

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

IN THE MATTER OF TRADE MARK APPLICATION **m** 1514734  
BY CLIMATE MASTER INC  
TO REGISTER THE MARK **CLIMATE MASTER**

AND

IN THE MATTER OF OPPOSITION  
THERE TO UNDER OPPOSITION **m** 42357  
BY CLIMATEMASTER LTD

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

IN THE MATTER of trade mark  
application **m** 1514734 by Climate Master Inc  
to register a mark in class 11

5 and

IN THE MATTER of opposition  
thereto under opposition **m** 42357  
by Climatemaster Ltd

DECISION

10 Climate Master Inc of Oklahoma, USA applied on 5 October 1992 under section 17(1) of the Trade Marks Act 1938 to register the mark CLIMATE MASTER in Class 11 for a specification of goods that has since been amended to:

“Heat pumps and parts and fittings therefor, all for commercial purposes; all included in Class 11; but not including portable oil burning space heaters”.

15 The application was opposed on 26 April 1995 by Climatemaster Ltd of Grimsby, South Humberside.

I summarise the grounds of opposition as follows:-

20 **M** Section 11 — By reason of the substantial goodwill and reputation arising from the use of the opponent’s mark, use by the applicant of the mark in suit would lead to deception and confusion.

**M** Section 17(2) — Registration and/or use of the mark in suit would prejudice the opponent’s rights, and would not be in the public interest. Registration should therefore be refused in the exercise of the Registrar’s discretion.

In response, the applicant filed a counterstatement denying each of the grounds pleaded.

25 Both parties seek an award of costs in their favour.

The matter came to be heard on 8 July 1998. At the hearing, the opponent was represented by Mr Richard Cole of Counsel, instructed by Bailey Walsh & Co. The applicant was represented by Miss Fiona Clark of Counsel, instructed by Ladas & Parry.

30 By the time this matter came to be decided, the Trade Marks Act 1938 had been repealed in accordance with Section 106(2) and Schedule 5 of the Trade Marks Act 1994. Nevertheless, these proceedings having begun under the provisions of the Trade Marks Act 1938, they must

continue to be dealt with under that Act in accordance with the transitional provisions set out at Schedule 3 of the 1994 Act. Accordingly, and unless otherwise indicated, all references in the remainder of this decision are references to the provisions of the old law.

5 A number of preliminary issues were raised by Mr Cole on behalf of the opponent at the beginning of the hearing and although I decided them at the time, I will briefly restate the issues and my decision.

#### *Request for a Joint Hearing*

10 The opponent in these proceedings filed an application on 26 April 1995 to register the mark CLIMATE MASTER LTD (with the device of a polar bear) for a specification of goods which includes the goods specified in this application — ie heat pumps. The opponent's application was made under the Trade Marks Act 1994, and is currently suspended pending the outcome of this opposition. Mr Cole asked that both applications be decided following a joint hearing pursuant to section 12(3) of the Trade Marks Act 1938 (as amended). He said that the concept of 'first to file' was introduced by the Trade Marks Act 1994, and that  
15 according to schedule 3 of that Act, an application which is pending on the commencement of the new Act must be dealt with under the old law. As there was no concept of 'first to file' under the old law, he argued that it would be unfair to allow the applicant in these proceedings to benefit from the concept of 'first to file' which was not part of the old law.

20 I did not agree to Mr Cole's request. Firstly it would have meant applying part of the old law (the procedure relating to section 12(3)) to an application filed under the Trade Marks Act 1994. But perhaps more significantly, I could not see how, in practice, it would make any difference to the eventual outcome. Under the old law, if two parties applied to register a trade mark, the party with the earlier filing date would necessarily succeed under section 12(1) against the later-filed application, unless the party with the later filing date could prove earlier  
25 use such as would defeat the earlier application by means of section 11. In this sense it is true to say that being 'first to file' was no guarantee of registration under the old law. But it only failed to have that effect, it seems to me, in situations where the proprietor of a later filed application could demonstrate sufficient prior use to succeed under section 11. As section 11 is still available as a ground of opposition against an application proceeding under the old law,  
30 and has been pleaded as such in this opposition, I could not see how the opponent in these proceedings could be prejudiced in any way by having this matter decided now.

#### *Request to Amend Grounds of Opposition*

35 Mr Cole also sought leave to add two further grounds of opposition. The first of these relates to section 8, and a claim that registration of the mark would interfere with bona fide use by the opponent of its own name. And secondly, that the mark the subject of the application is not capable of distinguishing the goods in respect of which it is intended to be registered. It was Mr Cole's submission that neither of these grounds required further evidence.

