

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 12217 BY
DISNEY ENTERPRISES INC FOR REVOCATION OF
REGISTRATION No. 628826 STANDING IN THE NAME
OF RICHARD HENRY MASKELL**

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IN THE MATTER OF Application No. 12217 by Disney Enterprises Inc for Revocation of Registration No. 628826 standing in the name of Richard Henry Maskell

DECISION

1. The trade mark LI-LO is registered in the name of Richard Henry Maskell for 'sporting articles (except clothing)' in Class 28. The registration is numbered 628826.
2. On 18 January 2001 Disney Enterprises, Inc applied for this registration to be revoked under the terms of Section 46(1)(a) of the Act as investigations had failed to reveal any use having been made of the mark.
3. The registered proprietor filed a counterstatement denying the above ground and referring to continuous use by the proprietor's company or with his consent since 1983.
4. Both sides ask for an award of costs in their favour.
5. Both sides filed evidence. The matter came to be heard on 22 July 2002 when the registered proprietor was represented by Mr G Hamer of Counsel instructed by Marks & Clerk and the applicants for revocation by Mr M Edenborough instructed by Frank B Dehn & Co.

Registered proprietor's evidence (Rule 31(2))

6. Richard Henry Maskell filed a witness statement. He explains that the registration was applied for in 1944 by PB Cow & Company Ltd and subsequently assigned to GPG International Ltd in 1982. He himself acquired the registration in 1982 with a confirmatory assignment being executed in 1986 (a copy is at Exhibit 1).
7. Mr Maskell says he is a director of Li-Lo Leisure Products Ltd, a company which was established on 18 February 1983. The LI-LO trade mark is used by this company with his consent. Copies of the annual reports of Li-Lo Leisure Products Ltd for the last five years are attached as Exhibit 2.
8. The company markets a range of toys, games, playthings and sporting articles under the LI-LO trade mark and is said to have done so continuously since the company was founded. The company's estimated turnover in the goods for the year 2000 was £30,000,000. The goods are in general sold to the trade rather than directly to the public. There are over 3,000 accounts which are supplied on a regular basis and the Premier Link Group, Bookers and Youngsters are amongst Li-Lo Leisure's leading wholesale customers. The Youngsters group operates some 250 cash and carry outlets through which the company's goods are sold on to

independent stores. The goods are also sold through the Argos and Index catalogue companies and through stores such as Morrisons and B&Q.

9. In support of this Mr Maskell exhibits a range of promotional leaflets (Exhibit 3) and a selection of customer invoices for sporting goods (Exhibit 4).

Applicants for revocation's evidence (Rule 31(4))

10. The applicants filed two witness statements. The first is by Ian Yexley, a Director of Investigations with Unitrust Security Consultants Ltd, a specialist trade mark enquiry company. Mr Yexley was asked by the applicants' trade mark attorneys to undertake enquiries into use of the mark at issue. The main points to emerge from those enquiries are as follows:

- Mr Maskell is one of three directors of Li-Lo Ltd whose principal activity is the importation of garden furniture, toys, Christmas decorations and other leisure goods;
- Li-Lo Ltd are said to only supply products to wholesalers with no brochures being produced;
- no products bearing the mark Li-Lo were found to be on sale to the general public;
- a further company, Li-Lo Leisure Products Ltd imports toys and games from the Far East. Again no mention was made during the course of investigations to any LI-LO branded products being imported.

11. The second witness statement is from Christopher R Davies, a Partner in Frank B Dehn & Co, the applicants' professional representatives in this matter.

