

O-478-13

TRADE MARKS ACT 1994

IN THE MATTER OF:

**TRADE MARK REGISTRATION 2442944
IN THE NAME OF DAVID MATTHEW SCOTT HOLDER
OF THE FOLLOWING TRADE MARK IN CLASS 12:**



AND

**AN APPLICATION FOR INVALIDATION (NO. 84480)
BY THE SCOTT MOTOR CYCLE COMPANY LIMITED**

The background and the pleadings

1) Trade mark registration 2442944 stands in the name of David Mathew Scott Holder. Mr Holder made his application for registration on 2 May 2006, with the registration procedure being completed on 8 February 2008. The mark and the class 12 goods for which it is registered are:



Vintage and classic motorcycle spare parts, fittings and accessories.

2) The applicant for invalidation is The Scott Motor Cycle Company Limited (“SMCC”). Its pleaded grounds are under sections 3(1)(a), 3(1)(b), 3(1)(c), 3(1)(d), 3(2)(a) & 3(2)(b) of the Trade Marks Act 1994 (“the Act”). The section 3(2) grounds relate to the provisions of the Act which deal with the registration of shape marks. In relation to the section 3(1) grounds, the thrust of SMCC’s case is that, due to the history and use of the mark, it is not capable of denoting the goods of one undertaking from those of others.

3) Mr Holder filed a counterstatement denying the claims. Both sides filed evidence. The matter then came to be heard before me on 3 September 2013. At the hearing Mr Holder was represented by Mr Tim Austen, of counsel, instructed by Brookes Batchellor LLP; SMCC was represented by Mr Grafton, who works for SMCC.

The history of Scott Motor Cycles

4) The evidence on this comes from SMCC’s Managing Director, Mr Paul Freeman. Scott was a brand of motorcycle sold between 1908 and 1950. The logo as registered by Mr Holder is said to be the original logo used by the company that made them. Production ceased when what I will call “the original company” went into liquidation. SMCC (despite its name) does not claim to be any form of successor of the original company, nor does it claim any form of entitlement to own the trade mark. In contrast, Mr Holder claimed in his counterstatement that evidence would be provided of his succession in title to the original company; however, no evidence of this nature was filed, nor has Mr Holder provided any evidence (or even claim) that he has traded by reference to the mark.

5) Mr Freeman comments on what he believes happened to Scott Motorcycles after the liquidation of the original company. He believes that a company called Aerco Jig and Tool Company (“Aerco”) may have purchased some of its assets,

possibly spare parts, possibly manufacturing rights, possibly the whole company (although Mr Freeman does not believe the latter to be the case). Mr Freeman states that some Scott engine based motorcycles were produced by Aerco; these became known as Aerco Scotts or Birmingham Scotts. He states that production ceased in the 1970s due, he assumes, to the limited supply of Scott engines. He notes that this information is based upon “general reports and claims in books and by enthusiasts” and that the information “varies and contains no legal information”.

6) There is no evidence from either party which ties Mr Holder to either the original company or to Aerco. I note, however, that in Exhibit 20 of Mr Freeman’s evidence there is an extract from the Scott Owner’s Club newsletter (Edition 6, 2006) which refers to an agreement between Mr Holder and Moss Engineering which “authorises Moss Eng to make available the remaining Scott spares from the period when Matt Holder, David’s father, made Scott’s in Birmingham”.

7) Regardless of the vagueness and lack of certainty of any succession in title, the evidence establishes that following the liquidation of the original company, a variant of a Scott motorcycle was produced (which I will refer to as “the Birmingham Scott”) until sometime in the 1970s. There is further support for this in some of the exhibits provided by Mr Freeman. There is a print from Wikipedia¹ for “The Scott Motorcycle Company” (this is the original company not SMCC) which provides historical information and informs the reader that production continued until 1978. Also provided is a print from a website headed “Sheldon’s Emu (European Motorcycle Universe)”, which provides historical information and which refers to Scott motorcycles being made up until 1972.