I refused to allow either of these proposed amendments. Taking them in turn, section 8 reads as follows:

8. No registration of a trade mark shall interfere with —

(a) any bona fide use by a person of his own name or of the name of his place of business, or of the name, or of the name of the place of business, of any of his predecessors in business; or

(b) the use by any person of any bona fide description of the character of quality of his goods, not being a description that would be likely to be taken as importing any such reference as is mentioned in paragraph (b) of subsection (1) of section four, or in paragraph (b) of subsection (3) of section thirty-seven, of this Act.

The side note to section 8 reads “Saving for use of name, address, or description of goods”. Although Mr Cole argued that the side note does not form part of the Act, he had to concede that he was not aware that section 8 had ever been used as a ground of opposition before. In my view section 8 is clearly a defence against infringement, and not a ground for refusing to register a trade mark. A quick comparison with the opening words of sections 9, 10, 11 and 12 — the more common grounds of opposition — confirms this view.

In relation to the proposed addition of section 10 to the pleadings, I found that it was simply too late in the day to introduce a completely new ground of opposition. Mr Cole may have been content to pursue section 10 without further evidence specifically directed to the point, but clearly the applicant could have been severely prejudiced if I had allowed the amendment sought.

Having dealt with the preliminary points, I turn now to consider the evidence filed in these proceedings.

### *The Background*

Almost all of the evidence before me was heavily criticised, either by Miss Clark on behalf of the applicant, or Mr Cole on behalf of the opponent. I am inclined to agree with much of the criticism. In the circumstances I have been able to decide the matter on the basis of those facts which were not in dispute at the hearing. For the purpose of my summary of the evidence, I propose to summarise initially only those facts that are not in dispute. If I need to draw on other aspects of the evidence then I shall do so later in this decision in the appropriate place.

The applicant, Climate Master Inc, is an American company which had already become established in the market in the USA before installing its first heat pump units in the UK at a site near London in 1972. The equipment bore the mark CLIMATE MASTER. This much is confirmed by Mr Dieter Grether in his statutory declaration dated 7 November 1996. (Mr Grether is the General Manager of Koax Corp, a sister company of Climate Master Inc, the applicant. He has worked in the heating and air conditioning business for over thirty years and has had connections with Climate Master Inc during this time.)

Between 1972 and 1992 the applicant has demonstrated sporadic sales with large gaps, possibly as much as eight years, between sales. According to a statutory declaration executed by Steven J Golsen, three hundred (300) of the applicant’s heat pumps were installed at the

South Point project in Sutton some time around 1986, and a further hundred and eight (108) units were installed at Debenhams (formerly Lewis') in or around 1987. (Mr Golsen is the Chief Executive Officer of Climate Master Inc, the applicant, and his declaration is dated 21 November 1996.)

5 Although the applicant's sales brochures and service manuals show the CLIMATE MASTER mark in use during the period 1984 to 1992, there is no conclusive (or unchallenged) evidence that the mark has consistently appeared *on* the goods after 1972. Mr Grether says in his declaration:

10 "To my knowledge, from 1970 onwards, Climate Master's heating and air conditioning units all bore the mark "Climate Master". During what I would describe as the "Friedrich era", they were identified as "Friedrich Climate Master"."

15 (The reference to the "Friedrich era" concerns a period of several years during which the Climate Master company was either owned or controlled by another company called Friedrich.)

20 However, Mr Grether's statement that the units all bore the mark "Climate Master" is **not** supported by the photographs of heat pumps in the applicant's sales brochures, design guides and service manuals exhibited to Mr Golsen's declaration. These documents (dated variously 1984, 1988, 1989) clearly display the mark CLIMATE MASTER, but the only mark which is clearly visible on some of the goods is FRIEDRICH. Although the publications in question were printed primarily for the American market, Mr Golsen confirms that no documentation was drawn-up for the United Kingdom exclusively, but that the American documentation was supplied to prospective buyers in the United Kingdom. In August 1992 the applicant issued a further brochure to promote the sale of its heat pumps. This later brochure clearly shows the mark CLIMATE MASTER on the goods.