12. Mr Davies says that, in response to a written request from the applicants, a representative selection of materials showing use of the mark in logo form was received but all of the materials were out of date and appeared to be more than five years old. Further material was later supplied by the registered proprietor showing 'current season' products. None of the materials related to the sale of sporting articles. Copies of all this material are exhibited at CRD1. The remainder of Mr Davies' witness statement consists essentially of submissions. The main points to emerge are:

- although the registered proprietor claims a substantial turnover there is no breakdown to show what, if any, percentage thereof relates to sales of sporting articles or that any of the goods are branded LI-LO;
- the applicants' investigations suggest that one of Li-Lo Leisure Products Ltd's main areas of business is garden furniture (as those goods are not relevant to the current action I do not propose to record Mr Davies' further comments in this regard);

- the sales of goods to wholesalers and catalogue companies referred to by Mr Maskell is not relevant as no explanation is given as to the nature of the goods or the mark used. The catalogues supplied reveal no listing of LI-LO branded goods;
- enquiries suggested that one of the leading wholesalers (Bookers) referred to by Mr Maskell stopped buying from Li-Lo Leisure Products Ltd about 2/3 years ago;
- the exhibited promotional leaflets are not dated and/or are old and feature an office address that no longer exists;
- furthermore the goods shown are either not appropriate to Class 28 or are not sporting articles;
- the goods that are featured on the pages headed 'Junior Sport Items' and 'Pumps and Oars' (in Exhibit 3) each feature the old logo form of the mark that only appeared on the out-of-date material that was first received from the agents acting on behalf of the proprietor in response to the applicants' written enquiries.

Registered proprietor's evidence in support (Rule 31(6))

13. The registered proprietor filed a witness statement by Pamela Alison Melling, an attorney with Marks & Clerk, his professional representatives. Ms Melling refers to a visit she paid to a TK Maxx store in Harrow and exhibits a leaflet about the business and an inflatable sports boat said to show the mark at issue (Exhibits 1 and 2).

14. There is also a further witness statement from Mr Maskell who, in response to Mr Davies, says that approximately 10 percent of annual turnover is derived from toys and games with approximately 1 percent being derived from sporting articles. He reiterates that it is not correct to say that LI-LO branded products are not available for sale to the general public. In addition to wholesalers, sales are made to supermarket groups, chain stores, mail order companies and retail groups of all sizes. Neither Argos nor TK Maxx repackage products sold to them.

Applicants for revocation's reply evidence (Rule 31(7))

15. The applicants filed reply evidence by Joyce E Milburn, an Assistant in the firm of Frank B Dehn. Her comments can be summarised as being that:

- Ms Melling's evidence is not relevant as it is outside the relevant five year period;
- the mark shown on the inflatable sports boat referred to by Ms Melling is not the mark as registered. The packaging says that it is not a toy. On that basis it is proper to Class 12 and not Class 28. Furthermore inflatable boats are not

sporting articles;

- Mr Maskell does not identify the sporting articles that are said to constitute 1 percent of turnover;
- no LI-LO branded sporting articles are available for sale to the general public.

16. That completes my review of the evidence.

The Law

17. Section 46 reads as follows:

“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;
- (c) that, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service for which it is registered;
- (d) that in consequence of the use made of it by the proprietor or with his consent in relation to the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

(2) For the purposes of subsection (1) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(3) The registration of a trade mark shall not be revoked on the ground mentioned in subsection (1)(a) or (b) if such use as is referred to in that paragraph is commenced or resumed after the expiry of the five year period and before the application for revocation is made:

Provided that, any such commencement or resumption of use after the expiry of the five year period but within the period of three months before the making of the

application shall be disregarded unless preparations for the commencement or resumption began before the proprietor became aware that the application might be made.

(4) An application for revocation may be made by any person, and may be made either to the registrar or to the court, except that -

- (a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and
- (b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(5) Where grounds for revocation exist in respect of only some of the goods or services for which the trade mark is registered, revocation shall relate to those goods or services only.

(6) Where the registration of a trade mark is revoked to any extent, the rights of the proprietor shall be deemed to have ceased to that extent as from -

- (a) the date of the application for revocation, or
- (b) if the registrar or court is satisfied that the grounds for revocation existed at an earlier date, that date.”

