

**O-108-16**

**TRADE MARKS ACT 1994**

**TRADE MARK APPLICATION No. 2633062**

**BY THE ROYAL MINT LIMITED**

**AND**

**OPPOSITION No. 402348**

**BY THE COMMONWEALTH MINT & PHILATELIC BUREAU LIMITED**

## Background and pleadings

1. This is an opposition by The Commonwealth Mint & Philatelic Bureau Limited (“CMB”) to an application made on 29<sup>th</sup> August 2012 (“the relevant date”) by The Royal Mint Limited (“RM”) to register the word SOVEREIGN as a trade mark for ‘gold commemorative coins’.

2. RM’s application for registration was provisionally rejected on the grounds that SOVEREIGN is descriptive and/or non-distinctive for coins and similar goods. However, it was subsequently accepted on the basis that the trade mark had acquired a distinctive character through use.

3. The application was then published for opposition purposes as required by s.38 of the Trade Marks Act 1994 (“the Act”). CMB’s grounds of opposition are that:

“The word SOVEREIGN is in common use in and beyond the trade, and is widely recognised, as a word describing coins of a particular type and denomination that may be legal tender in any one of a number of different countries/territories.”

On this footing CMB claims that registration of the mark would be contrary to one or more of section 3(1)(a),(b) (c) and/or (d) of the Trade Marks Act 1994 (“the Act”).

4. The applicant filed a counterstatement denying the grounds of opposition. In particular, the applicant relies on the following matters:

- i) The mark has been *de facto* and *de jure* distinctive of the products of the applicant, or its predecessors in business, since 1489.
- ii) Coins in relation to which the mark is used have been legal tender in the UK since 1489; their characteristics are currently prescribed by Part 1 of Schedule 1 to the Coinage Act 1971.
- iii) Section 9 of the Coinage Act makes it a criminal offence for anyone not authorised by Her Majesty’s Treasury to make or issue a coin or token for money or value.
- iv) The applicant is a private limited company incorporated in 2009. It is wholly owned by Her Majesty’s Treasury. It is the successor in title to the unincorporated Royal Mint.
- v) Her Majesty’s Treasury has granted the applicant the exclusive right to manufacture and supply all UK legal tender coinage, including

commemorative coins. The unincorporated Royal Mint held similar rights going back to around 1489.

- vi) The applicant's monopoly in coins in relation to which the mark is used means that the average consumer recognises the mark as a guarantee of origin.
- vii) Although SOVEREIGN coins are legal tender, they are commemorative coins and not in general circulation. The coins have a gold content which means that they are far more valuable than their face value of 100 pence.
- viii) The applicant sells three grades of SOVEREIGN coins: Bullion, Brilliant Uncirculated and Proof. The cost of the coins ranges from £220 to £450.
- ix) The applicant's customers include banks, jewellers, bullion merchants, national retailers and the general public, including coin collectors, numismatists and investors.

## **The Hearing**

5. A hearing took place on 21<sup>st</sup> January 2016 at the IPO's office in Newport, South Wales. RM's counsel is Mr Michael Edenborough QC and Ms Victoria Jones<sup>1</sup>, instructed by Capital Law LLP. Ms Alaina Newnes appeared as counsel for CMB, instructed by Cronins, solicitors.

### **RM's application to file additional evidence**

6. On 14<sup>th</sup> January 2016, RM applied to file additional evidence. This consisted of a witness statement by Dr Kevin Clancy and a letter dated 12th January 2016 signed on behalf of HM Treasury and the Foreign and Commonwealth Office.

7. Dr Clancy is the Director of the Royal Mint Museum Limited. The purpose of his statement was to respond to points taken in CMB's reply evidence against an earlier witness statement from him in which he gave evidence that a sovereign is not a denomination of money and that its face value had changed over the years. Counsel for RM submitted that I should admit his second statement because it was fair for Dr Clancy to be given a chance to respond to the criticism of his original evidence.

8. The letter from HM Treasury and the Foreign and Commonwealth Office supported RM's application to register SOVEREIGN as a trade mark, stated that it was intended to transfer the mark to the Crown, and set out Government policy in

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<sup>1</sup> For reasons of economy and proportionality, only Mr Edenborough attended the hearing

the area of the authorisation of the production of coins as legal tender in British Overseas Territories.

9. Counsel for CMB objected to the admissibility of this evidence, mainly on the grounds of lateness, but also on the grounds of relevance and (in the case of Dr Clancy's second statement) prejudice.

10. I admitted Dr Clancy's second statement. It responded to points made in a witness statement filed by CMB in October 2015. It plainly could have been filed earlier. However, I was not persuaded that there was any prejudice to CMB in allowing the evidence in. This is because Dr Clancy's evidence that the face value of sovereigns had changed over the years was historical and did not materially affect CMB's case that a sovereign is a denomination of money. This cast doubt on the likely relevance of the evidence but, on balance, I decided that it was fair to allow him to respond to the criticisms of what was essentially his professional opinion.

11. I decided that the letter from HM Treasury and the Foreign and Commonwealth Office was irrelevant. It has never been suggested that they were opposed to RM's application. The future intention to transfer ownership of the mark is manifestly irrelevant to CMB's opposition. The Government's policy on the relevant matters was already discernible from the existing evidence. In any event, it is unlikely to make any difference to my decision on this opposition. My decision must be based on the law and the significance of the contested mark to consumers who trade in gold commemorative coins.

### **The evidence**

12. RM's evidence consists of a witness statement by Mr Vin Wijeratne, two witness statements by Dr Kevin Clancy, and one each from Mr Nicholas de Figueiredo, Dr Barrie Cook and Mr David Knight.

13. Mr Wijeratne is RM's Director of Finance. Dr Clancy is the Director of the Royal Mint Museum Limited. Mr de Figueiredo is RM's solicitor. Dr Cook is curator of Early Modern Coinage at the British Museum. Mr Knight is a former Director of RM. He gives evidence about past communications between RM and CMB.