30 The opponent, although originally incorporated in 1977, did not adopt the name Climatemaster Ltd until July 1987. The opponent claims to have used its mark continuously since July 1987, although there is some doubt about *how* the mark was used in the period from July 1987 to May 1988 because it appears that it was not until May 1988 that the opponent had access to corporate stationery. The evidence on behalf of the opponent is given by Mr Peter Banks, a director of Climatemaster Ltd, in two statutory declarations dated 29 February 1996 and 3 September 1997.

35 In addition to the statutory declarations which I have identified above, there were two further declarations filed in evidence. One by Mr James Stephen Ratigan for the applicant, and the other by Mr Brian Lawrence for the opponent. Although I have carefully considered these declarations along with all the other evidence filed in these proceedings, I have not relied upon them in reaching my decision — primarily because of the critical comments made at the hearing in this matter on 8 July 1998 — and therefore I have not found it necessary to summarise them here.

Against this background, I now turn to consider the grounds of opposition.

### Section 11

This section is in the following terms:

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 its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.

10 Miss Clark submitted that the opposition under section 11 should fail *ab initio* because the opponent has not supported in evidence its claim that registration of the mark in suit will lead to confusion or deception. She speculated that this might have been a deliberate decision on the part of the opponent to protect its position *vis-à-vis* infringement if the application were to succeed. It is indeed true that the opponent's evidence does not deal with the matter of confusion to any great extent; nevertheless, Mr Peter Banks (for the opponent) in his statutory declaration of 29 February 1996 refers at paragraph 6 to discussions between the parties and, referring to an offer made by the applicant says:

15           “... I was lead to believe that if we declined their offer to purchase the CLIMATEMASTER name, they would adopt an alternative name in the United Kingdom and I believed that under those circumstances, confusion was no longer likely to result.”

20 Moreover, in terms of confusion which may already have occurred, the opponent claims that the applicant has not used the mark to any great extent in the United Kingdom and that consequently the potential for confusion or deception to date is extremely limited. I also bear in mind that both parties are seeking to obtain/protect an exclusive right to use the name CLIMATE MASTER in this country in relation to heat pumps, albeit the opponent's trade mark also includes a device of a polar bear. To some extent therefore I suspect the likelihood of confusion must be implicit and the opponent was entitled to regard it as a matter upon which the tribunal would not require evidence.

30 Before I turn to the conventional test to be applied in relation to section 11, there is one further submission of Miss Clark's that deserves comment and that is in relation to the question of onus. Under the 1938 Act, it is generally accepted that the onus under section 11 is upon the applicant to show that registration of his mark will not result in confusion or deception. Miss Clark maintained that the situation in this case was not so straightforward. She maintained that any deception or confusion that is likely to arise is likely to arise not as result of the registration of her client's mark, but because of the activities of the opponent entering into the market **after** her client had established a business in the United Kingdom.

35 Miss Clark referred me to two authorities on this point — *Nova*<sup>1</sup> and *Welsh Lady*<sup>2</sup>. In the *Nova* case, although the facts are not on all fours with the present opposition, Plowman J was

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<sup>1</sup>“NOVA” Trade Mark [1968] RPC 12 at page 357.

<sup>2</sup>“WELSH LADY” Trade Mark [1964] RPC 14 at page 459.

concerned with the onus under section 11 of the 1938 Act. The head note in *Nova* includes the following summary of the findings:

5 “(2) *That the volume of the applicants' sales had established a sizeable reputation in the United Kingdom, whereas the scale of the opponent's business was in-sufficient to establish that his mark was known to a substantial number of persons in the United Kingdom such as was necessary to shift the onus onto the applicants. The appeal was therefore dismissed.*”

Later, in the text of the judgment, Plowman J considers the extent of the opponent's reputation in this country and he refers to a passage in Kerly on Trade Marks, 9th Edition, paragraph 325. He goes on to add:

10 “The passage in Kerly to which I have just referred goes on as follows: “Where a trade mark has been long used by a person who is applying to register it, it will not be refused on the ground of recent use of a similar mark by another trader. The mark does not by such recent use become calculated to deceive”. Those words which I have just quoted, as the footnote indicates, were approved by Wilberforce J in “Welsh Lady” *Trade Mark* [1964] R.P.C. 459. Although this case was not cited at the bar, I have found it of some assistance here and I would like to refer to it. The head note is as follows (page 459, line 9):

15 “ The registered proprietors of three identical trade marks embodying a quasi national emblem used these marks from about 1900 and registered them in 1958. Since 1954 the applicants for rectification had used a label embodying a similar device as an indication of Welsh origin. An unsuccessful application was made to the Registrar for rectification on the grounds that the marks were not adapted to distinguish the proprietors' goods, or because they were likely to cause deception or confusion. On appeal by motion to the High Court:

20 “ Held, (1) that a particular version of a quasi national emblem could become distinctive of an individual's goods and that as the evidence established that the proprietor's marks were distinctive, no valid objection to their remaining on the Register could be sustained under section 9 of the Act.”