18. Section 100 is also relevant. It reads:

“**100.** If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

The relevant dates

19. This action has been brought under the terms of Section 46(1)(a). That period is the five years following the date of completion of the registration procedure. The application was applied for on 19 April 1944 and the registration procedure was completed on 24 October 1944. The five year period, therefore, runs from 25 October 1944 to 24 October 1949. As the present proprietor of record did not acquire the registration until 1982 (and no records from earlier periods have been made available) the applicants are bound to succeed under Section 46(1)(a) unless the proprietor is able to demonstrate that he is entitled to benefit from the provisions of Section 46(3). The relevant period is, therefore, from 25 October 1949 to the filing date of the application for revocation, that is to say 17 January 2001.

The registered proprietor’s title

20. Mr Edenborough made a number of submissions regarding the process by which Mr Maskell had come to own the registration. I do not propose to record the individual points

that were the subject of criticism. The combined affect was, in his view, that there was a gap in the chain of title or at least that the whole process of devolution of title had not been set out and substantiated in Mr Maskell's evidence. On this basis it is suggested that whether or not use is shown is irrelevant because it could not have been 'by the proprietor or with his consent'. If Mr Edenborough is right then that is the end of the matter and the application for revocation must succeed.

21. I should say by way of background that the point arises from comments made by Mr Maskell in his first witness statement. Those comments, which explain briefly how he came to be the owner of the registration, were not in my view called for in response to the revocation action. They provided pieces of largely superfluous background information. Ownership and/or the propriety of past assignments are not in issue in the context of this non-use action. Provisions exist elsewhere in the Act for dealing with questions of proprietorship (Section 47(1) and Section 3(6)) or the recordal of assignments or other registrable transactions (Section 64). Section 72 provides that:

“72. In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it.”

22. Quite apart from the fact that the registered proprietor would not have been aware of the applicants' criticisms prior to the hearing, I do not consider that the current action requires him to defend or explain the process by which the registration came into his ownership. What he is required to do is to show that the mark has been used by him or with his consent. But the starting point must be the ownership position as it currently stands in the Registry's records. No other reason has been advanced to suggest that the use shown has not been made by the proprietor or with his consent. The trade mark registration is in Mr Maskell's name. The use shown is usually by Li-Lo Leisure Products Ltd. Mr Maskell refers to it as his company and the use as being with his consent. There has been no challenge to these claims.

Genuine Use?

23. A registration is liable to be revoked in the circumstances set out in Section 46(1)(a). Section 46(1)(b) and 46(3) refer to 'such use' meaning use in the circumstances set out in Section 46(1)(a). To successfully resist a challenge a proprietor must show genuine use of his mark within the relevant time frame and in relation to the goods (or services) for which it is registered. The Act expresses the matter as a composite set of requirements. In practice it is necessary and convenient to consider the matter by reference to the key constituents of the test. Issues arise in relation to the mark(s) used and the goods in relation to which the mark(s) have been used. What is not, I think, challenged is the genuineness of the use that has been shown. The proprietor has a trade of some duration and of a significant size. It is not suggested that it is in any way a sham or other than genuine trade. What is questioned is the relevance of the use shown.

The marks used by the registered proprietor

24. A number of versions of the LI-LO mark are shown in the brochures, invoices and other material supplied. I have included in the Annex to this decision two pages of promotional material to illustrate the position. They include LI-LO in upper case on the boxed American footballs, Li-Lo (upper and lower case) on the junior size American footballs, LI-LO with the 'solid' O on the inflatable boot, LI-LO with a small asterisk above the O (top right of the Mach boat leaflet) and LI-LO in square or angular lettering and a small star device (top left of the Junior Sports Items leaflet). It is arguable as to whether the star forms part of the mark or has simply been superimposed. It is this latter version which appears to be predominant in the more recent material. All the relevant material before me in this case consists of black and white photocopied material. Some original material (showing the mark in colour) is available in the related action but, as the cases have not been consolidated, it is not available to me in this case. Unsurprisingly, I note that when the narrative text needs to refer to the mark it does so as Li-Lo.