14. CMB filed witness statements from Mr Simon Mellinger, Mr Patrick Deane (2) and Mr Gerard Cronin.

15. Mr Mellinger is currently the Managing Director of The Bradford Exchange Limited. He worked for the London Mint Ltd when it received written representations from RM about offering for sale gold coins made by CMB bearing the name Sovereign. Mr Patrick Deane is the Managing Director of CMB. Mr Gerard Cronin is CMB's solicitor.

16. It is convenient to examine the evidence by reference to the relevant issues.

### **The statutory requirements relating to the trade in gold coins**

17. Section 9 of the Coinage Act 1971 states that:

“Prohibition of coins and tokens not issued by authority.

(1) No piece of gold, silver, copper, or bronze, or of any metal or mixed metal, of any value whatever, shall be made or issued except with the authority of the Treasury, as a coin or a token for money, or as purporting that the holder thereof is entitled to demand any value denoted thereon.”

18. Schedule 1 to the Coinage Act lays down the required weight of coins. Coins are listed according to their “metal and denomination”. The list of gold coins includes ‘sovereign’ and ‘half sovereign (as well as five pound and two pound coins).

19. Section 14(2) of the Forgery and Counterfeiting Act 1981 states that:

“(2) It is an offence for a person to make a counterfeit of a currency note or of a protected coin without lawful authority or excuse.”

20. Section 27 of the same Act defines a ‘protected coin’ as one that:

“(a) is customarily used as money in any country; or

(b) is specified in an order made by the Treasury for the purposes of this Part of this Act.”

21. The sovereign and half sovereign are listed as protected coins in The Forgery and Counterfeiting Protected Coins Order 1981.

22. Section 19 of the Forgery and Counterfeiting Act 1981 states that it is an offence to make, sell or distribute British coins or imitation British coins. A British coin is defined as a coin that is legal tender anywhere in the UK. An imitation is anything “which resembles a British coin in shape, size and the substance of which it is made.”

23. According to RM, these provisions mean that it has a statutory monopoly in the UK in coins called sovereigns.

24. CMB says that this overstates the effect of the statutory restrictions. According to CMB, the effect of the Coinage Act is that coins cannot be made or issued as legal tender in the UK without the consent of the Treasury. The Forgery and Counterfeiting

Act is plainly wider in scope, but it only prevents counterfeit coins, as defined in s.19 of that Act. CMB says that it does not prohibit use of the word sovereign.

25. For the reasons given later, I do not think it matters which party is right about this. However, in case it does matter, I record here that I prefer the submissions made on behalf of CMB to those made on behalf of RM. I find that CMB's submissions are more consistent with the words of the statutes to which my attention has been drawn. None of the provisions appear to prohibit trade in the UK in sovereigns issued outside the UK which do not resemble "a British coin in shape, size and the substance of which it is made."

26. This conclusion is consistent with the content of a notice issued by Her Majesty's Revenue and Customs in January 2012<sup>2</sup> concerning the VAT status of investment gold coins<sup>3</sup>. Table 1 of this notice lists the coins that must be treated as investment gold coins within the EU and are therefore exempt from VAT under EU Rules. The Table includes gold coins called sovereigns issued by Andorra, Australia, Canada, Isle of Man, Jersey, South Africa, Tristan de Cunha, India and the UK. I note in passing that the denomination of the UK Sovereign is shown as "(1 sovereign) (= 1 pound)"<sup>4</sup>. However, the important point for this part of my analysis is that it would be odd for HMRC to list non-GB sovereigns as zero rated for VAT purposes if it was unlawful to trade in such goods in the UK.

### **RM's business**

27. RM is a private limited company. It was incorporated in 2009. According to Mr Vin Wijeratne, the assets and, with certain exceptions, the intellectual property of the former Royal Mint were transferred to RM on 31 December 2009. The exceptions include the design and images of UK circulating and commemorative coins.

28. RM's commercial activities are governed by a contract between RM and The Treasury called the UK coin contract. Under this contract RM is "*the sole and exclusive manufacturer, provider and distributor of UK circulating coins and UK commemorative coins.*" The definition of UK commemorative coins is coins that are (i) legal tender for the purposes of the Coinage Act, (ii) are not intended for general circulation, and (iii) may be sold by the supplier at more than face value. Mr Vin Wijeratne states that sovereigns coins fall within this definition.

29. Mr Vin Wijeratne's evidence is that RM's predecessor in business – The Royal Mint – has used the name sovereign in the course of trade since 1489. The first such coins were struck in the reign of Henry VII.

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<sup>2</sup> Reference number 701/21A

<sup>3</sup> See exhibit PD11 to Deane 1

<sup>4</sup> There are also entries for half sovereign, two sovereigns and five sovereigns.

30. Sovereign is used in relation to a series of five gold coins struck by RM in the UK. These are the quarter sovereign, the half sovereign, the sovereign, the double sovereign and the £5 sovereign coin. The design of each coin is approved by Her Majesty the Queen, and by the Treasury.

31. The volume of sovereign coins minted each year varies. Between 2003 and 2009 the number was between 48k and 93k coins per year. Since 2010, the number has exceeded 250k per year, peaking at 442k in 2012.

32. The modern sovereign coin was introduced in 1817. It weighs about 8g of which just over 7.3g is 22 carat gold. The size and quality of the coins is closely controlled. The Coinage Act requires that coins produced by RM are carefully scrutinised annually by a team of assayers at a ceremony called the Trial of the Pyx. The purpose of this is to ensure that the statutory requirements for coins are met. Apart from a version of the sovereign coin produced in 1989 to celebrate the 500<sup>th</sup> anniversary of the first sovereign, the sovereign coin does not carry the word sovereign on either face.