25 That is a point I am not concerned with here.

30 “ (2) That such confusion as was proved in evidence had arisen from the acts of the applicants for rectification after the marks had become distinctive of the proprietors. This was not a ground for refusing the proprietors registration of their marks and therefore there was no justification for removing the marks from the Register.”

In the statement of facts it was stated (line 35):

35 “The applicants raised objections to the marks remaining on the register under sections 9 and 11 of the Trade Marks Act, alleging under section 9 that the marks were not adapted to distinguish the goods, and under section 11 that the marks were likely to cause deception and confusion.”

Wilberforce, J. dealing with the latter point says this (page 461, line 24):

40 “With regard to section 11 based on confusion, it really rests on a piece of evidence which comes from the side of the proprietors and which indicates that there has been confusion.”

He refers to the evidence on the question of confusion. At line 37 he says:

“That is a point of evidence of confusion between the two marks, the Holytex mark with the lady on it and the registered mark of the proprietors, but one has to relate that to the wording of the section and the section says a mark cannot be registered “if by reason of confusion the user of it would be disentitled to protection in a court of justice.” It seems to me, on the

evidence, that this mark had been used for many years in connection with the proprietors' goods and that it had become distinctive of their goods, and it would be quite impossible to say that they would be disentitled to protection in respect of it in a court of justice. The applicants' use of a similar mark which, it appears, has caused the confusion is of more recent use, and it does not seem to me that a more recent use of that kind causing confusion would be a reason for disentitling the owners of the older mark to registration."

Then he goes on to refer to the passage in Kerly to which I have already referred.

Therefore, in addition to the other matters that I have mentioned and for similar reasons to those which are mentioned in the passage from Wilberforce, J.'s judgment to which I have just referred, I think that the Assistant Registrar, although dealing with rather different points, came to the right conclusion, and I therefore dismiss this appeal."

If, on the basis of the evidence before me, I could describe the applicant's prior use as having "established a sizeable reputation" or if it had been proven that the applicant's mark had been used for many years in connection with their goods and that it had become distinctive of their goods, then I would be able to dispose of the opposition at this point. But the applicant's evidence is not so persuasive. Although it was common ground at the hearing that the applicant had demonstrated first use in 1972, some fifteen years before the opponent commenced using its mark, Mr Cole's attack on the remainder of the applicant's evidence of use was highly effective. Nevertheless, Mr Cole was forced to concede that the applicant had used the mark in 1972, and that between 1972 and 1992 there were sporadic sales with large gaps, possibly as much as eight years, between sales. In relation to this pattern of use, and focusing in particular on the eight year period during which there is no clear evidence of use, Mr Cole argued that it would be absurd if an applicant were entitled to rely on use that was discontinuous to the extent that, had the mark actually been registered at the time, the mark could be removed from the register on the grounds of non-use.

In response to Mr Cole's argument, I mentioned a previous decision of the Assistant-Comptroller in *Fortuna-Werke's* Application<sup>3</sup>. In view of the direction in which the opponent's case had developed at the hearing, it appeared to me that the *Fortuna-Werke* case could be particularly relevant to my decision. Although both Counsel were aware of the case, neither had had an opportunity to refresh their memories before addressing me on the relevance, or otherwise, of the case to the specific circumstances of this opposition. I therefore agreed with Miss Clark and Mr Cole that it would be useful to allow a short period of time after the hearing in which Counsel could, if they chose, send me written submissions solely on the matter of *Fortuna-Werke* and its relevance to these proceedings. Shortly after the hearing, I received written submissions from Mr Cole and Miss Clark, and although the submissions were not exclusively directed towards the *Fortuna-Werke* case, I have nonetheless considered them in reaching my decision.

In the *Fortuna-Werke* case, the applicant was attempting to register a mark using the provisions of section 12(2) (honest concurrent use), despite having not used the mark for a period of 21 years prior to the date of application. The applicant in *Fortuna-Werke* claimed that because the goods in question (precision grinders) were machines of a durable nature,

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<sup>3</sup>FORTUNA-WERKE SPEZIALMASCHINENFABRIK A.G'S Application [1957] RPC 4 at page 84.



there was a residual reputation which spanned the 21 year period during which no new machines were sold under the mark. However, in view of the applicants' virtual abandonment of their mark in 1929, the Assistant-Comptroller considered that they could not justifiably claim a residual reputation in 1950 sufficient to support a claim of honest concurrent use.