Has there been use of the mark?

25. Rule 5(4) of the Trade Marks Rules 2000 reads:

“(4) An application to register a trade mark which is or includes a word shall be treated as an application to register that word in the graphical form shown in the application, unless the applicant includes a statement that the application is for registration of the word without regard to its graphical form.”

26. The corollary to that is that a mark applied for in plain black capitals is not restricted to the precise form in which it has been applied for. This particular registration was applied for long before the new Act and Rules came into play. It was, nevertheless, generally accepted that a mark applied for in plain block capitals was not restricted to that particular form but embraced variations of, for instance, case, script, font size, style and colour (see, for instance, Morny Ltd's Trade Marks [1951] RPC 131). That reflects the commercial reality which is that marks are used in a variety of contexts and forms. That said there must come a point where variant forms of marks introduce degrees of stylisation or presentational features that go beyond the legitimate range of variations that might be permitted. It may be a matter of fine judgment in any given case as to whether that line has been crossed. I have no doubt whatsoever that use of the mark LI-LO and Li-Lo constitute use of the registered mark. If, or to the extent that, the registered proprietor uses the mark in coloured form that too is in my view use of the mark as registered. An issue may arise as to whether the use of the 'solid' O constitutes use of the mark as registered. I propose to consider this point and the overall presentation of the mark (including the angular letter form) by reference to Section 46(2).

27. There was a suggestion in Mr Edenborough's skeleton argument that I should not consider the application of Section 46(2) at all as it had not been directly pleaded in the registered proprietor's counterstatement. The point was not pressed in oral submissions. I take the view that Section 46(2) does not operate as a separate or alternative ground. It is explanatory or clarificatory in nature. It confirms that the types of use referred to in the subsection fall within the term 'use' in Section 46(1)(a) and (b). As such it is not necessary in

my judgment to separately plead reliance on Section 46(2).

28. The correct approach to Section 46(2) has been considered in a number of cases. Of particular relevance is *BUD AND BUDWEISER BUDBRAÛ* Trade Marks [2002] RPC 38. It will be sufficient for present purposes to record the conclusions that Mr S Thorley QC (sitting as a Deputy Judge of the High Court) came to on the matter:

“22. Next, it is to be noted that the language of section 46(2) does not use a comparative when defining alterations that can be accepted. It does not state that the alteration must not “substantially” alter the distinctive character. The requirement is that the alternative form may only differ in elements which do not alter the distinctive character of the mark. In my judgment this is indicative that the subsection is of narrow scope. Alterations which would be immaterial for the purpose of infringement, in that the alleged infringing mark was confusingly similar to the registered mark, are irrelevant. It is thus necessary for any Tribunal seeking to apply section 46(2) to determine what is the distinctive character of the mark and which are the elements that, in combination, contribute to that distinctive character. Thereafter it must enquire whether any alteration to any of those elements is of sufficient immateriality as not to alter that overall distinctive character.

23. In this way the objective of the Directive will be met. In the light of the 8th Recital, it cannot be the intention to clutter up the Register with a number of marks which differ from each other in very minor respects because the proprietor of an earlier mark has subsequently seen fit to change that mark only in some minor way which nonetheless preserves its distinctive character. There should be no need to reapply for a further mark in those circumstances. On the other hand, where a proprietor wishes to alter his mark or believes that his mark has become sufficiently distinctive in a different form to be registrable in that form, it is right that he should register it in that form and allow the former unused registration to lapse.”

29. It is necessary to bear in mind that Mr Thorley was, in that case, dealing with a mark that was registered in a stylised form. His judgment notes that the mark “was not merely an application for the word mark “Budweiser Budbraü”. No statement was made in accordance with Rule 5(4)”.