33. The face value of a sovereign is £1. However, the gold/silver alloy content is worth around £190. There are three grades of quality finish for sovereign coins: bullion, brilliant uncirculated and proof. The bullion coins sell for £220 each. They are sold to mainly to banks, jewellers and gold traders. The brilliant uncirculated and proof coins cost £325 and £450, respectively. These are sold to distributors, retailers and directly to the public in the UK and throughout the world. They are bought by coin collectors, numismatists and investors. According to Mr Vin Wijeratne, the sovereign's closest competition is the South African Krugerrand. In the year to March 2012, RM sold 473k sovereign coins. This was a much higher figure than in most previous years, e.g. 114k coins were sold in the year ending March 2010. The increase in the sales of sovereigns in 2011/12 appears to be related to the sale of special edition sovereigns minted to celebrate the Queen's Diamond Jubilee.

34. Examples of RM's marketing material are in evidence<sup>5</sup>. These show that sovereign coins are promoted to the public, often in coin sets. As one would expect, the designation 'sovereign' is usually used in association with the name Royal Mint. RM sells other gold and silver commemorative coins in similar ways. For example, RM's 'Bulletin' issued on 14<sup>th</sup> October 2011 contained promotions for 'Diamond Jubilee Sovereigns' and 'The Official Queen's Diamond Jubilee UK £5 Coin'. In 2014 about 32k promotional brochures featuring sovereign coins were sent to people on RM's database. Mr Vin Wijeratne says that this is typical of promotions in earlier years.

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<sup>5</sup> See exhibits VW12 and 13

## **Is sovereign a denomination of money in the UK?**

35. Dr Clancy's evidence is that sovereign is a name for a coin and not a denomination of money. Dr Clancy accepts that the Coinage Act 1971, and the certificates of authenticity issued by RM<sup>6</sup> with its sovereign coins, both describe sovereign as a denomination. However, Dr Clancy says that a sovereign is not a denomination in the sense of having a numeric value. In this connection, Dr Clancy points out that the face value of sovereigns has varied in the past. Originally a sovereign was worth 20 shillings, but it was re-valued to 22 shillings in 1526. A version of the coin produced in 1551 was worth 30 shillings. He accepts that the coin has had a fixed value of 20 shillings, or now 100 pence, since 1817. He also accepts that the value of other well known coins has fluctuated in the past. For example, a guinea started off worth 20 shillings, rose to 30 shillings, before being given its longstanding value of 21 shillings.

36. Mr Deane points out that RM uses sovereign as a denomination in its certificates of authenticity in the same way as it uses 'Two pounds' and 'Five pounds' for other gold commemorative coins under those names<sup>7</sup>.

37. I find that sovereign is a denomination of money in the UK. That is clear from the Coinage Act, the fact that a sovereign is legal tender in the UK, and the way that RM uses the name. However, I accept that a sovereign is only a nominal value of currency. The real commercial value of the coins bears no relation to their nominal value.

## **CMB's business**

38. Mr Deane has worked in the coin business all his life. He says that the business now run by CMB was set up in 2000 by himself and a colleague called James Hughes under the name London Mint Ltd. It became CMB in 2005. CMB specialises in the production of commemorative coins, which it produces for a number of countries, including the British Overseas Territory of Tristan da Cunha<sup>8</sup>. In 2009, CMB renewed a pre-existing agreement with the government of Tristan da Cunha to produce coins for it. At that time CMB started to produce sovereigns and half sovereigns. In 2010/11 CMB started to produce quarter sovereigns and double sovereigns too. These coins are legal tender in Tristan da Cunha. Unlike most British sovereigns, the sovereigns produced by CMB bear the word 'sovereign' on their face.

39. Mr Deane says that CMB's sovereign coins are sold to wholesalers and retailers of coins, including such wholesalers and retailers in the UK.

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<sup>6</sup> See exhibit VW11 to Mr Vin Wijeratne's statement

<sup>7</sup> See exhibit PD17

<sup>8</sup> Tristan da Cunha has a population of around 300



## **Communications between the parties**

40. Mr Vin Wijeratne says that RM wrote to The London Mint Office in January 2011 complaining that it was offering sovereigns for sale via its website without the authority of the Treasury and therefore contrary to the Coinage Act 1971<sup>9</sup>. Mr Deane's evidence is that The London Mint Office was retailing CMB's coins, including its sovereign coins.

41. Mr Mellinger's evidence is that RM's letter dated January 2011 was sent to him under cover of an email from Mr Dave Knight. Mr Mellinger provides a copy of his reply to Mr Knight, which he says followed a meeting between the two of them at the World Money Fair in Berlin in late January 2011<sup>10</sup>. The letter of reply rejected RM's claim to ownership of the word sovereign, but offered a number of assurances intended to appease RM. These included a commitment to only use the name sovereign in combination with the name of the country of issue, specifically Tristan de Cunha. Mr Mellinger says that this shows that RM's concern at that time was only to distinguish 'country' sovereigns from British Sovereigns.

42. Mr Knight's statement disputes the accuracy of Mr Mellinger's letter of reply insofar as it describes the extent of RM's concern about the use of the word sovereign in relation to coins. In any event, he points out that no agreement was reached.

43. Apart from showing that Tristan da Cunha sovereigns were being offered for sale in 2010 in a way that RM perceived was in breach of the Coinage Act 1971 (i.e. selling or making them in the UK), I regard this evidence as largely irrelevant to the matters I have to decide. This is because it tells me nothing about whether the relevant UK public regards sovereign as a trade mark.

44. The second issue of dispute between the parties under this heading is whether or not the Tristan da Cunha sovereign coins have been approved by Her Majesty the Queen and the Foreign and Commonwealth Office (as CMB maintains), or not (as RM says). Mr Deane's evidence is that the sovereign coins it sells have been approved by the Administrator of Tristan da Cunha, the Foreign and Commonwealth Office and Her Majesty the Queen, and the coins are produced under the provisions of Tristan da Cunha's Commemorative Coins Ordinance (T4 of 1976).

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<sup>9</sup> See exhibit VW16 to Mr Vin Wijeratne's statement. I note that this is a draft of the letter ultimately sent in January 2011. The draft is dated August 2010, indicating that RM was aware of the sale of these sovereigns in 2010.

