TRADE MARKS ACT 1994

IN THE MATTER OF Application No 9738
by Clintec Benelux S.A.
for Revocation of Trade Mark No 1228426
in the name of Cernitin S.A.

BACKGROUND

1. On 3 September 1997, Clintec Benelux S.A. applied for the revocation of trade mark registration No 1228426.

2. The registered mark is the word CERNIVET and it is registered in Class 5 in respect of:

> Pharmaceutical and veterinary substances and compositions; cultures of micro-organisms; medicated additives for food; foods for invalids; medicated foods for animals.

3. The registration was applied for on 17 October 1984 but the mark was not placed on the register until 28 August 1992. It stands in the name of Cernitin S.A.

4. The ground for revocation is that the mark has not been used by the proprietor or with his consent for an uninterrupted period of five years prior to the date of the application (which is dated 3 September 1997) in respect of any of the goods for which it is registered. Although, the relevant statutory provision is not mentioned, I believe this goes to Section 46(1)(b) of the Trade Marks Act 1994. The relevant provision is re-produced below.

> 46.- (1) The registration of a trade mark may be revoked on any of the following grounds -

(a) that within the period of five years following the date of completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use;

(b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use.

5. The relevant five year period in this case is 2 September 1992 to 2 September 1997.

6. The registered proprietor filed a counterstatement dated 10 December 1997 asserting that the mark had been put into genuine use in the United Kingdom during the relevant period in relation to goods for which it is registered. In the alternative the proprietor asserts that there are proper reasons for non-use.

7. Both sides seek an award of costs.

8. The matter came to be heard on 10 May 2000 when the applicant was represented by Ms D McFarland of Counsel instructed by Trade Mark Owners Association, and the registered proprietor was represented by Mr P Smart of W. H. Beck Greener.

9. The registered proprietor filed two Statutory Declarations by Martin Aeschbacher and one from Pat Tarrant. The applicant filed a Statutory Declaration of Alan McBray and a further one from Stephen Keith. I have carefully read all the evidence. I shall only refer to such evidence as is necessary for me to dispose of this case.

10. Mr Aeschbacher describes himself as the Managing Director of Bioferment - Industrial Biologics division of Cerbios Pharma S.A., which he says is "*entitled to be entered as the registered proprietor of registration 1228426"*. Mr Aeschbacher says he has full access to the records of Cerbios Pharma S.A. and those of the "former Cernitin S.A.". He asserts that

the CERNIVET mark has been put into genuine use in relation to relevant goods by the proprietor or with his consent and that such use has taken place "*within the last five years*". Exhibited to his Declaration (as MA1) is a copy of product packaging for an "Oral Doser for Piglets" featuring the mark "FORUM CERNIVET-68". No date is apparent and there is no specific claim in Mr Aeschbacher's Declaration that this particular exhibit dates from the relevant period.

11. Mr Aeschbacher makes a further claim to have used the trade mark CERNIVET in the United Kingdom in his second Statutory Declaration of 10 November 1998. He states:

> *"The Trade Mark Cernivet has been used in the United Kingdom in respect of a range of products. All are probiotic products. Probiotics are live microbial feed supplements which beneficially affect a host animal by improving its intestinal microbial balance (R. Fuller: 1989, Probiotics in man and animals, J. Appl. Bact 66:365-378). All animals (including man) have micro-organisms colonising their intestinal tracts. In a healthy animal (or in man) these bacteria play a helpful role in that when a pathogenic micro-organism seeks to establish itself in the intestinal tract, it faces competition from these benign, already established micro-organisms. One way in which probiotics act is to help to establish a healthy colonisation of the intestine by benign micro-organisms by providing a dose of such micro-organisms to colonise the intestine. They thereby help to exclude and combat infection by pathogenic micro-organisms.*
>
> *The products fall into two groups. First, there are products which I shall refer to as 'dosers'. These fall into sub-classes. On the one hand there are dietetic doser products which have been sold in the United Kingdom. These are used to colonise the gut of newborn animals with desirable bacterial flora at a stage before the feed additive products I shall describe below come into play. On the other hand there are doser products for the treatment of diarrhoea. These currently cannot be sold in most EU markets, including the UK, because this would now require that a product registration be obtained to allow these products to be sold as veterinary medicines.*

Such a product registration has been obtained in Switzerland but the market for such products is not of a size that would justify the expense of obtaining similar registrations in other countries. The second group of products are feed additives.