8) Based on the material before the tribunal, I make the following findings:

- i) Original Scott motorcycles were produced between 1908 and 1950.
- ii) Following liquidation of the original company, Aerco produced Birmingham Scotts (a variant of the original motorcycle) until the 1970s.
- iii) The nature of the link between the original company and Aerco is not clear.
- iv) Mr Holder’s father had something to do with Aerco.
- v) Mr Holder claims some form of succession from Aerco, presumably through his father, but this has not been established.

The continuing trade in spare parts for Scott motorcyles

¹ Wikipedia is a collectively built online encyclopaedia which can be edited by anyone; thus, the evidence is treated with a degree of caution.

9) The background to Mr Freeman's evidence is that SMCC is one of a number of companies that still supply spare parts for original Scott Motorcycles. He believes that the mark Mr Holder has registered is used in the field for such spare parts and that it should be free for use. Mr Freeman states that the trade mark "is used generically in the trade and is still publically known as identifying the general market of the vintage motorcycles of the [original company]" and that since the liquidation of the original company the logo and its "public persona" is not capable of distinguishing the goods or services in the marketplace as coming solely from Mr Holder. Provided as exhibits to Mr Freeman's witness statement are the following:

- A print from the website scottparts.co.uk. In a section entitled "precision engineering services" a clickable link depicting the registered mark is shown. The text reads "Scott Motorcycle parts. Used parts, new (our own commissioned) parts and various services".
- A print from the website of the Scott Owners' Club. The registered mark is depicted in the left hand corner of the webpage. The extract is of the page identifying members who offer services to Scott owners. One such member is "KW Lock, "Scott Facilities"" of Sheffield who offer engine and gearbox reconditioning and who also have "new parts available".
- A print from the website of Moss Engineering based in Leicestershire. The webpage is headed "The Scott Motorcycles" and the registered mark is depicted on the right hand side of these words. The webpage states "Scott Engines are what we do. Whether it be rebuilding original engines or making people brand new ones".

10) In submission, Mr Austen was critical of the above evidence because none of it was dated before the relevant date in the proceedings². He also said that it was limited in nature and that one of the prints was from Moss Engineering, a company, he argued, using the mark under some form of license. This is a reference to the evidence from the Scott Owner's Club newsletter mentioned earlier which refers to an agreement between Mr Holder and Moss Engineering which "authorises Moss Eng to make available the remaining Scott spares from the period when Matt Holder, David's father, made Scott's in Birmingham".

11) Evidence from after the relevant date can assist the tribunal if it sheds light backwards. When Mr Freeman gave his evidence there were clearly a number of undertakings supplying spare parts for Scott motorcycles. It is difficult to believe that such a trade only became established after the relevant date. In fact, as the years go on, there are likely to be less Scott motorcycles in circulation with a consequent diminishing requirement for spare parts. In terms of the limited

² The relevant date is the date of the application for registration, namely 2 May 2006.

amount of evidence, this is not really surprising. Such parts are not likely to be required often, given what is no doubt a relatively small number of Scott motorcycles in circulation. There are hardly going to be significant numbers of businesses involved. The businesses which are involved are clearly specialists with the relevant know-how to create such spares. In terms of the licence point, I do not agree with Mr Austen. The agreement has not been provided. It may have been as simple as Mr Holder discovering some old spares which he then authorised Moss Engineering to sell. There is no suggestion of any licence. There is no suggestion that the trade mark in issue was used as any form of trade origin indicating sign. The spares could have been sold very quickly and Moss Eng simply became another business selling spares (and making new engines as per the exhibit).

12) Based on the material before the tribunal, I make the following findings:

- i) That since Scott motorcycles ceased to be produced, there has been a continuing trade in spare parts.
- ii) That the spare parts are just as likely to be for Birmingham Scotts as well as original Scotts (particularly engine parts).
- iii) That there has been no use (in the sense of indicating trade source) of either the Scott logo or the Scott name since production ceased.
- iv) That businesses selling spare parts for Scott motorcycles will use the Scott name in order to describe that the parts are for Scott motorcycles.
- v) That some businesses have used the Scott logo, for a similar purpose. Although, it is not established the degree to which this occurred before the relevant date.