<sup>10</sup> See exhibit SM2 to Mr Mellinger's statement

45. Mr Vin Wijeratne responded to this evidence by providing a copy of the Ordinance in question<sup>11</sup>. It states that the Governor of Tristan da Cunha may, with the prior approval of the Secretary of State, cause coins to be made and issued to commemorate notable events of importance to Tristan da Cunha. The specification of the coins must be specified by the Governor, approved by the Secretary of State and published in the official Gazette. Coins made and issued under the Ordinance are legal tender in Tristan da Cunha. Mr Vin Wijeratne called into question whether CMB had obtained the necessary approvals to make sovereign coins, at least without a condition that the coins bear the name of the territory in which they are legal tender<sup>12</sup>. In this connection, Mr Vin Wijeratne says that RM made extensive enquiries which revealed that in or around 2010 the Foreign and Commonwealth Office agreed that coins made for Tristan da Cunha could bear the initials TdC instead of the full name of the territory. Mr Vin Wijeratne is unable to give evidence as to whether this agreement extended to sovereign coins. However, he points out that RM wrote to the administrator of Tristan da Cunha in January 2014 requesting sight of the relevant approvals, but none were forthcoming.

46. Mr Figuerido of Capital Law gives evidence that he conducted searches of the official Gazette but was unable to find any Order relating to the authorisation of any coins for Tristan da Cunha.

47. Mr Deane responded to this evidence in his second witness statement. He pointed out that CMB was not responsible for notices in the official Gazette. He provided a copy of an email dated January 2014 from the Administrator of Tristan da Cunha to RM responding to RM's request for sight of the relevant approvals. The email states that such approvals were obtained, but does not provide any documentary support for this claim.

48. At the Hearing, counsel for RM invited me to infer that no such approvals were obtained. I decline to do so. I note that RM was able to produce late evidence from the Foreign and Commonwealth Office, but that this did not address the question of whether CMB's sovereigns had been approved, despite this issue being hotly contested between the parties. If I needed to decide the point, I would have found that CMB's sovereign coins probably were approved. However, I do not need to decide this matter. This is because the approval process only relates to coins that are legal tender in Tristan da Cunha. It is therefore wholly irrelevant to the question of whether RM's trade mark has any distinctive character in the UK.

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<sup>11</sup> See exhibit VW18 to Mr Vin Wijeratne's statement

<sup>12</sup> See in this regard the approval guidelines issued to FCO staff at exhibit VW24 to Mr Vin Wijeratne's statement

### **Third party trade in sovereign coins**

49. Mr Deane's evidence is that other companies make and sell sovereigns, specifically Pobjoy Mint (who manufacture and sell sovereign coins that are legal tender in the Isle of Man) and Tower Mint (who manufacture and sell sovereign coins that are legal tender in Gibraltar). According to Mr Deane, sovereign coins from all countries are commonly traded in the UK.

50. Mr Deane exhibits some examples of such coins<sup>13</sup>. The first example is from the Australian website of the Perth Mint. It shows various sovereign coins offered for sale. Some are old coins dated between 1899 and 1931. Two are plainly UK sovereigns made by RM. There is also a picture of a 2010 Perth Mint Australian Sovereign and an offer to sell 2012 Gold Proof Australian Sovereigns. Prices are shown in AUS \$ and £ Sterling. The webpages themselves are undated, but cannot be earlier than 2014 because they show a 2014 UK Sovereign.

51. The second example consists of a page from the website of the New Zealand Mint. It shows a 2012 Gold Pacific Sovereign was available for sale from The Emporium Hamburg. The webpage itself is undated, but it shows sovereigns for sale from 2011, 2012 & 2013, so the page must be from 2013 at the earliest. The prices for the coins are shown in F\$, not pounds. There is nothing to show that this webpage was directed at UK traders/collectors.

52. The third example, is an undated page from the website of GK Coins Ltd. This appears to be a British coin trader offering coins for sale in currencies which include pounds sterling. The page shows that the trader had sold a 1966 Cyprus Gold Sovereign.

53. The fourth example is a page from The World Coin Catalogue 2001. It shows three Andorra sovereigns.

54. The fifth example is a print out from an auction website showing a 1644 Double Souverain d'or from Antwerp. The price is shown in Swiss Francs. Although the text is in English, there is nothing to indicate that the site was directed at UK traders/collectors. In any event, the coins are not called sovereigns.

55. The sixth example comprises pages from the auction site London Coins, downloaded in 2014. These pages show outcomes of auctions in coins going back to 2004. I note that there are examples of sovereigns from Tristan da Cunha, Isle of Man, Jersey, Gibraltar, Australia ('Perth Mint Centenary 1999') having been sold on dates between 2009 and 2012, alongside examples of the sale of GB sovereigns.

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<sup>13</sup> As exhibits PD1 to PD7

There are also a couple of examples of GB and Jersey sovereigns being sold together as coin sets.

56. The seventh example shows that BullionByPost, which claims to be “the UK’s No 1 Online Bullion Dealer” offered UK and Isle of Man sovereigns for sale in 2014. I note that the Isle of Man sovereign shown in the picture is dated 1973, although the accompanying text indicates that the year of manufacture of individual coins may vary.

57. In his response to this evidence, Mr Vin Wijeratne confirmed that the examples of sovereigns shown in Mr Deane’s evidence from New Zealand, Cyprus, Andorra, Antwerp (actually a sovereign) and Gibraltar were not produced by RM. He neither confirms nor denies that Isle of Man sovereigns are authorised or controlled by RM. He distinguishes these coins on the basis that they have the country of origin inscribed on their face and therefore will not be confused with RM’s sovereigns.

58. As regards Jersey sovereigns, Mr Vin Wijeratne says that RM:

“...authorised and/or regulated the use of the SOVEREIGN Mark in relation to the striking of a coin for the year 2000. Since then, in 2010, a company trading as Westminster Collection produced coins which were described as ‘Jersey Gold Sovereigns’.”