These feed additive products for which the Trade Mark Cernivet has most recently been used are not intended for the treatment of pathogenic infections. Rather, they are feed supplements for improving zootechnical parameters (such as feed conversion rate and daily weight gain) and improving the health status of the animals. These products are Cernivet LBC ME10, Cernivet LBC ME17 and Cernivet LBC G35. They contain the lactic acid bacterial strain Enterococcus faecium Cernelle 68. Whilst such preparations may be beneficial in treating or preventing diarrhoea, we make no claim to that."

12. I understand from this that Mr Aeschbacher is claiming that the mark has been used in respect of two products. A "dietetic doser" product. I understand that this is the same product referred to in Mr Aeschbacher's first Declaration under the name "oral doser for piglets". Although the claim to have used the mark in respect of this product is repeated, I note that Mr Aeschbacher again fails to place the use within a relevant timescale or to provide any specific details. I will return to the claim to have used the mark in respect of feed additives. Before I do that I turn briefly to the evidence of Mr Keith for the applicant.

13. Mr Keith is a director of a company which specialises in commercial investigations. Much of his evidence consists of hearsay statements relating to various conversations between himself and Mr Aeschbacher and Ms Pat Tarrant of Forum Feeds, which is an English company said to be the sole agency for the importation and distribution of CERNIVET in the United Kingdom. Much of this evidence recounts various statements alleged to have been made by Ms Tarrant and Mr Aeschbacher which the applicant seeks to rely upon as evidence of non-use of the mark in question. Much of this is disputed in subsequent Statutory Declarations by Ms Pat Tarrant and Mr Aeschbacher. I do not believe that anything turns on this evidence because Section 100 places the onus of establishing use on the proprietor. The applicant does not have to prove a negative. I mention Mr Keith's evidence because, although

much of it is disputed, Mr Aeschbacher actually seems to rely upon one statement allegedly made to Mr Keith by Ms Pat Tarrant as evidence of use of CERNIVET. Ms Tarrant is said to have told Mr Keith that CERNIVET was trialed in the United Kingdom for treatment of lambs. Although Ms Tarrant's subsequent Statutory Declaration contains a statement that she is *"personally aware that CERNIVET products have been sold in the United Kingdom under the Trade Mark CERNIVET by Forum Products Ltd"*, no details are provided. Nor is this alleged use placed within a relevant time period. This is clearly insufficient to discharge the onus which is on the proprietor to establish use of the mark CERNIVET.

14. At the hearing, Mr Smart sought to rely primarily on the contents of exhibits MA2 and MA3 to Mr Aeschbacher's first Declaration to make good the proprietor's claim to have made "genuine use" of the mark within the previous five years in relation to feed additives. Exhibit MA2 consists of a copy of a letter dated 15 July 1994 to MAFF enclosing two "identification notes" for micro-organism products for use in animal nutrition. The letter in question is from Forum Feeds. The "identification notes" name "Bioferment S.A." of Switzerland as the manufacturer of CERNIVET LBC ME and CERNIVET LBC G, which are described as "Microbial feed additives".

15. Mr Aeschbacher explains the background to these "identification notes" in his second Statutory Declaration. The relevant extract is re-produced below.

> *"The grain of truth lying behind the confused and generally false account of events given by Mr Keith is that Cernivet probiotic feed additives are not currently on the market in the United Kingdom. This is due to commercial factors and EU regulatory considerations beyond the control of Cerbios Pharma SA. For the regulatory reasons given above, it has never been possible for us to sell the veterinary doser products in the UK. Sales of the dietetic doser products dwindled to the point where our distributor in the UK (Forum Feeds) was unable to continue sales. The dietetic doser product suffers from the disadvantage that each unweaned animal has individually to be fed the product by hand and must then be marked so that one can tell subsequently that it has already been treated. Since the product is to ward off possible health*

complications that might in any individual case never occur even without treatment, one can understand that many farmers may be unconvinced that such a product is actually doing good. Accordingly, when sales of the dietetic doser product failed, it was decided to introduce the feed additive products discussed above. This however has been obstructed by the following regulatory problem.

