

## O-394-03

TRADE MARKS ACT 1994

APPLICATION No. 12215 BY DE RIGO SPA TO REVOKE REGISTERED  
TRADE MARK NO. 2008994 IN THE NAME OF R. MAHTANI

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### DECISION

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#### Introduction

1. This is an appeal by Ms R. Mahtani, the registered proprietor of Registered Trade Mark No. 20008944 (“the Mark”), against a decision and supplementary decision of Mr Landau acting for the Registrar dated respectively 18 and 19 June 2003. In his principal decision the hearing officer decided that the Mark should be revoked for want of genuine use pursuant to section 46(1)(a) of the Trade Marks Act 1994. In his supplemental decision the hearing officer decided that the revocation should be effective from 15 December 2000.
2. The mark consists of the word POLICE. On 15 December 1995 it was registered with effect from 11 November 1994 in respect of the following goods:

perfumes, non-medicated toilet preparations, cosmetics, essential oils, soaps, shampoos, preparations for the hair and scalp, personal deodorants and anti-perspirants, after shaves, eau de toilettes; all included in Class 3.
3. On 17 January 2001 the respondent De Rigo SpA applied to revoke the Mark. It appears from the evidence that the respondent is the proprietor of the trade mark POLICE for sunglasses, but since any person may apply to revoke a trade mark for non-use the reason for its interest in the Mark is immaterial. After statements of case had been filed by both parties, evidence had been filed on behalf of the appellant, and an interim hearing, the application came before the hearing officer for a hearing and decision.

### Relevant legislation

4. Section 46 of the Trade Marks Act 1994 provides in relevant part as follows:
  - (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 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;
    - ...
  - (2) For the purposes of subsection (1) ... 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 [not relevant].
5. These provisions implement Articles 10(1),(2),(3) and 12(1) of Council Directive 89/104 of 21 December 1998 to approximate the laws of Member States relating to trade marks.

### The respondent's statement of case

6. The respondent's statement of case included the following paragraphs:
  4. The Applicants believe that the Trade Mark the subject of Registration 2008994 has not been used in the United Kingdom by the Registered Proprietor or with its consent in relation to any goods for an uninterrupted period of at least five years prior to the date of this application and there are no proper reasons for such non-use.
  5. Trade Mark Registration No. 2008994 is therefore wrongly remaining on the Register and should be revoked under the provisions of Section 46(1)(a) of the Trade Marks Act 1994.

This gave rise to two questions which were argued before the hearing officer.

7. The first question was whether the respondent had pleaded a sustainable case at all, and if so, whether that case was under section 46(1)(b) or section 46(1)(a). The hearing officer noted that the wording of paragraph 4 was appropriate to a case under section 46(1)(b), but nevertheless held, for the reasons given in paragraphs 24 and 25 of his decision, that the respondent should be taken properly to have pleaded a case under section 46(1)(a). There is no challenge by either party to this aspect of his decision.
8. The second question was whether the respondent had sufficiently alleged want of genuine use or had merely alleged absence of any use at all. The appellant argued that the respondent had done the latter, and hence the appellant would prevail if she proved any use at all. The hearing officer held in paragraph 26 of his decision that the respondent's statement of case should be interpreted as alleging want of genuine use. The appellant challenged this aspect of the decision on the appeal, and it is convenient to deal with this point now. In my judgment the hearing officer was correct for the reasons he gave.

#### The appellant's evidence

9. It is for the proprietor of a registered trade mark to show what use has been made of it (section 100 of the 1994 Act). The appellant's evidence on this point consisted of a statutory declaration of her own dated 14 May 2001, an affidavit of her own dated 27 June 2002 and affidavits of Chandra Patel and Anil Patel both dated 26 June 2002. I shall follow the hearing officer's example of setting out the facts established by this evidence in chronological order. The following account is substantially based on paragraphs 10 and 28 of the hearing officer's decision.
10. On 23 February 1996 the appellant entered into an agreement with Linex Ltd. Although headed "exclusive distribution agreement", this agreement is a licence of the Mark since it authorises Linex Ltd "to use the Trade Mark upon or in relation to the Goods manufactured by the Distributor in accordance with

the specifications laid down, directions given, and information supplied by the Licensor or by persons authorised to act on behalf from time to time.”