30. A case which deals with the application of Section 46(2) in the context of a mark registered in plain block capitals is *DIALOGUE* Trade Mark, O/084/02. There the issue was whether use of *THE DIALOGUE AGENCY* altered the distinctive character of the mark *DIALOGUE* alone. The Appointed Person’s (Mr D Kitchen QC) approach to the matter and conclusions were as follows:

“I believe that the correct approach under section 46(2) is to consider the mark which is being used and the elements which render it different from the mark which is registered, and seek to determine whether or not those elements do alter the distinctive character of the mark which is registered. If the distinctive character of the mark is altered, then section 46(2) cannot avail the proprietor. Accordingly I agree with Mr Thorley, QC that the sub-section is of relatively narrow scope.

As to whether or not the Hearing Officer fell into error, I have found this a difficult question to answer. In the end, and not without some hesitation, I have concluded that he did not. The Hearing Officer asked himself whether or not the addition of the words THE and AGENCY to make up the totality THE DIALOGUE AGENCY altered the distinctive character of the mark. He concluded that the answer to that question was no. His reasons were that the additional elements were both non-distinctive and that the only trade mark element within the totality of the mark which was in fact used was the word DIALOGUE. He must have here had in mind the nature of the services for which the mark was registered. It is in the light of this reasoning that he concluded that he could see no reason why a member of the public should not take the mark, in totality, as a badge of origin, having essentially the same trade mark characteristics as the word DIALOGUE.”

31. Mr Hamer also referred me to IDG Communications Ltd’s Trade Mark Application, [2002] RPC 10 and the scope of ‘notional and fair use’ considered by the Hearing Officer in that case (the two marks were ‘DIGIT’ and ‘digits’). I accept that there may be circumstances where applying a normal and fair use test would produce the same result as the test under Section 46(2) but I find it preferable to base my consideration on the wording of Section 46(2) itself and the above guidance rather than a potentially analogous test.

32. As indicated above the registered proprietor has employed a number of slight variations of the mark LI-LO over the years. What I have referred to as the angular letter form appears to be the most prevalent but other forms have been used. The half tones shown on the photocopied material suggest that the mark is used with the letters presented in contrasting colours. There is a small star device in the top right hand corner. Whether the latter is to be considered as a part of the mark or a superimposed embellishment is debatable. The question is, therefore, whether the combination of elements described above constitutes use “in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered”. Mr Edenborough submitted that the form of the mark described above resulted in a different penumbra of protection. I have not found this an easy matter to determine but I note in particular Mr Thorley’s comment above to the effect that “it cannot be the intention to clutter up the Register with a number of marks which differ from each other in very minor respects because the proprietor of an earlier mark has subsequently seen fit to change that mark only in some minor way which nonetheless preserves its distinctive character”. In my judgment this is what the registered proprietor has done. The manner in which the word LI-LO is presented is not a variation of sufficient materiality to alter the distinctive character of the mark as registered.

Use in relation to the goods of the registration?

33. Section 46(1) requires the proprietor to show use ‘in relation to the goods’. Section 10(4) gives a non-exhaustive list of examples of how such use can be shown in the context of infringement. It is not essential that the mark appears on the products themselves. Not all products lend themselves to this treatment.

34. I do not think there is any ambiguity in the bulk of the registered proprietor’s evidence. The mark is plainly in use on the goods. The question is on which goods has use been shown

in the relevant period up to 17 January 2001. The answer to that question is mainly to be found in Exhibits 3 and 4 of Mr Maskell's witness statement.

35. I have found in the related revocation action that there has been use in relation to a very limited range of goods which are or might reasonably be said to be within the term 'sporting articles', here those goods are sports balls, cricket and tennis sets, croquet sets and skateboards (snooker and pool sets do not feature in the invoice evidence in this case). The mark LI-LO has been used on or in relation to these goods within the relevant timeframe (ignoring those invoices that are after the filing date of the application).