In Council Directive 93/113/EC published on December 31 1993, a copy is now produced and shown to me marked Exhibit MA(2) 1. It states in Article 2 that member states may temporarily allow the use and marketing of micro-organism preparations in animal nutrition provided that they are included in a list to be established by virtue of Article 3.

In order to get into this list, an identification note had to be forwarded to the Commission giving certain details regarding relevant products. Such an identification note for each of two Cernivet product types (micro-encapsulated products and granulated products - embracing three products in all) was sent to MAFF for submission to the Commission by Form Feeds on 15 July 1994. Their covering letter and the identification notes appear in my earlier Exhibit MA2."

16. The result of the "identification notes" sent to MAFF was an entry in The London Gazette of 28 June 1995, an extract of which constitutes exhibit MA3 to Mr Aeschbacher's first Declaration. It shows that the publication contained entries for CERNIVET products under a section entitled 'Enzyme and Micro-organism products in feed or for incorporation in feed'.

17. Mr Smart submitted that this was evidence of use of the mark CERNIVET within the relevant period and in the United Kingdom. There was nothing to suggest that such use was not "genuine". Mr Smart further submitted that, on a fair reading of the evidence, the unavoidable conclusion was that this mark was used on behalf of, and with the consent of, the proprietor.

18. Ms McFarland took issue with the latter assertion and argued that the use of the mark in

the letter to MAFF, in the identification notes, and in the London Gazette, was not sufficient to constitute "genuine use" under Section 46 of the Act.

19. I do not believe that the use in question constitutes genuine use for the purposes of Section 46(1) of the Act. The Act and the European Directive upon which it is based made it clear that the function of a trade mark is to distinguish the goods or services of one undertaking from those of other undertakings. The use contemplated is therefore use in the course of trade in the goods/services. It is helpful to keep this in mind when considering whether there has been genuine use of the trade mark. In my view, "genuine use" of a trade mark means offering goods or services under the mark in the course of trade. No doubt there may be cases of genuine use where the mark is used to inform potential customers of the forthcoming (and definite) availability of relevant goods/services at some point in the future. In this case the only use that the proprietor can point to is in a letter and "identification notes" sent to a government department. This seems to me to be no different, in principle, to the use of a trade mark in an application for its registration. Publication of the mark in the London Gazette is no more "genuine use" than publication in the Trade Marks Journal. Section 46(3) of the Act makes reference, in a different context, to "preparations for the commencement or resumption of use". In my view the use outlined in exhibits MA2 and MA3 falls within this description. It is not "genuine use" of the mark within the meaning of Section 46(1) of the Act.

20. There is no other evidence which establishes genuine use of the mark CERNIVET within the relevant period. In the light of that finding it is strictly unnecessary for me to reach a formal finding on whether any "use" of the mark was by the proprietor or with his consent. Mr Aeschbacher' evidence is somewhat opaque on this point but I believe it is tolerably clear that Cerbios Pharma S.A. (of which Bioferment is a trading division) is the successor in title to the CERNIVET trade mark of "*the former Cernitin S.A.*". Mr Aeschbacher says he has access to the records of both companies and that the former is entitled to be entered as the registered proprietor. The applicant's evidence contains no challenge to these claims. I am therefore prepared to accept that Mr Aeschbacher speaks for the proprietor of the trade mark during the relevant period.