11. The appellant states in her affidavit that Linex Ltd “produced, marketed and sold some goods” under the Mark. To substantiate this she exhibits copies of four invoices from Linex Ltd dated 15 July 1996, 25 July 1996, 15 August 1996 and 24 December 1996. On the invoices Linex Ltd describe themselves as “distributors of fine fragrances”. The invoice dated 15 July 1996 is addressed to Visocan SL of Gran Canaria and is for 25 cartons of 12 x 25ml POLICE for men EDT (i.e. eau de toilette) at a unit price of £7.00 and 100 cartons of 12 x 50ml POLICE for men EDT at a unit price of £12.00, giving a total sales value of £1,375. The invoice dated 25 July 1996 is addressed to Modern Europe Ltd at an address in Upper Thames Street, London and is for 150 cartons of 12 x 25ml POLICE for men EDT and 350 cartons of 12 x 50ml POLICE for men EDT at the same unit prices, giving a total sales value of £5,250 (excluding VAT). The invoice dated 15 August 1996 is addressed to Jetlink Ltd of Lagos and is for 500 cartons of 12 x 25ml POLICE for men EDT and 250 cartons of 12 x 50ml POLICE for men EDT at the same unit prices, giving a total sales value of £6,500. The invoice dated 24 December 1996 is addressed to Migis Corporation of Hong Kong and is for 200 cartons of 12 x 25ml POLICE for men EDT and 100 cartons of 12 x 50ml POLICE for men EDT at the same unit prices, giving a total sales value of £2,600. The grand total sales value of the four invoices is £15,750.
12. On 3 June 1997 the respondent’s trade mark attorneys wrote to the appellant asking for consent to their client’s application to register the mark POLICE in Class 3 alternatively an assignment. On 30 July 1997 they wrote again. On 15 August 1997 the appellant replied to both letters stating “presently we have entered into an exclusive distribution agreement with a fragrance house”.
13. On 1 September 1998 the appellant sent a fax direct to the respondent stating:

Up until recently we had licensed the brand to be marketed in the UK and for the past 2 years this has been promoted in the UK. We have

now terminated this agreement and are developing a new range to be marketed directly by us.

With reference to you[r] enquiry we would be interested to know if you are interested to take on our lines for onward distribution or whether you are still only interested in the licensing for the brand only.

There is no evidence of any reply to this fax. In her affidavit, the appellant states that Linex Ltd went into liquidation in 1999 and the agreement came to end. The slight discrepancy between this statement and the chronology indicated by the correspondence does not appear to be of any significance.

14. On 14 January 1999 the appellant wrote to a Mr Chandalia of Modern Europe Ltd stating:

As explained on the phone we are trademark owners of the “Police” brand for use on fragrances and cosmetic line of products.

Up until now the trademark was licensed in the UK to M/S Linex Limited from whom we have been told you obtained various orders.

We are writing to confirm that the licensing agreement has been terminated and plans are in progress to relaunch the brand.

In this respect we are writing to previous customers who had shown interest to ascertain their interest to run with the new collection.

Mr Chandalia replied to this letter on 4 February 1999 stating:

This is to inform you that we took an initial order from Linex in Aug of 1996 and sold through to some of our UK trade accounts. As per your request we enclose a copy of the invoice showing details of pricing from Linex. Further orders were not placed because we found the pricing structure unattractive to sell on and Linex were reluctant to give further price support.

Our limited experience with this product line indicated that substantial promotional support would be necessary and also the range would need to have a much broader base for it to have any impact.

Since none of these factors were forthcoming our management did not see the utility of pursuing this opportunity any further.