36. An issue may arise in relation to the narrower specification of this registration as to whether certain other items are within the term 'sporting articles' even if they fall within the all encompassing Class 28 specification of the related registration. Mr Davies comments in his witness statement as follows:

"Inflatable boats that are proper to Class 28 are toys. Other inflatable boats are proper to Class 12. Paddling and swimming pools, swim rings and float bands are not sporting articles, neither are beach balls. As for the goods that are featured on the pages headed 'Junior Sport Items' and 'Pumps and Oars', they each feature the old logo form of mark that only appeared on the out-of date material that was first received from the agents acting on behalf of the proprietor as referred to at paragraph 3 hereof."

and Ms Milburn says:

"..... . As for the product that is said to be on sale, it is clearly stated on the packaging that the boat is not a toy. Only inflatable boats that are toys are proper to Class 28. If they are not toys they are proper to Class 12."

37. Ms Milburn's comments are in reply to Ms Melling's evidence. Ms Melling had exhibited an 'inflatable sports boat'. The purchase was made in January 2002, that is to say about a year after the filing date of the application for revocation. Other examples of the inflatable boats can be found at Exhibit 3 to Mr Maskell's witness statement. The telephone number on the trade literature concerned places it well within the relevant time frame. The words used in describing these boats gives rise to an issue as to their classification and/or whether they can be said to be sporting articles within Class 28.

38. As has been suggested inflatable boats may be proper to other Classes - in particular Class 9 (in the nature of lifeboats), 12 or 28. They would only be in Class 28 if they were in the nature of toys or sporting articles. The product literature variously refers to them as 'leisure inflatable boats' 'sport boats range' and 'these are not toys'. These designations cannot in themselves determine how the products should be properly described or categorised. The wording on the packaging 'This is not a toy' is in fact a superimposed sticker. More importantly it serves as a warning to children and their parents that care should be exercised in its use.

39. No dictionary or other material has been supplied to indicate what the term ‘sporting articles’ might cover. I must, therefore make the best I can of it. I am assisted in general terms by guidance from two reported cases. Firstly in *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd & Another*, [2000] FSR 267, it was held that words must be given their natural meaning subject to the normal and necessary principle that they must also be construed by reference to their context. Secondly in *British Sugar Plc v James Robertson & Sons Ltd*, [1996] RPC 281, it was said that:

“When it comes to construing a word used in a trade mark specification, one is concerned with how the product is, as a practical matter, regarded for the purposes of trade. After all, a trade mark specification is concerned with use in trade.”

40. On the basis of the product literature available to me in the evidence I take the view that the inflatable boats shown would not normally be described as sporting articles. Rather they are inflatable toys or leisure articles. As such they do not naturally fall within the specification of this registration. However, the point may not be critical from the registered proprietor’s point of view as the goods will remain within the scope of the specification of related registration No. 654349 notwithstanding the effect of my decision in the related revocation action.

41. Mr Edenborough made a number of significant criticisms of the evidence. His points can be summarised as being that there is no breakdown of turnover; the invoice evidence is not ‘matched’ to the product literature; the marks are not shown to be on all individual items merely on the invoice headers; and the dates of some of the literature are not clear.

42. In response to Mr Edenborough’s criticisms Mr Hamer pointed to the fact that the applicants had mounted an attack against the whole registration; that the proprietor’s business was a widely diversified one; that given the nature of the business it was unreasonable to expect evidence to support each and every item of trade; and that company records are not kept in a form which is convenient for the purposes of dealing with actions of this kind.

43. I have some sympathy with Mr Hamer’s submission though it cannot at the end of the day relieve the registered proprietor of the onus which is upon him by virtue of Section 100 bearing in mind that he has chosen to maintain and now defend the specification in its present form. Mr Edenborough’s criticisms cannot, therefore, be lightly dismissed.