Other public uses of the Scott name/logo

13) In addition to the evidence already mentioned, Mr Freeman provided further exhibits of what he states to be public use of the Scott logo:

- A print from the website scott1908.com which provides information about the history of the Scott Motorcycle. The registered mark is depicted on the webpage.
- A print from bravehost.com which, again, is about the history of the Scott Motorcycle. Two logos are depicted on this webpage. One is referred to as the original logo, which, although it has some similarities to the registered mark, it is in fact somewhat different. The other logo depicted on the page

is very close to the registered mark, although, the words “trade mark” appear instead of “Motorcycles”.

- A print from the website classicbikegifts.co.uk which details gifts for motorcycle enthusiasts. The webpage for gifts relating to Scott Motorcycles depicts the registered mark at the top of the webpage and also on two of the items for sale (a spectacle case and a lighter).
- A print from the website Signature Workwear Ltd. For sale on this website is a t-shirt which depicts the registered mark. It is described as a printed Scott Motorcycle logo t-shirt.
- A print from the website mylearning.com. In an article headed “Inventions in Transport from Bradford” historical information is provided about Scott Motorcycles. The logo is depicted in the bottom right hand corner of the website.
- A print from the website Zalle.co.uk which features a Scott Motorcycle mug for sale, the mug itself features the registered mark.
- A photograph of the front cover of a book by Jeff Clew entitled The Scott Motorcycles (Scott is depicted as per the registered mark).
- A webpage from bikergifts.co.uk in which information about the Scott motorcycle is provided. Some items are available for sale, two of which (a spectacle case and a lighter) feature the registered mark.
- A print from ebay.co.uk of a metal lapel badge which is reminiscent of the registered mark.

14) Mr Freeman refers to a letter (Exhibits 15 and 16) from Mr Holder’s representatives prior to the instigation of these proceedings which he considers to illustrate a free right to use the mark. Amongst other things, the letter informs that where restoration of a Scott motorcycle is undertaken the application of the registered mark to that motorcycle is not of concern to Mr Holder. Also stated is that the copyright in the logo will have expired by now and, so, use on goods not “confusingly similar” may freely be used. It is added, though, that use on some goods (e.g. mugs) may nevertheless constitute passing off.

15) As with the rest of Mr Freeman’s evidence, there is nothing to date the above as existing before the relevant date. However, my earlier observations about shedding light backward apply here also. I make the following findings:

- i) That although the information in the Bravehost exhibit is somewhat contradictory, the evidence as a whole clearly suggests that the logo as per the registered mark is that of the original Scott motorcycle.

- ii) That many classic motorcycle enthusiasts will know of the history of the Scott motorcycle, knowing, at the very least, that it has long since ceased production.
- iii) Such people will also know that the Scott logo (as per the registered mark) was the logo used by the original company.

Other evidence

16) In his evidence, Mr Freeman makes a reference to the *Royal Enfield* case (BL O/251/00) decided by Mr Simon Thorley QC, sitting as the Appointed Person. Those proceedings also involved Mr Holder, albeit he was trading under the name Velocette. Mr Holder had claimed that he had a goodwill associated with the name Royal Enfield (through the sale of spare parts for Royal Enfield motorcycles) and that he could prevent the use of that name by another party. Mr Freeman exhibits an invoice from the evidence in the *Royal Enfield* proceedings. It is headed with the Velocette name and the item invoiced is a Royal Enfield Clutch Adjuster. In his decision Mr Thorley stated:

“39. The Hearing Officer’s conclusion is encapsulated in the passage on page 13 lines 34-37

“Even so I do not find in the contemporaneous material any widespread belief or understanding that VMCC was anything other than a provider of Royal Enfield spares as distinct from having rights in the name”.

40. I have been unable to identify any error in the approach of the Hearing Officer. He correctly identified the relevant law and he properly assessed the factual material before him. Far from being satisfied that he was wrong in his conclusion, having been taken through all the material, I am wholly satisfied that he was right. Mr. Holder has not, on the evidence, established any sufficient reputation in the trade mark “Royal Enfield” as identifying his business as a purveyor of spare parts as opposed to the use of those words to indicate their suitability as spare parts for Royal Enfield motor cycles. Accordingly the Hearing Officer was correct in rejecting the case based on section 5(4).