59. RM wrote to Westminster Collection about the 2010 coins and, according to Mr Vin Wijeratne, no more such coins have been produced since then. Mr Vin Wijeratne exhibits a copy of this letter, and a similar letter sent to Perth Mint in Australia in 2009<sup>14</sup>. It is not clear to me what Mr Vin Wijeratne means when he says that the Jersey sovereign was “authorised and/or regulated” by RM. No relevant documents are provided to explain this statement. Dr Clancy states that the sovereign coin produced in 2000 in Jersey was inscribed with the words ‘Bailiwick of Jersey AD 2000 Sovereign’. Thus, he says that these coins were distinguished as Jersey coins. I conclude that RM agreed to the production of the Jersey sovereigns, but that it has not established that it controlled the quality of the sovereign coins produced for Jersey in 2000. Even if it did, the evidence indicates that relevant consumers in the UK would not be aware that RM had any connection with the Jersey sovereigns.

60. Dr Clancy gives evidence that at one time RM had branches in Australia, Canada, India and South Africa. These mints were authorised to produce sovereigns at various times between 1871 and 1932. The sovereigns produced in these places were identical to sovereigns minted in the UK, except that they carried a small mintmark identifying the mint responsible for their production. Dr Clancy says that

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<sup>14</sup> See exhibit VW16

coins from these mints continue to be circulated, sold and auctioned throughout the world, including in the UK.

61. Dr Clancy says that prior to these proceedings, he had not come across coins called sovereign that Mr Deane states were produced in Perth, Australia in 2010/12, in Fiji, in Cyprus in 1966, in Andorra in 1982/3 or in Tristan da Cunha. However, he says that based on the size and appearance of these coins (and the word AUSTRALIAN and GOLD PACIFIC, respectively, in the case of the Australian and Fiji coins) he would not think that they were sovereign coins. As regards the coins called sovereign produced in Isle of Man, Dr Clancy states that, although it is the same size and weight as a sovereign, he would not believe that the Isle of Man coin was a sovereign because it has 'Isle of Man' on its face. Dr Clancy does not appear to have come across sovereigns from Gibraltar before, but he says that searches at his museum revealed a 2002 coin with sovereign inscribed on its face. I take this to mean that he found a sovereign from Gibraltar. However, the appearance of the coin told him that it was not a sovereign issued by RM.

62. I find that the trade in gold commemorative coins is international in nature. Although the vast majority of coins called sovereigns marketed in the UK have been produced by RM or one of its historical overseas branches, a small proportion of coins so-named have been produced outside of RM's control, particularly those produced for Isle of Man, Jersey, Gibraltar and Australia.

### **The law**

63. Section 3(1) of the Act is as follows:

“3(1) The following shall not be registered –

- (a) signs which do not satisfy the requirements of section 1(1),
- (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) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade:

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.”

64. At the hearing, counsel for CMB accepted that the grounds of opposition under s.3(1)(a) and (b) could not succeed if the grounds of opposition under s.3(1)(c) and

(d) failed. Consequently, there is no need to address the grounds under (a) and (b) independently of those under (c) and (d).

65. The case law under s.3(1)(c) was summarised by Arnold J. in *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc*<sup>15</sup> as follows:

“91. The principles.....were conveniently summarised by the CJEU in *Agencja Wydawnicza Technopol sp. z o.o. v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-51/10 P) [2011] E.T.M.R. 34 as follows:

“33. A sign which, in relation to the goods or services for which its registration as a mark is applied for, has descriptive character for the purposes of Article 7(1)(c) of Regulation No 40/94 is – save where Article 7(3) applies – devoid of any distinctive character as regards those goods or services (as regards Article 3 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks ( OJ 1989 L 40 , p. 1), see, by analogy, [2004] ECR I-1699 , paragraph 19; as regards Article 7 of Regulation No 40/94 , see *Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) v Wm Wrigley Jr Co* (C-191/01 P) [2004] 1 W.L.R. 1728 [2003] E.C.R. I-12447; [2004] E.T.M.R. 9; [2004] R.P.C. 18 , paragraph 30, and the order in *Streamserve v OHIM* (C-150/02 P) [2004] E.C.R. I-1461 , paragraph 24).

36. ... due account must be taken of the objective pursued by Article 7(1)(c) of Regulation No 40/94 . Each of the grounds for refusal listed in Article 7(1) must be interpreted in the light of the general interest underlying it (see, inter alia , *Henkel KGaA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-456/01 P) [2004] E.C.R. I-5089; [2005] E.T.M.R. 44 , paragraph 45, and *Lego Juris v OHIM* (C-48/09 P) , paragraph 43).

37. The general interest underlying Article 7(1)(c) of Regulation No 40/94 is that of ensuring that descriptive signs relating to one or more characteristics of the goods or services in respect of which registration as a mark is sought may be freely used by all traders offering such goods or services (see, to that effect, *OHIM v Wrigley* , paragraph 31 and the case-law cited).

38. With a view to ensuring that that objective of free use is fully met, the Court has stated that, in order for OHIM to refuse to register a sign on the basis of Article 7(1)(c) of Regulation No 40/94 , it is not necessary that the sign in question actually be in use at the time of the application for registration in a way that is descriptive. It is sufficient that the sign could be used for such purposes (*OHIM v Wrigley*, paragraph 32; *Campina Melkunie* , paragraph 38; and the order of 5

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<sup>15</sup> [2012] EWHC 3074 (Ch)

February 2010 in *Mergel and Others v OHIM* (C-80/09 P), paragraph 37).

39. By the same token, the Court has stated that the application of that ground for refusal does not depend on there being a real, current or serious need to leave a sign or indication free and that it is therefore of no relevance to know the number of competitors who have an interest, or who might have an interest, in using the sign in question (Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraph 35, and Case C-363/99 *Koninklijke KPN Nederland* [2004] ECR I-1619, paragraph 38). It is, furthermore, irrelevant whether there are other, more usual, signs than that at issue for designating the same characteristics of the goods or services referred to in the application for registration (*Koninklijke KPN Nederland*, paragraph 57).