44. The registered proprietor has filed copies of the annual reports of LI-Lo Leisure Products Ltd for the years 1995 to 1999. They confirm that the company’s principal activities are that of “an importer of garden furniture, toys, Christmas decorations and other leisure goods”. The UK turnover has been running at levels consistently at or in excess of £20 million but of course that includes goods such as garden furniture which is not in Class 28. Mr Maskell, in his witness statement of 11 January 2002, subsequently sheds a little more light on the turnover figures. He says that approximately 10% of turnover is derived from toys and games and 1% from sporting articles. That still represents a significant sum in relation to sporting articles. There are in addition clear indications that the registered proprietor is engaged in a substantial trade e.g.

- 3000 account customers;
- regular sales to or through leading operators such as Bookers, Argos and Index catalogues, Morrisons, B & Q;

45. I also accept Mr Maskell's claim that company invoices show the mark. It is perfectly true that the mark is not shown against individual items in the 'product code' and description boxes. That is not at all surprising as LI-LO is used as the house mark. Individual products are referred to in descriptive terms or by reference to sub-brands. However, the LI-LO mark appears on each invoice, displayed at the top next to the company name, Li-Lo Leisure Products Ltd. There are sufficient examples of the use of the mark on, or in relation to, individual items in the trade literature to support the claim that this is indicative of the company's general practice. Finally I should add that, whilst not all the promotional literature is dated it is possible to conclude by reference to the London telephone codes that the material was available within the relevant timeframe.

46. The position I am left in is, therefore, that there are undoubted imperfections in the evidence. The question I have asked myself is whether the totality of the evidence is sufficient to persuade me that the registered proprietor has done enough to defend at least part of his registration. Taken as a whole I think he has. Li-Lo Leisure Products Ltd is clearly a business of some substance and has enjoyed continuity of trade in the goods at issue. The invoice evidence is indicative of that trade rather than an exhaustive confirmation of sales of each and every item. Unless complete company records are dug out such evidence must necessarily be a snap-shot in time. I accept too that company records are not necessarily maintained in such a way that permits easy disaggregation of the various strands of a diversified business. I have little doubt, however, that there has been genuine use of the mark in relation to certain goods within the specification.

Is the use shown sufficient to preserve the entire registration?

47. The sub-text to that question is, if not, how should the specification be cut down having regard to the provisions of Section 46(5). The construction of Section 46(5) has caused some difficulty. The conflicting considerations and approaches are summarised in *Decon Laboratories Ltd v Fred Baker Scientific Ltd*, [2001] RPC 17 starting at paragraph 21. I do not propose to record the full text of Mr Justice Pumfrey's observations on the matter. His conclusions can conveniently be found in the following passages:

“In my judgment, the task is best performed by asking what would be a fair specification of goods having regard to the use that the proprietor has in fact made of the mark and assuming further that he will continue that use. Mr Campbell submitted that the specification of goods should in effect be drafted from scratch to encompass only the use which the registered proprietor has made of the mark. I accept that the starting point should be a limitation to the actual field of use. The difficulty lies in deciding on the width of the surviving specification, the correct formulation of which must depend largely upon questions of fact and degree”

and

“I think that the correct starting point as a matter of principle consists of the list of articles for which the proprietor has in fact used the mark. In arriving at a fair specification having regard to the proprietor’s use, it is also necessary to remember that the effect of section 10(2) (and of 10(3), in limited circumstances) is to give the proprietor protection outside his specification of goods but in areas where he can demonstrate a likelihood of deception in the wide sense, that is, deception as to trade origin leading to association among the relevant public. There is no pressing need, therefore, to confer on the proprietor of a wider protection than his use warrants by unduly broadening the specification of goods.

There is a balance to be held between the proprietor, other traders and the public having regard to the use which has in fact taken place.”

