's criticisms.

10 However, it appears to me that this evidence, taken together with the approximate sales figures provided in Mr Bowler's declaration and the evidence of the applicants' promotion of the trade mark at the Hillhead '93 Exhibition, is sufficient to make out the applicants' claim to have used the trade mark SCORPIO in the UK since May of 1993. The promotion of the mark at a major mining exhibition in 1993 was, by itself, likely to have brought the applicants' mark to the attention of a substantial number of the relevant public. In these circumstances it

15 appears to me that it is the opponent's use of the mark which is likely to give rise to confusion. If that is right it is clear that priority under Section 12(3) of the Act should be given to the applicants' application for registration.

20 It is common ground that the opponent's opposition under Section 17(1) of the Act stands or falls with the grounds of objection under Section 11 and 12(3). In the light of my findings so far, I am bound to conclude that the ground of opposition under Section 17(1) of the Act also fails.

25 There remains the question of the Registrars general discretion under Section 17(2). It follows from my earlier findings that I see no grounds to exercise this discretion adversely to the applicants.

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The opposition having failed the applicants are entitled to a contribution towards their costs. I order the opponent to pay the applicants the sum of £1,000.

5 **Dated this 16 Day of February 1999**

ALLAN JAMES
10 **For the Registrar**
the Comptroller General