And

46. As was pointed out in paragraph 33 above, the descriptive signs referred to in Article 7(1)(c) of Regulation No 40/94 are also devoid of any distinctive character for the purposes of Article 7(1)(b) of that regulation. Conversely, a sign may be devoid of distinctive character for the purposes of Article 7(1)(b) for reasons other than the fact that it may be descriptive (see, with regard to the identical provision laid down in Article 3 of Directive 89/104, *Koninklijke KPN Nederland*, paragraph 86, and *Campina Melkunie*, paragraph 19).

47. There is therefore a measure of overlap between the scope of Article 7(1)(b) of Regulation No 40/94 and the scope of Article 7(1)(c) of that regulation (see, by analogy, *Koninklijke KPN Nederland*, paragraph 67), Article 7(1)(b) being distinguished from Article 7(1)(c) in that it covers all the circumstances in which a sign is not capable of distinguishing the goods or services of one undertaking from those of other undertakings.

48. In those circumstances, it is important for the correct application of Article 7(1) of Regulation No 40/94 to ensure that the ground for refusal set out in Article 7(1)(c) of that regulation duly continues to be applied only to the situations specifically covered by that ground for refusal.

49. The situations specifically covered by Article 7(1)(c) of Regulation No.40/94 are those in which the sign in respect of which registration as a mark is sought is capable of designating a 'characteristic' of the goods or services referred to in the application. By using, in Article 7(1)(c) of Regulation No 40/94, the terms 'the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service', the legislature made it clear, first, that the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service must all be regarded as characteristics of goods or services and, secondly, that

that list is not exhaustive, since any other characteristics of goods or services may also be taken into account.

50. The fact that the legislature chose to use the word 'characteristic' highlights the fact that the signs referred to in Article 7(1)(c) of Regulation No 40/94 are merely those which serve to designate a property, easily recognisable by the relevant class of persons, of the goods or the services in respect of which registration is sought. As the Court has pointed out, a sign can be refused registration on the basis of Article 7(1)(c) of Regulation No 40/94 only if it is reasonable to believe that it will actually be recognised by the relevant class of persons as a description of one of those characteristics (see, by analogy, as regards the identical provision laid down in Article 3 of Directive 89/104, *Windsurfing Chiemsee*, paragraph 31, and *Koninklijke KPN Nederland*, paragraph 56)."

92. In addition, a sign is caught by the exclusion from registration in art.7(1)(c) if at least one of its possible meanings designates a characteristic of the goods or services concerned: see *OHIM v Wrigley* [2003] E.C.R. I-12447 at [32] and *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* (C-363/99 [2004] E.C.R. I-1619; [2004] E.T.M.R. 57 at [97]."

66. The issue in this case is whether SOVEREIGN designates a kind of coin (as CMB says) and/or a name that distinguishes the goods or a particular undertaking (as RM contends).

67. RM's case is partly based on its claim to already have an exclusive right in the UK to trade in coins called sovereigns. I rejected that claim for the reasons given earlier. Even if I am wrong about this, the argument that RM is entitled to an exclusive right to the word SOVEREIGN under the Trade Marks Act simply because it already has an exclusive right to that word under the Coinage Act, is not an attractive argument. If it was right then owners of patents covering new pharmaceuticals would be entitled to register generic names on the basis that the patent means that *de facto* and *de jure* the name of the product (albeit temporarily) designates the owner of the patent. Having said this, RM's *de facto* and *de jure* status as the sole manufacturer and issuer of sovereigns, and indeed of all UK coins, is capable of bearing on the answer to the real question in this case. As the case law cited above makes clear, this is whether "*if it is reasonable to believe that [SOVEREIGN] will actually be recognised by the relevant class of persons as a description of [a kind of coin]*" as CMB contends.

68. Dr Clancy's evidence is that SOVEREIGN acts as a guarantee of quality and indicates coins from RM and no other. However, although he is undoubtedly very experienced and knowledgeable about British coinage, his principal activity is as a curator of a museum. He is not a trader in gold coins or a collector of such coins on his own account. He is not therefore an average consumer of gold commemorative



coins. I therefore see no reason to regard his opinion as necessarily representative of the opinions of relevant average consumers. In fact, his exceptional level of knowledge on the subject may suggest that his views are unlikely to be representative.

69. Dr Barrie Cook gives similar evidence to that of Dr Clancy on this point. However, like Dr Clancy he is the curator of a museum, not a trader or typical collector of gold commemorative coins. I therefore see no reason to accept that his views are likely to be representative of those of the average consumer either.

70. Mr Deane is also very experienced in the relevant field. Not surprisingly, he does not think that SOVEREIGN is distinctive of RM. Mr Deane is, at least, a trader in the relevant field, but he is far from being an independent witness. I therefore approach this aspect of his evidence with a similar degree of caution.

71. Instead I will focus on the evidence which shows the manner in which the word SOVEREIGN was used in trade prior to the date of RM's trade mark application on 29th August 2012 ("the relevant date"). This is likely to be the most reliable guide as to what the word connoted to relevant average consumers at this time.

72. It appears to be common ground that the relevant average consumers are traders in gold coins, such as banks and jewellers, as well as private investors and coin collectors. Although such consumers probably do not have quite the level of knowledge about coins as Dr Clancy, the relatively high cost and/or the level of interest in the goods means that such consumers are likely to pay an above average level of attention when selecting them.

73. As I have already noted, the denominative value of a sovereign coin is only a nominal one. Further, I acknowledge the evidence that the quality of RM's sovereign coins is carefully controlled and that this is likely to be very important to relevant average consumers. I have therefore carefully considered whether these factors are sufficient for me to conclude that sovereign is not a kind of coin, but a name which distinguishes coins from a particular source.