17) The point being made by Mr Freeman is that on such an invoice, the trade origin indicating sign is Velocette whereas the words Royal Enfield are being used descriptively. He states that all he (and presumably other spare parts traders) wants to do is what Mr Holder was doing in *Royal Enfield* i.e. to make descriptive use of the mark.

18) I have said little so far about the evidence filed by Mr Holder. This is because it is without any real significance. The evidence was filed in the form of a witness

statement by Ms Clare Turnbull, a trade mark attorney at Brookes Batchellor. It consists of an Internet search conducted on Goggle for the term “Scott”. It is not clear if the search was limited to UK websites. 958 million hits were found. The first ten pages are provided which relate to various websites, some for certain trade marks and some for certain people with the name Scott. On page one is an “add[s] related to Scott” link which directs to an eBay seller (the underpinning page is not provided). None of the other hits refer to Scott Motorcycles in any way.

Section 3(1)(b)

19) I find it convenient to start with this ground of invalidation. To illustrate what section 3(1)(b) is all about, I set out below some guidance given by Anna Carboni (sitting as the Appointed Person), in *Feedback Matters* (BL 0-185-02):

“23. The CJEU has repeatedly stated that the question of distinctiveness should be considered in the light of the underlying purpose behind article 3(1)(b) of the Directive / article 7(1)(b) CTMR (equating to section 3(1)(b) of the Act), which is to preclude registration of trade marks that are incapable of performing the essential function of guaranteeing the identity of the origin of the marked product to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin: *SAT.1 v OHIM* at [23]; Case C-37/03 P *BioID AG v OHIM* [2005] ECR I-7975 (ECJ) at [27].

24. In accordance with that underlying purpose, it is now well settled through the cases that, for a trade mark to have distinctive character, it must serve to identify the goods or services in respect of which registration is applied for as originating from a particular undertaking and thus to distinguish the goods or services from those of other undertakings. The CJEU has been remarkably consistent about this proposition over the years, as is evident from the following examples of the way in which the Court has put it in some of the leading cases:

Joined Cases C-53/01 to C-55/01 *Linde AG, Winward Industries Inc and Radio Uhren AG* [2003] ETMR 78 (cited by the hearing officer):

40. For a mark to possess distinctive character within the meaning of that provision it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from products of other undertakings (see *Philips*, paragraph 35).

...

47. As paragraph 40 of this judgment makes clear, distinctive character means, for all trade marks, that the mark must be capable

of identifying the product as originating from a particular undertaking, and thus distinguishing it from those of other undertakings.

Case C-64/02 *OHIM v Erpo Möbelwerk GmbH (DAS PRINZIP DER BEQUEMLICHKEIT)* [2005] ETMR 58:

42. It is also clear from the case-law that the distinctiveness of a trade mark within the meaning of Article 7(1)(b) of Regulation No 40/94 means that the mark in question makes it possible to identify the product for which registration is sought as originating from a given undertaking and therefore to distinguish the product from those of other undertakings and, therefore, is able to fulfil the essential function of the trade mark (see, to that effect, in particular *Procter & Gamble v OHIM*, paragraph 32, and the case-law there cited, and, in relation to the same provision contained in Article 3(1)(b) of Directive 89/104, *Merz & Krell*, paragraph 37, and *Linde and Others*, paragraph 40, and the case-law there cited).

Case C-238/06 P *Develey Holding GmbH & Co. Beteiligungs KG v OHIM* [2007] ECR I-09375:

79. According to consistent case-law, the distinctive character of a trade mark within the meaning of Article 7(1)(b) of Regulation No 40/94 means that the mark in question makes it possible to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings (Joined Cases C-473/01 P and C-474/01 P *Procter & Gamble v OHIM* [2004] ECR I-5173, paragraph 32, and Case C-64/02 P *OHIM v Erpo Möbelwerk* [2004] ECR I-10031, paragraph 42)....

25. It is also well-established that the distinctive character of a mark must be assessed by reference to, first, the goods or services in respect of which registration is applied for and, second, the perception of the average consumer of those goods or services, who is deemed to be reasonably well-informed and reasonably observant and circumspect: Joined Cases C-53/01 to C-55/01 *Linde AG* (above) at [41]; Case C-24/05 P *August Storck v OHIM* at [23]; Case C-238/06 P *Develey* (above) at [79].