15. In the meantime, on 22 January 1999 the appellant sent a fax to a Mr S. Balani at a number in Spain apparently in reply to a fax of 5 January 1999 stating “we are in the process of restructuring our strategy to market cosmetics and perfumery products for the POLICE trademark after our experience with Linex”. There is no explanation in the evidence as to Mr Balani’s involvement with the Mark if any.
16. Exhibited to the appellant’s affidavit is a letter “to whom it may concern” from a Mr A. Sharma dated 27 September 2001 headed “without prejudice” and “in confidence” in which the writer states that he is a director of West End Cosmetics Ltd, that in 1999 his company purchased about 5000 bottles of POLICE brand EDT from Linex Ltd at a clearance price of 43p per bottle and that these goods were sold off through his company’s wholesale trade counters in Farringdon Road, London. In paragraph 18 of his decision the hearing officer declined to give any weight to this hearsay evidence on the ground that its contents should have been adduced as direct evidence. This aspect of his decision was not challenged on appeal.
17. On 12 April 1999 the appellant wrote to Carlo Diamant of Citrus By Products in Nyack, NY stating:

We are trademark owners of the “Police” brand for use on fragrances and cosmetic line of products.

We have recently terminated the licensing agreement with our present distributors and are now in the process of controlling the manufacture and distribution of this product line in house. We intend to develop our own range of “Police” fragrances and in this respect we are looking for a reputable supplier of fragrance oils.

The reason for this contact is to ask if you would consider providing your services to us both as manufacturer and consultant for the oils that we could use initially in the Men’s line of fragrances to be launched in the UK.

On 29 April 1999 Mr Diamant replied to the effect that his company was too busy to respond to this request before around the end of August and asking for details of the type of individual and market the appellant was targeting. On 18

May 1999 the appellant wrote to say that “the time frame is not immediately critical to our plans”, that the intention was to develop a comprehensive range of products based on the core fragrance and that “we are looking at using ‘economic constituents’ as we are targeting the lower end of the price spectrum”.

18. On 15 September 1999 Mr Diamant sent a fax to the appellant expressing the hope that she had received a selection of samples, asking for her opinion and quoting a price range of US \$52 to 75 per kilo. On 4 October 1999 the appellant replied confirming receipt of the samples and stating that “the target audience is at the lower end of the spectrum therefore the cost element of your present set of submissions does not fit our marketing criteria”. The appellant therefore asked for a new set of samples to be supplied. There is no evidence, however, that any further samples were supplied.
19. On 5 November 1999 a Mr M. Choraria of Britannic Business Ltd (who it appears had recommended Citrus By Products to the appellant) wrote to the appellant offering to handle the sales and marketing of her brand of POLICE fragrances across the UK. The letter states that a draft licensing agreement is enclosed but no such draft agreement is in evidence. There was a further letter from Mr Choraria on 20 January 2000 stating that, since the service the appellant wanted was marketing and logistic support, it would be more convenient to route this activity through another company, Alvalond Ltd, rather than Britannic Business. There is no evidence of any further dealings between the appellant and either of these companies, however.
20. In June and July 2000 the appellant carried out what she describes in her affidavit as “market research” by placing products based on the sample fragrances obtained from Citrus By Products with five retail pharmacies, namely Dubison Ltd of Church Road, London NW10, O.A. Edward of Hereward Arcade, Peterborough, F.T. Taylor (Pharmacy Newport Pagnell) Ltd of High Street North, London E6 and S & S Chemists of Harrow Road, Wembley and Stonebridge Shopping Centre, London NW10.

21. In the case of Dubison Ltd, the appellant wrote to one Shabir of that company on 24 June 2000 asking if she could use their services “as a test bed to get market feedback on the product lines” at no cost to Dubison Ltd. Shabir replied agreeing to this on 20 July 2000. An invoice from the appellant to Dubison Ltd dated 1 August 2000 evidences the supply of 60 units of POLICE EDT, 24 units of POLICE roll-on for men deodorants, 18 units of POLICE maintenance shampoo and 6 units of POLICE pure & gentle shampoo. Unit prices are given ranging from £3.00 to £0.65, but the terms of the invoice are stated to be “f.o.c.” (i.e. free of charge) and it bears endorsements stating “Invoice relates to production samples only. Invoice of no commercial value. Goods supplied for market research purposes only.” There is some ambiguity as to the size of the units in question, since there is a column headed “unit size” which contains numbers ranging from 50 to 200, but this is difficult to reconcile with the remainder of the invoice or with the affidavits of Chandra Patel and Anil Patel. On 1 September 2000 Shabir wrote to the appellant stating that “the reaction to the fragrance has been negative”.
  