48. If I have understood Mr Hamer correctly he doubted whether it was open to me to cut the specification down at all as the applicants had not sought partial revocation. A revocation action in his view, could not be used to require proof of every single item in a broad specification. I do not accept that it is not open to me to revoke the registration in respect of some goods only. The combined effect of Section 46(5) (and Article 13 of the Council Directive 89/104) and Section 100 is to make it incumbent on me to consider whether partial revocation is called for. The more difficult question is how to apply the principles set out in Mr Justice Pumfrey’s judgment above.

49. The term sporting articles covers a vast range of goods. The registered proprietor has only shown use on a small range of goods within that broad head and concedes that sporting articles account for only 1% of turnover. Having regard to my above findings I propose to allow the registration to stand in respect of sports balls, apparatus for use in cricket, tennis and croquet and skateboards. I see no justification for a more generous approach under this head.

Discretion

50. Mr Edenborough in his skeleton argument, submitted as follows:

“If non-use is found in respect of some, but not all, of the goods for which the marks are registered, then it is submitted that the registry must revoke the registration to that extent, ie. it has no residual discretion. In this regard, it ought to be noted that the House of Lords in *Scandecor Developments AB v Scandecor Marketing AB* [2001] ETMR 800 at 567 referred the issue of discretion to the ECJ. Given that stance, then if the registry were to hold that it has a residual discretion, it is submitted that it ought not to be exercised in favour of Mr Maskell in this case, because no grounds have been advanced to support such an indulgence from the registry.”

and

“If, however, contrary to those submissions, the registry decides (a) that it has a residual discretion and, (b) that it was going to exercise it in favour of Mr Maskell, then it is submitted that the most efficient route would be for the registry to make an

article 234 reference to the ECJ directly on that issue. This is because otherwise there would be needless delay before a higher court makes the same reference (*Maasland NV's Application* [2000] RPC 893 at 901).”

51. In *Azrak-Hamway International Inc's Licence of Right Application*, [1997] RPC 134, it was held that the Comptroller was a court or tribunal within the meaning of Article 177 of the Treaty of Rome and had the power to make references to the European Court of Justice.

52. The issue of whether a residual discretion exists in an action of this kind appears to be one that may call for a ruling from the ECJ at some point. Hence the reference in *Scandecor* albeit that that case has now fallen away. Prior to that the matter rested with Mr Justice Neuberger's decision in *Premier Brands UK Ltd v Typhoon Europe Ltd & Another* [2000] ETMR 1071 to the effect that the Court had no discretion over whether or not to revoke a registered trade mark once the grounds of revocation had been established.

53. For reasons which I will briefly explain I do not consider that the circumstances of this case make consideration of a referral necessary. Firstly there has been no request by either side in their statement of grounds/counterstatements for an exercise of discretion. Nor has there been any request to amend the grounds to introduce an exercise of discretion as a basis of attack or defence. Nor can I see anything in the factual circumstances of the case which might naturally be said to give rise to a discretionary matter. It will be apparent from those parts of my decision dealing with the mark(s) in use and the goods on which it has been used that I have not found this an easy matter to decide. However the areas of difficulty relate to issues of law (the interpretation of the provisions of Section 46(2) and the application of 46(5)) and issues of fact (establishing the goods on which use has been shown) rather than any discretionary circumstances. In short no issue of discretion arises either on the pleadings or on the facts which would make a reference appropriate.

54. In summary, having regard to Section 46(5), the revocation has been partially successful. The registration will be revoked in respect of all goods except as follows:

Sports balls, apparatus for use in cricket, tennis and in croquet, skateboards.

These being the goods covered by the evidence in this case.

55. Given the breadth of the term sporting articles and the relatively narrow range of goods that the registered proprietor has been able to successfully defend I consider that the applicants are entitled to a proportional award of costs. I order the registered proprietor to pay the applicants for revocation the sum of £500. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 5TH day of November 2002

M REYNOLDS
For the Registrar

the Comptroller-General