26. Where an applicant does not rely on the proviso to section 3(1) concerning acquired distinctiveness, section 3(1)(b) precludes registration of marks that are not inherently distinctive. In other words, to get past the test, the mark must be capable of immediately enabling relevant consumers to distinguish the goods or services bearing the mark from the goods or services of competing undertakings: Case C-136/02 *Mag*

Instrument at [50]. This is not about whether the relevant consumers have ever (or never) seen the mark before, or whether they will recognise the mark again, but is about whether they will see the mark as denoting the origin of the goods or services without the need to be educated. (See, for example, *Yakult Honsha KK's Trade Mark Application* [2001] RPC 39, p.756 at pp.758-759.)

20) As Ms Carboni states, section 3(1)(b) prevents the registration of trade marks which are not capable immediately of enabling relevant consumers to distinguish the goods or services bearing the mark from those of competing undertakings. The mark must denote the trade origin of the goods, without first having to educate the relevant public that it is a badge of trade origin. The unusual aspect of the case before me is that, from a purely abstract position, the registered trade mark is a perfectly good one. It no doubt served very well as a badge of trade origin when the original Scott motorcycles were being produced and sold. It is not clear if the mark was also used as a badge of trade origin for the Birmingham Scotts, but if it was then, also, it would no doubt have functioned just as well. The issue before me is, effectively, whether the mark has lost its ability to function as a badge of trade origin. Mr Austen was not convinced that the matter could be approached on such a basis. However, in my view, it clearly can. The question of distinctiveness is not a fixed one. The significance of signs (be it words or pictures) can change over time. The question must be answered at the relevant date and an assessment of the context at that date must be made. There is judicial support for this proposition. In *Score Draw v Finch* [2007] EWHC 462 (“*Score Draw*”) Mr Justice Mann stated:

“26 I agree that the principle underlying Mr Reed's argument is right. A mark which might once have been capable of denoting trade origin can lose its capacity to denote it as a result of use by third parties, and indeed from other factors. As the CFI observed in *Alcon Ltd v OHIM* [2004] *E.T.M.R.* 6 at [48]:

“48. A sign which was at one time capable of acting as a trademark may, by reason of the use thereof by third parties as a customary designation of a product, lose the capacity to perform the essential function of a trademark, and in particular that of identifying the origin of the goods or services, thus enabling the consumer who acquired them to repeat the experience, if it proves to be positive, or to avoid it, if it proves to be negative, on the occasion of a subsequent acquisition.”

.....

33 The Arsenal and Tottenham cases are distinguishable on their facts. They demonstrate that the use of a mark to indicate club affiliation does not mean that the mark cannot have a trade mark use. On the facts of those cases it fulfilled both functions. By the same token the mere fact that

the badge in the present case is used to denote an affiliation or allegiance to the Brazilian team does not mean that the mark cannot have trade mark use. What sets the present case apart is that there has been use of the badge for a period before anyone apparently contemplated using it in a trade mark manner, and the purpose of that use is so strong in the mind of the relevant public that it now prevents it being used as a mark of trade origin.”

21) After the hearing, I invited the parties to comment upon the above case in writing. SMCC’s submissions were that the present proceedings were on all fours with the scenario in *Score Draw* and that the mark would be seen as some form of historic reference and not as a trade mark. Its submissions did, though, go too far in terms of what it believed Mr Holder had accepted as being true, so I place no real weight on the points made. Written submissions were also received from Mr Austen (on Mr Holder’s behalf), the thrust of which were that the *Score Draw* case was heavily fact orientated and that the sign had been held to be purely a badge of allegiance, but that sometimes even a badge of allegiance could also function as a trade mark (as per the *Arsenal* case), which may be an easier conclusion to reach if the badge was that of a football club rather than a country. Mr Austen criticised SMCC’s evidence (as he had also done at the hearing), noting that there was little evidence in relation to spare parts, that it does not demonstrate public perception, that it is after the relevant date, and that, in contrast to *Score Draw*, it is limited in nature and that, unlike *Score Draw* where the mark “will inevitably be associated, the relevant public, with the historic Brazilian football team”, the mark in dispute demonstrates an association with the Scott Motor Cycle Company (I presume he means the original company). In summary, the mark will not be seen as a badge of allegiance as per *Score Draw*.