74. I have decided that these factors do not necessarily mean that a sovereign cannot be a kind of coin within the meaning of s.3(1)(c). This is because, firstly, although the denominative value of a sovereign is nominal, sovereigns are legal tender in the UK with a face value set down by statute. Secondly, the evidence shows that RM itself draws attention to the denominative meaning of sovereigns in its marketing material, particularly in its certificates of authenticity. Thirdly, RM's promotional material uses 'sovereign' in an analogous way to other obvious denominations, such as 'The Official Queen's Diamond Jubilee UK £5 Coin'. This is likely to have reinforced the denominative significance of 'sovereign' to UK consumers. Fourthly, although the quality of the sovereign coins issued by RM is

closely controlled, this is true of all coins minted by RM to meet statutory requirements, including legal tender for general circulation, such as pound coins. No one would say that 'pound' is a trade mark for coins. Consequently, although quality control of goods sold under the contested mark is consistent with sovereign being a trade mark, it is not sufficient to establish that it is perceived as a trade mark (rather than as a kind of legal tender coin) by relevant average consumers.

75. For these reasons I find that 'sovereign' is a kind of gold commemorative coin. It follows that the contested mark is excluded from *prima facie* registration by s.3(1)(c).

76. In *Telefon & Buch Verlagsgesellschaft GmbH v OHIM*<sup>16</sup>, the General Court summarised the case law of the Court of Justice under the equivalent of s.3(1)(d) of the Act as follows:

"49. Article 7(1)(d) of Regulation No 40/94 must be interpreted as precluding registration of a trade mark only where the signs or indications of which the mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought (see, by analogy, Case C-517/99 Merz & Krell [2001] ECR I-6959, paragraph 31, and Case T-237/01 Alcon v OHIM – Dr. Robert Winzer Pharma (BSS) [2003] ECR II-411, paragraph 37). Accordingly, whether a mark is customary can only be assessed, firstly, by reference to the goods or services in respect of which registration is sought, even though the provision in question does not explicitly refer to those goods or services, and, secondly, on the basis of the target public's perception of the mark (BSS, paragraph 37).

50. With regard to the target public, the question whether a sign is customary must be assessed by taking account of the expectations which the average consumer, who is deemed to be reasonably well informed and reasonably observant and circumspect, is presumed to have in respect of the type of goods in question (BSS, paragraph 38).

51. Furthermore, although there is a clear overlap between the scope of Article 7(1)(c) and Article 7(1)(d) of Regulation No 40/94, marks covered by Article 7(1)(d) are excluded from registration not on the basis that they are descriptive, but on the basis of current usage in trade sectors covering trade in the goods or services for which the marks are sought to be registered (see, by analogy, Merz & Krell, paragraph 35, and BSS, paragraph 39).

52. Finally, signs or indications constituting a trade mark which have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services covered by that mark are not capable of distinguishing the goods or services of one undertaking from those of other undertakings and do not therefore fulfil the essential

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<sup>16</sup> Case T-322/03

function of a trade mark (see, by analogy, Merz & Krell, paragraph 37, and BSS, paragraph 40).”

77. I find that the relevant average UK consumer is likely to be aware that although most sovereigns offered for sale in the UK are GB sovereigns issued by RM on behalf of the UK Government, ‘sovereign’ gold commemorative coins from, at least, the Isle of Man, Jersey, Gibraltar and/or Australia are also available for sale in the UK. It is true that some of the coins in question, such as the Jersey sovereign minted in 2000, are more likely to be re-sold to UK consumers by coin or gold traders rather than sold as new coins. However, such on-going trade is capable of affecting the expectations of the average consumer as to the meaning and significance of the word sovereign when used in relation to new coins.

78. I therefore find that although GB sovereigns were by far the most common gold commemorative coins traded in the UK at the relevant date, the word sovereign alone did not guarantee the trade origin of such goods because it had become customary in the current language or in the *bona fide* and established practices of the trade. It follows that the contested mark is excluded from *prima facie* registration by s.3(1)(d).

### **Acquired distinctiveness**

79. As I understand it, RM’s case is that, at least in modern times, sovereign has always been a trade mark. On that footing, it should not be necessary to examine the question of acquired distinctiveness. However, as the application was originally accepted on this basis, I will deal with this issue.

80. The CJEU provided guidance in *Windsurfing Chiemsee*<sup>17</sup> about the correct approach with regard to the assessment of the acquisition of distinctive character through use. The guidance is as follows:

“51. In assessing the distinctive character of a mark in respect of which registration has been applied for, the following may also be taken into account: the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations.

52. If, on the basis of those factors, the competent authority finds that the relevant class of persons, or at least a significant proportion thereof, identify goods as originating from a particular undertaking because of the trade mark, it must hold that the requirement for registering the mark laid down in Article

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<sup>17</sup> Joined cases C-108 & C-109/97

3(3) of the Directive is satisfied. However, the circumstances in which that requirement may be regarded as satisfied cannot be shown to exist solely by reference to general, abstract data such as predetermined percentages.

53. As regards the method to be used to assess the distinctive character of a mark in respect of which registration is applied for, Community law does not preclude the competent authority, where it has particular difficulty in that connection, from having recourse, under the conditions laid down by its own national law, to an opinion poll as guidance for its judgment (see, to that effect, Case C-210/96 Gut Springenheide and Tusky [1998] ECR I-4657, paragraph 37).”

81. The burden of proving acquired distinctiveness rests on the applicant for registration<sup>18</sup>.

82. A number of RM’s witnesses say that they associate the contested mark with RM. However, although it might be said that RM is responsible for the quality of sovereigns with particular finishes, such as the proof version, it is clear from the evidence that it is the UK Government which sets the principle quality requirements for the goods. RM’s role, as a supplier of coinage, is to ensure that the sovereign coins it mints meet the strict statutory standards<sup>19</sup>. If that is right, then the Government could decide to source its coins from a different supplier, or suppliers, and the relevant public would still hold the Government responsible for the quality of sovereign coins produced for the UK. This appears to accord with RM’s own position at the hearing, which was that if the mark is registered, ownership should be transferred to the Crown.