5 On closer inspection, and in the light of the written submissions from Counsel, I do not believe that the *Fortuna-Werke* case is as relevant as I first thought. The only point which may be of passing interest in relation to this opposition is that it was established in *Fortuna-Werke* that the applicant had deliberately withdrawn from the market for a sustained period of time. As a result, the applicant in that case was considered to have abandoned the mark and therefore  
10 could not claim concurrent use. In contrast, there is no suggestion that the applicant in these proceedings has abandoned the mark at any time; rather it appears that the applicant has simply not, for whatever reason, achieved regular sales in this country since entering the market here. I should add that Miss Clark did not accept that this was the position. She maintained that her client's evidence demonstrated the continuous use which they claim to  
15 have made since 1972, but in the aftermath of Mr Cole's attacks on that evidence I cannot rely upon it to reach the same conclusion as Miss Clark.

The position then is this. The applicant has shown first use of the mark CLIMATE MASTER on heat pumps. This first use in the United Kingdom took place in 1972. Since that time, the applicant has achieved sporadic sales in this country, including an installation of three hundred  
20 (300) units in or around 1986 — the year **before** the opponent changed its name to Climate Master Ltd. Although the photographs of the applicant's heat pumps included in its brochures, design guides and service manuals do **not** show the mark CLIMATE MASTER on the goods until 1992, Mr Grether says that to his knowledge the units all bore the mark from 1970 onwards (albeit he accepts that the mark FRIEDRICH was also used for part of this  
25 time). Regardless of the accuracy of Mr Grether's knowledge on this point, the use of the CLIMATE MASTER mark in the brochures, design guides and service manuals clearly indicates to me that the mark continued to be used *in relation to* the goods, even if it was not physically applied to the goods. Mr Cole made the point that although the applicant was entitled to rely upon use *in relation to* the goods, I should not infer from this that the applicant  
30 had established a lasting reputation in the mark such as would bridge the apparent gaps in their trading activities in this country. In Mr Cole's submission, such a lasting reputation could only be established if the mark actually appeared in a prominent position *on* the goods. Although I would not accept this as a general proposition, I do have some sympathy with Mr Cole on this point. Unfortunately it does not assist me in the present case because the best I can say of the  
35 evidence regarding use of the mark *on* the applicant's goods is that it is inconclusive. On the other hand, evidence of use *in relation to* the goods (eg the brochures etc) suggests to me that the applicant had not abandoned the mark at the time the opponent entered the market with the same mark, and neither have they abandoned it since.

Thus I come to the conclusion that, rather like the situation in *Nova* (above), any confusion or  
40 deception that may occur cannot be laid at the door of the applicant, but must be due to the subsequent entry into the market of another party (in this case the opponent) using a similar mark for similar goods. That being the case, there is no point in going further and applying the established test for objection under section 11 to determine whether there is likely to be deception and/or confusion amongst a substantial number of persons. In my opinion, the

following passage from Kerly which I have quoted above and which has been endorsed by the Courts is an apt statement of the position in this opposition, especially if the subjective terms “long use” and “recent use” are interpreted relative to each other:

5           “Where a trade mark has been long used by a person who is applying to register it, it will not be refused on the ground of recent use of a similar mark by another trader. The mark does not by such recent use become calculated to deceive”.

For these reasons, the opposition under section 11 fails.

*Registrar’s Discretion*

10           There remains the matter of the Registrar’s discretion. No specific submissions were put to me on this point, and I am not aware of any reason why this discretion should be exercised adversely to the interests of the applicant. The only suggestion in the notice of opposition is that registration of this mark would be ‘contrary to public interest’, but in view of my finding in relation to section 11, I do not regard the ‘public interest’ as a satisfactory reason for refusing the application in the exercise of the Registrar’s discretion.

15           The applicant, having been successful in these proceedings, is entitled to a contribution towards the costs of defending the application. I therefore order the opponent to pay to the applicant the sum of **£635**.

**Dated this 8<sup>th</sup> day of September 1998**

20           **Mr S J Probert**  
**Principal Hearing Officer**  
**For the Registrar, the Comptroller-General**