22) Clearly, the factual matrix between *Score Draw* and the present proceedings is different, but there are some parallels, not least because it sets out the proposition that a mark that was inherently distinctive to begin with may no longer be distinctive at a later point. Also in the above case, the sign in issue was first used in the 1970s as the badge of the Brazilian Football Federation, but had ceased to be used in that capacity some time before the relevant date.

23) As stated earlier, Mr Austen questioned the strength of SMCC’s evidence. However, even upon the basic findings of fact that I made earlier, I can see merit in SMCC’s claim. Average consumers of “vintage and classic motorcycle spare parts, fittings and accessories” will know of Scott motorcycles and will know that they have not been in production for some time (over 30 years perhaps much more). They will know that businesses unconnected with either the original company or the Birmingham Scott’s company have been selling Scott spare parts and that they will be using the name Scott to indicate the suitability of the parts. They will know that there has been no trade mark use of the mark in any way shape or form for other 30 years. Against this background, it seems to me that an average consumer when seeing Scott used in relation to the relevant goods will

simply see the name as indicating that they are suitable as replacement parts for old Scott motorcycles. The name will not indicate trade origin.

24) The mark is not, of course, just a name, but it is the original logo of Scott Motorcycles. However, I consider the average consumer will come to the exact same conclusion. The sign will be perceived merely as something which is indicating that the goods are suitable for old Scott motorcycles. The use of the logo does not change the message. The use merely plays on the history of the motorcycle. It is not a badge of allegiance as such (and it does not need to be), but will be seen as re-enforcing suitability of the part as opposed to indicating trade origin. **The claim under section 3(1)(b) succeeds.**

Other grounds of invalidation

25) The decision under section 3(1)(b) of the Act means that it is not strictly necessary to comment upon the other pleaded grounds. However, I will give my view on them, albeit somewhat more briefly.

26) Under section 3(1)(c) of the Act the question is whether the mark “consist[s] 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”. The matter is to be judged on the perception of the relevant public for the goods³. The way in which I have expressed my reasoning under section 3(1)(b) is based on the average consumer perceiving the sign as indicating the suitability of the goods for use as spare parts for old Scott motorcycles. This seems to be a clear characteristic of the goods, the characteristic being their suitability for a particular purpose. Obviously, the logo as a whole needs to be considered, however, as in *Score Draw*, a logo can also be descriptive. I come to the view that the perception of the relevant public is of a descriptive sign, as a whole it indicates suitability of purpose. **The claim under section 3(1)(c) also succeeds.**

27) Under section 3(1)(d) the question is whether the trade mark “consist[s] exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade”. The matter must be decided on the basis of commonality⁴, commonality before the relevant date. Here I agree with Mr Austen that the evidence is not sufficient to establish this ground. The actual evidence of a trade in spare parts using the logo is too limited for me to find for SMCC. **The claim under section 3(1)(d) is dismissed.**

28) That leaves the two grounds under section 3(2) which relate to shape marks. In this respect, I agree with Mr Austen that these grounds are misconceived and they must be rejected accordingly. The mark at issue is not even a shape mark,

³ See, for example, *Postkantoor* (Case C-363/99)

⁴ See, for example, *Merz & Krell GmbH & Co.* (Case C-517/99) and *Stash* (BL O-281-04)

that, in itself, puts pay to the claims. Furthermore, the sign itself is not performing any technical function. Similar reasoning follows through to the other shape ground. **The claims under section 3(2) are dismissed.**

Costs

29) SMCC has been successful and is entitled to a contribution towards its costs. In making my assessment I take note that SMCC was not legally represented so would not have incurred any legal fees. I hereby order Mr David Matthew Scott Holder to pay The Scott Motor Cycle Company Limited the sum of £900. This sum is calculated as follows:

Preparing a statement and considering the other side's statement
£150

Considering and filing evidence
£300

Attending the hearing
£250

Official fee for filing invalidation
£200

Total
£900

30) The above sum should 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 27th day of November 2013

Oliver Morris
For the Registrar,
The Comptroller-General