22. The position with regard to O.A. Edwards is much the same. The appellant wrote to a Mr Navnit of that firm on 6 July 2000 in similar terms as her letter to Dubison Ltd dated 24 June 2000. On 17 July 2000 Navnit Bhai responded positively. An invoice from the appellant to O.A. Edwards dated 20 July 2000 evidences the supply of 96 units of POLICE EDT, 36 units of POLICE roll-on for men deodorants, 24 units of POLICE maintenance shampoo and 24 units of POLICE pure & gentle shampoo. The unit prices and unit sizes given are the same, and the invoice bears the same endorsements. On 7 September 2000 Navnit Patel wrote to the appellant stating that “we have had a positive reaction to your new scent ... The main criticism had been the lack of product portfolio ... I would add that as the test has been conducted during the main holiday season the true market reaction has not been realised and may have been even better.”
  
23. Turning to F.T. Taylor (Pharmacy Newport Pagnell) Ltd, the appellant wrote to Chandra Patel on 26 June 2000, again in similar terms. Mr Patel replied positively on 17 July 2000. An invoice 21 July 2000 evidences the supply of



180 units of POLICE EDT, 36 units of POLICE roll-on for men deodorants, 18 units of POLICE maintenance shampoo and 18 units of POLICE pure & gentle shampoo. The unit prices and unit sizes given are the same, and the invoice bears the same endorsements. Chandra Patel deposes in his affidavit that he also received a counter display stand and that he displayed the products in his retail outlet. He exhibits photographs which do indeed appear to show the products on display in a display stand in a retail environment. On 11 September 2000 he wrote to the appellant reporting “good reaction to the fragrance and products” and stating “did not have enough time to gauge the true brand potential due to the very limited trial period”.

24. In the case of S & S Chemists, the appellant wrote to Anil Patel on 7 June 2000, again in similar terms. Mr Patel replied positively on 14 June 2000. An invoice dated 7 July 2000 evidences the supply of 60 units of POLICE EDT, 18 units of POLICE roll-on for men deodorants, 18 units of POLICE maintenance shampoo and 18 units of POLICE pure & gentle shampoo. The unit prices and unit sizes given are the same, and the invoice bears the same endorsements. Anil Patel deposes in his affidavit that he displayed the products in two retail outlets and he exhibits photographs which do indeed appear to show this. On 25 August 2000 he wrote to the appellant reporting a “mixed reaction”.
25. The appellant states in her affidavit that the pharmacies “sold” the products, Chandra Patel states in his affidavit that the products were received “for the purposes of testing and retail marketing to our customers” and Anil Patel states in his affidavit that they were received “for the purposes of testing these products by way of retail marketing to our customers”. No details of any sales to customers of the pharmacies are given, however.
26. Finally, the appellant states in her affidavit that she produces “the range of products which we started marketing towards the end of the year 2000 as Exhibit ‘RM6’”. RM6 is a list of products and promotional materials. Accompanying the appellant’s evidence was a box of products and promotional materials which corresponds to this list. The hearing officer

decided in paragraph 29 of his decision that this box could not assist the appellant since there was no clear evidence of usage and the material was not linked to any particular date. There is no challenge to this aspect of his decision.