21. This brings me to the proprietor's alternative defence that it had proper reasons for non-use. In **Invermont Trade Mark 1997 RPC 125**, the Registrar's hearing officer decided that "proper reasons" for non-use should be judged in a business context. Abnormal situations in the industry or market and temporary but serious disruptions to the proprietor's business may qualify, but not matters within the proprietor's own control. This approach has recently been given broad endorsement by Park J in **Magic Ball Trade Mark 2000 RPC. Page 439 (at page 442, lines 40-44).**

22. Mr Smart submitted that the onus was on the applicant to show that the proprietor's reasons for non-use were not proper. His reasoning was that although Section 100 places the onus on the proprietor to answer any question about the use made of his mark. The provision is silent on the question of proper reasons for non-use. Therefore the onus is not on the proprietor to show that reasons for non-use are "proper". However, as proper reasons for non-use are simply a means of avoiding the usual consequences of failing to establish "genuine use" under Section 46, it seems to me that it must follow that the onus remains with the proprietor to show that his reasons for non-use are "proper".

23. Mr Aeschbacher's reasons for the non-use of the mark appear to relate primarily to the use contemplated in respect of an animal feed additive. The relevant extract from Mr Aeschbacher's evidence is re-produced below:

> "*Regrettably, due to complications not foreseen at the outset, the time schedule for granting product registration set out in Directive 93/113/EC has not been kept to by the authorities and the whole registration procedure has been postponed several times. This is despite the best efforts of Cerbios Pharma SA and its representatives in Germany, Hoffman-La Roche, to obtain product registration.*
>
> *The current lack of such registration presently prevents the marketing of the Cernivet products in the United Kingdom. Important points for the marketing of such products will be clear only when Member States have voted on the respective 'proposal for publication in Annex of the Directive 70/524/EEC' referred to in the introduction of*

Directive 93/113/EC. These points include the animal species and categories for which marketing will be permitted as well as the dosage ranges to be permitted.

As a consequence of these delays in obtaining registration which have been beyond the control of Cerbios Pharma SA the marketing of these products has had to be postponed several times. Currently, voting on the registration of these products is expected to take place in the autumn of 1998. Once the necessary product registrations are obtained, I confidently expect to see the relevant products on the United Kingdom market.

As the letter from MAFF exhibited in Mr McBray's declaration states, the Cernivet products can temporarily legally be sold in the United Kingdom by virtue of their inclusion in Schedule 4 of the Feeding Staffs Regulations 1995, pending resolution of the situation at EU level. However, the lack of a proper EU regulatory approval makes such sale commercially impossible because of the long term uncertainty as to what will be permitted and the reluctance of customers to start using a product that lacks full regulatory approval and assurance of long term availability."

24. The facts set out in this statement are not challenged by the applicant, who decided not to file evidence-in-reply. At the hearing Ms McFarland suggested that Mr Aeschbacher could not be cross examined because he lives outside the jurisdiction, but in fact no request for cross examination appears to have been made. Ms McFarland pointed out that it was legally possible for the proprietor to have used his mark on feed additives during the period. In these circumstances she characterised the proprietor's decision not to market goods under the mark as a matter of commercial choice.

25. For his part, Mr Smart drew comfort from the decision of Park J in **Magic Ball** to the effect that a proprietor who is struggling to overcome technical difficulties in the production of a new product may have a proper reason for not using the mark on goods produced on unsatisfactory machinery which is liable to lead to large commercial losses. Mr Smart argued that, by way of analogy, the proprietor had a proper reason for not placing feed additives on

the market if it judged the market would be unreceptive to the goods because of uncertainty about the scope and extent of regulations in the pipeline.

26. I would be inclined to accept that argument but I am troubled by a further statement in Mr Aeschbacher's evidence which, in my view, challenges the materiality of his earlier evidence. He says:

> *"A further difficulty of a commercial nature which would **by itself** have been sufficient to prevent introduction of the feed additive products into the UK presented itself initially but in my view has now been removed. Such feed additives are in competition with antibiotic growth promoters and up until relatively recently would not have been able to gain enough market share against such competition to make their marketing viable in the UK. However, antibiotic growth promoters are coming increasingly into disfavour because of fears that they may contribute to the production of bacterial strains that are resistant to antibiotics, so that now there are good opportunities for the marketing of the feed additives once the regulatory difficulties are out of the way." (My emphasis).*

27. Mr Aeschbacher appears to indicate that, notwithstanding the regulatory uncertainty, the United Kingdom market for the sort of feed additives produced by the proprietor was not "*until relatively recently*" sufficiently large to make the marketing of such goods viable. This statement was made in November 1998, some fourteen months after the end of the relevant five year period. Thus it appears that the proprietor's view during the relevant period was likely to have been that there was no viable United Kingdom market for its feed additive products because of the domination of the market by antibiotic growth promoters.