83. The logic of this is that if the contested mark is distinctive of anyone, it is distinctive of the UK Government or the Crown. There is nothing to prevent public sector bodies with legal personality from holding intellectual property rights in marks used for goods that are traded in. The requirement is that the trade mark should distinguish the goods of “*a particular undertaking*”. It does not matter who that undertaking is, or whether the public know who it is, provided that the relevant public (or a significant proportion of them) believes that all the goods marketed under the mark originate from a single source, which is responsible for their quality. Therefore, nothing turns on the answer to the question of whether the mark is distinctive of RM (as RM’s witnesses say) or the Crown (as the statement examined at the hearing implies).

84. It is clear that RM has sold sovereigns for a very long time and that it sold a large volume of sovereigns over the 10 year period running up to the relevant date. There

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<sup>18</sup> *Oberbank AG & Banco Santander SA and Another v Deutscher Sparkassen- und Giroverband* (Joined cases C-217 and 218/13).

<sup>19</sup> This is consistent with the wording of the certificates of authenticity issued by RM, which describe the Issuing Authority’ as ‘United Kingdom’. See exhibit VW11, page 3

is no evidence as to the share of the UK market for gold commemorative coins held under the mark SOVEREIGN at the relevant date, but I am prepared to accept that it was a very significant share of the relevant market. Similarly, although there is no evidence as to the amount that RM spent promoting sovereign coins, and the evidence of promotion in evidence is quite modest, I am prepared to accept that a large proportion of the relevant public would have been familiar with the name 'sovereign' at the relevant date and associated that name with coins issued by the UK Government and/or RM as its traditional agent. Equally, a significant proportion of relevant average consumers would also have been aware that one or more other territories also produce gold commemorative coins called sovereigns which are traded in the UK.

85. In *Société des Produits Nestlé SA v Cadbury Uk Ltd*<sup>20</sup>, the CJEU considered a preliminary reference from the High Court which sought guidance about the legal test for showing that a trade mark had acquired a distinctive character. The CJEU understood the question as follows:

“By its first question the referring court asks, in essence, whether an applicant to register a trade mark which has acquired a distinctive character following the use which has been made of it within the meaning of Article 3(3) of Directive 2008/95 must prove that the relevant class of persons perceive the goods or services designated exclusively by that mark, as opposed to any other mark which might also be present, as originating from a particular company, or whether it is sufficient for that applicant to prove that a significant proportion of the relevant class of persons recognise that mark and associate it with the applicant’s goods.”

86. The CJEU answered the question in these terms:

“In order to obtain registration of a trade mark which has acquired a distinctive character following the use which has been made of it within the meaning of Article 3(3) of Directive 2008/95, regardless of whether that use is as part of another registered trade mark or in conjunction with such a mark, the trade mark applicant must prove that the relevant class of persons perceive the goods or services designated exclusively by the mark applied for, as opposed to any other mark which might also be present, as originating from a particular company.”

87. In the High Court, Arnold J. stated that he understood this to mean that:

“...in order to demonstrate that a sign has acquired distinctive character, the applicant or trade mark proprietor must prove that, at the relevant date, a significant proportion of the relevant class of persons perceives the relevant goods or services as originating from a particular undertaking because of the

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<sup>20</sup> Case C-215/14

sign in question (as opposed to any other trade mark which may also be present).”

Additionally,

“...it is legitimate for the competent authority, when assessing whether the applicant has proved that a significant proportion of the relevant class of persons perceives the relevant goods or services as originating from a particular undertaking because of the sign in question, to consider whether such persons would rely upon the sign as denoting the origin of the goods if it were used on its own.”

88. I note in this context, that Mr Vin Wijeratne’s states<sup>21</sup> that:

“Whilst [RM] has not and does not tolerate the use of the SOVEREIGN Mark on its own by any third party, it has and will accept that use of the SOVEREIGN Mark along with an indication on the face of the coin of its country of origin distinguishes such coins produced in those countries from those produced by [RM] in the UK.”

89. I accept that this does not necessarily mean that the relevant public would not rely on the word SOVEREIGN alone (i.e. absent contrary indications) to identify the trade source of gold commemorative coins. However, if the addition of purely geographical indications is sufficient to distinguish goods from other trade sources, this must cast doubt on whether the word ‘sovereign’ alone is capable of functioning as a trade mark: as a sign which by itself guarantees the origin of goods.

90. In my view, RM’s evidence does not establish that, at the relevant date, a significant proportion of relevant consumers perceived gold commemorative coins as originating from a particular undertaking because of the word ‘sovereign’ alone. This is because, absent words such as ‘British’, ‘GB’ or ‘Royal Mint’, the word ‘sovereign’ would have been quite widely recognised as also denoting similar coins produced by other undertakings which are traded in the UK, such as Isle of Man sovereigns.

91. Consequently, the word ‘sovereign’ alone had not acquired a distinctive character as a trade mark.

## **Outcome**

92. The opposition is successful and, subject to appeal, the application will be refused.

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<sup>21</sup> At paragraph 48 of his witness statement

## **Costs**

93. The opponent has been successful and is entitled to a contribution towards its costs. In the circumstances I award the opponent the sum of £2750 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

£300 for filing a notice of opposition  
£200 official filing fee for Form TM7  
£1500 for filing evidence and reviewing RM's evidence  
£750 for attending a hearing and submitting a skeleton argument

94. I therefore order The Royal Mint Limited to pay The Commonwealth Mint & Philatelic Bureau Limited the sum of £2750. The above sum should be paid within 14 days of the expiry of the appeal period or, if there is an appeal, within 14 days of the end of the appeal proceedings.

**Dated this 3rd day of March 2016**

**Allan James  
For the Registrar**