#### The hearing officer's decision

27. The hearing officer's reasoning based on these facts was as follows:
29. ...The only goods for which use can be shown, and it is another matter if this amounts to genuine use, are: eau de toilette, deodorants for men and shampoo. This use is shown in the Linex Ltd invoices and the marketing exercise. The Linex Ltd invoices indicate that the eau de toilette is for men, however, in the marketing exercise there is no such limit. It is also borne in mind that three of the four Linex Ltd invoices are for export. (It is to be noted that the license agreement does not represent use but a preparation for use – see *Philosophy Inc v Ferretti Studio SRL* [2003] RPC 15.)
30. [Having quoted paragraphs 37-39 of the judgment of the European Court of Justice in *Ansul BV v Ajax Brandbeveiling BV*] The ECJ decided internal use and token use to preserve a registration do not amount to genuine use. In this case I do not consider that these issues have a bearing. There is nothing that suggests that Ms Mahtani has made mere token use of the trade mark to preserve its registration, and it has clearly been used externally. There is nothing, to me, that hints of the bogus. Ms Mahtani was involved in some form of activity in relation to her trade mark from 1996 to 2000 inclusive.
31. Paragraphs 38 and 39 [of *Ansul*] show that the scale of use may be important. According to the final sentence of paragraph 39 use need not be quantitatively significant as that depends on the characteristics of the goods and their market. The corollary of this is that depending on the market the use of the trade mark may have to be quantitatively significant for it to be deemed genuine...
32. In considering the case Mr Kime [for the appellant] submitted that I should take into account that Ms Mahtani is a sole trader. Although there is no direct evidence to this effect, the evidence does suggest that Ms Mahtani is in a small way of business, at least as far as concerns this case. In Advocate General Ruiz-Jalabo's [sic] opinion for the *Ansul* case, he makes it clear that the size of an undertaking is not something that should be taken into account: [the hearing officer then quoted paragraphs 66 and 67 of the opinion in the original Spanish and in his own translation]. I find no dissonance between the words of the Advocate General and those of the ECJ in paragraphs 37-39 of the

*Ansul* judgment. The ECJ refers to the nature of the goods and the nature of the market as the factors that are to be taken into account, not the nature of the owner. The issue of genuine use rests with the nature of the goods and the market.

33. In considering the issue of use I take on board the invoices relating to export, use for export is use and is specifically covered by section 46(2) of the Act... It is also the case that use on samples can be use (see *Philosophy Inc v Ferretti Studio SRL* [2003] RPC 15). I also bear in mind [the hearing officer quoted from paragraph 37 of *Ansul*]. Use of the trade mark can, therefore, be in the form of a marketing campaign.
34. In the letter from Ms Mahtani to Mr Diamant she comments that her products are to be “at the lower end of the spectrum”. The goods which I am considering, eau de toilette, shampoo and deodorant, are mass market goods and Ms Mahtani is specifically targeting the lower end of the market. I consider that this is a mass market. These are products that are in almost every home. The chronological breakdown I give in paragraph 28 shows what can be best be described as spasmodic activity; not something that the ECJ rules out for the establishing of genuine use. The high point appears to be the four invoices from Linex Ltd. The next use is the marketing in the summer of 2000... The ECJ refers to advertising campaigns, the market testing certainly cannot be characterised as being part of or supported by an advertising campaign. The photographs indicate that at least some of the products were placed on the shelves. However, there is no indication as to the extent of any sales.
35. It is also not possible to state what happened to the goods for export which are the subject of the Linex Ltd invoices. Modern Europe Ltd’s letter of 4 February 1999 states that it sold the initial order to “UK trade accounts”. There is no evidence as to what happened to the goods afterwards. It is also to be noted that Modern Europe states that after its initial order it made no further orders.
36. After the end of the Linex Ltd relationship Ms Mahtani made various attempts to get the business going again. However, these represent at best preparations for use and not use and do not seem to have been followed through...
37. Taking into account the nature of the goods in issue, on the basis of the evidence eau de toilette, deodorants for men and shampoo, and the characteristics of the market concerned, a very large market, and the scale and frequency of use of the mark I do not consider that Ms Mahtani has established that there was genuine use of her trade mark in the period of five years following the date of registration. I have not found this finding an easy one to make. If the case were one of *bona fide* use under the 1938 Act, part of Ms Mahtani’s registration would have stayed on the register, Ms Mahtani would have satisfied the

principles set out in *Gerber Foods International Ltd v Gerber Products Company*. However, this is an issue of genuine use and not *bona fide* use and whilst the latter depends on use for honest purposes the former also requires consideration within a commercial context, on the basis of the *Ansul BV v Ajax Brandbeveiling BV* judgment. (On the basis of the evidence Ms Mahtani cannot benefit from the provisions of section 46(3) of the Act.)