28. This leads me to the question of whether the absence of a viable market for the goods because of commercial conditions is a proper reason for non-use. I can imagine circumstances where a proprietor may decide to temporarily withdraw his goods from the market because of market conditions with the intention of re-introducing them again when the market picks up . This may be a proper reason for non-use. I cannot at the moment envisage situations

where this could last five years and still be described as "temporary". In this case there is no evidence that there was a viable United Kingdom market for the proprietor's feed additive products prior to the commencement of the five year period of non-use.

29. These matters have to be considered against the purpose of Section 46(1) of the Act which can be found in the eighth recital to Directive 89/104/EEC. This states:

> "Whereas in order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation."

30. It does not seem to me to be consistent with this objective to allow national registrations to continue where there has been no use of the mark shown within a relevant five year period because there was no viable market for the goods that the proprietor wished to market during that period. The policy behind the recital appears to be that the potential difficulties caused to other trade mark owners by registration should only be accepted where it is necessary to protect actual trade in goods/services. It is implicit that there must be a viable market for the goods/services in order to justify the continuance of a registration. "Proper reasons" are clearly intended to constitute exceptions to the general rule of "use it or lose it". They should not be construed so liberally that the objective of this provision - which clearly goes beyond the removal of marks which have been positively abandoned - is undermined. I have therefore come to the conclusion that the absence of a viable commercial market for the proprietor's feed additive product is not a proper reason for non-use.

31. Market resistance caused by uncertainty over a proposed regulatory regime may be a proper reason for non-use, but it cannot be relevant in circumstances where, quite apart from these difficulties, there was no viable commercial market for the goods. I cannot see how the regulatory difficulties can be regarded as the reason for non-use in these circumstances.

32. Ms McFarland took a further point that the feed additives described by Mr Aeschbacher

are not covered by the specification for which the mark is registered. The gist of her argument was that feed additives not for medical purposes are proper to Class 31, whereas the registration is in Class 5.

33. In the light of my earlier finding it is not strictly necessary for me to deal with this matter. However, in case the matter goes further, it might be helpful if I did. Mr Aeschbacher's evidence indicates that the "feed additives" in question are "*not intended for the treatment of pathogenic infections. Rather they are feed supplements for improving zootechnical parameters (such as feed conversion rate and daily weight gain) and improving the health status of animals*". Ms McFarland invited me to conclude that the goods in prospect are therefore 'not for medical purposes'.

34. In my view the feed additive product described by Mr Aeschbacher does fall within the scope of the registration. I have reached this view because:

a A product does not have to be classed as a medicine by the authorities before it can be considered as being "for medical purposes" for the purposes of registration (eg vitamin tablets fall in Class 5);

b The feed additives product described by Mr Aeschbacher is clearly for improving the health of animals. (I note that it competes with antibiotic growth promoters which would fall in Class 5);

c Although the registration is in Class 5, the specification is not limited to goods which fall in that Class, and the goods would probably fall within the description "cultures of micro-organisms" if not "medicated additives for (animal) food".

However, in the light of my earlier finding this conclusion does not assist the proprietor.

35. The application for revocation is successful. Section 46(6) gives the tribunal a discretion

to revoke the registration from a date prior to the application. I have not been asked to exercise that discretion. The registration will therefore be revoked with effect from the date of the application, which is 3 September 1997.

36. The application having succeeded the applicant is entitled to a contribution towards his costs. I therefore order the proprietor, Cerbios Pharma S.A., to pay the applicant the sum of £900 as a contribution to its costs. This to be paid within seven days of the period allowed for appeal or, in the event of an unsuccessful appeal, within seven days of the final determination of the matter.

Dated this 5 Day of July 2000

ALLAN JAMES
For the Registrar
the Comptroller General