28. The hearing officer went on to decide that, if he was wrong to revoke the registration in its entirety, then it should be revoked save in respect of “eau de toilette, deodorants for men and shampoo”. On the appeal, counsel for the appellant accepted that, if the pleading point discussed above were to be rejected, this aspect of the hearing officer’s decision should stand. I therefore need only consider whether the hearing officer was right to revoke the registration for these goods.

#### Request for adjournment

29. The present appeal was lodged on 17 July 2003. On 24 October 2003 the hearing of the present appeal was fixed for 18 November 2003 by arrangement with the parties’ representatives. On 27 October 2003 the appellant’s representatives requested the respondent to consent to an adjournment of the hearing until after 15 December 2003 on the ground that their client was abroad receiving medical treatment and wished to attend the hearing. The respondent having declined to consent to this, the appellant applied in writing to me for an adjournment. The application was opposed by the respondent. I informed the parties that the application would be refused for reasons to be given when I rendered my substantive decision. I now give those reasons.
30. Although a party generally has a right to an oral hearing under Article 6 ECHR, in a civil case a party only has a right to be present at the hearing in certain kinds of case, such as cases which involve an assessment of the party’s personal conduct (*Muyldermans v Belgium* (1991) 15 EHRR 204). Even when a party has the right to be present at a first-instance hearing, it does not follow that he has a right to present at an appeal hearing: it may be sufficient that he can make representations through a lawyer (*Monnell and Morris v United*

*Kingdom* (1987) 10 EHRR 205). In the present case, there is no question of any assessment of the appellant's personal conduct and the appellant was represented on the appeal by specialist counsel and solicitors. In the circumstances, while I understand and sympathise with the appellant's desire to be present at the hearing, it appeared to me that her interests would be more than adequately protected. Indeed, given that the nature of the appeal was a review of the hearing officer's decision, I considered that the appellant would have little if anything to contribute if she were to be present. Against this, the respondent desired that the appeal should be determined as swiftly as possible and the adjournment requested was for at least four weeks and possibly more, depending on when a new date could be found. I therefore concluded that an adjournment was not justified.

#### Standard of review

31. This appeal is a review of the hearing officer's decision in accordance with CPR rule 52.11(1). The judgment of May LJ in *E.I. Du Pont de Nemours & Co v S.T. Dupont* [2003] EWCA Civ 1368 at [94] indicates that the standard of review may vary depending on the nature of the tribunal whose decision is under appeal and the nature of the decision in question. In the present case, counsel for the appellant accepted that the hearing officer's decision with regard to genuine use involved a multi-factorial assessment of the kind to which the approach set out by Robert Walker LJ in *REEF TM* [2002] EWCA Civ 763, [2003] RPC 5 at [28] applied:

In such circumstances an appellate court should in my view show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle.

#### Grounds of appeal

32. The appellant's principal ground of appeal was that the hearing officer had misdirected himself in law in two respects: first, in holding that the size of the undertaking was irrelevant (paragraph 32 of the decision); and secondly, in holding that in some markets use of the trade mark may have to be

quantitatively significant for it to be deemed genuine (paragraph 31 of the decision).

33. Before turning to these points, it is convenient to dispose of two minor grounds of appeal that were scarcely pressed. The first was that it was suggested that the hearing officer was in error in holding that the licence agreement was a preparation for use, and not use, of the Mark. In my judgment the hearing officer was correct in this respect. I also note that the hearing officer did not fall into the trap of disregarding the licence agreement entirely, but treated it as forming part of the relevant factual matrix.
34. The second was a faint suggestion that the appellant could gain assistance from the application of section 46(3). In my judgment the hearing officer was correct to reject this suggestion since there was no sufficient evidential foundation for it.

#### Relevant case law on genuine use

35. The first case to which I consider it necessary to refer is *Euromarket Designs Inc v. Peters* [2001] FSR 20 at [50]-[51] where Jacob J said:
  50. ... Miss Vitoria ... says the reference to “genuine” is merely in contradistinction to “sham”. Small though the use may have been, there was nothing fake about it. The mark appeared in the United Kingdom in connection with genuine transactions and that is enough.
  51. I disagree. It seems to me that “genuine use” must involve that which a trader or consumer would regard as a real or genuine trade in this country. This involves quantity as well as the nature of the use. In part it is a question of degree and there may be cases on the borderline. If that were not so, if Miss Vitoria were right, a single advertisement intended for local consumption just one US city in a journal which happened to have a tiny distribution in the United Kingdom would be enough to save a trade mark monopoly in this country. Yet the advertisement would not be a “sham”. This to my mind shows that Miss Vitoria’s gloss on the meaning of “genuine” is not enough, and the only stopping place after that is real trade in this country...

36. In *LABORATOIRE DE LA MER Trade Marks* [2002] FSR 51 Jacob J decided to refer a number of questions concerning genuine use to the European Court of Justice. It is sufficient for present purposes to quote questions 2, 3 and 4:

2. Should the extent of use of the mark in relation to the goods or services for which the mark is registered in the Member State be taken into account?
3. Is any amount of use, however small, sufficient if it was made with no purpose other than commercially dealing in the goods or providing the service concerned?
4. If the answer to the foregoing question is 'no', what is the test for determining how much use is sufficient, and in particular does that test include a consideration of nature and size of the business of the registered proprietor?

37. Although Jacob J sought guidance from the Court of Justice, he nevertheless expressed his own views upon the matter at [29]-[32] as follows:

29. ... I take the view that, provided there is nothing artificial about a transaction under a mark, then it will amount to "genuine" use. There is no lower limit of "negligible". However, the smaller the amount of use, the more carefully must it be proved, and the more important will it be for the trade mark owner to demonstrate that the use was not merely "colourable" or "token", that is to say done with the ulterior motive of validating the registration. Where the use is not actually upon the goods or the packaging (for instance it is in an advertisement) then one must further inquire whether that advertisement was really directed at customers here. For then the place of use is also called into question, as in *Euromarket*.

30. I think that formulation fits exactly with what I said in [*Euromarket*]. As a matter of commerce small sales are nonetheless sales under and so uses of the mark. The objective observing trader or consumer would so say. The absence of any other purpose, other than trying to sell goods under the mark, would lead him to the conclusion that the uses were genuine.

31. Moreover there are real problems if one tries to formulate a *de minimis* rule. Does the amount of use depend on the size of the trade mark owner's enterprise? Does it matter whether he is relying upon use by importation rather than local sales? How little is too little? Does it matter whether the use is in the beginning, middle or end of the relevant period? And so on.

32. Nor do I think that the absence of a *de minimis* rule significantly affects the policy behind the legislation. Yes, marks must be used within the relevant period, but there seems to be no reason to make a trader who has actually made some small, but proper, use of his mark, lose it. Only if his use is in essence a pretence at trade should he do so. And, of course, if he has only made limited use of his mark it is likely that the use will be only for a limited part of his specification of services. If he has a wider specification that can and should be cut back to just those goods for which he has made use. That would leave him with just a small umbra and a correspondingly reduced penumbra.
38. Counsel for the appellant sought to rely upon the decision of the Court of Appeal in *GERBER Trade Marks* [2003] RPC 34 as constituting appellate endorsement of Jacob J's views. In my judgment *GERBER* is not authoritative, or even persuasive, with regard to section 46(1)(a) and (b) of the 1994 Act since the Court of Appeal was considering section 26(1)(b) of the Trade Marks Act 1938. In any event, the Court of Appeal's decision pre-dated the judgment of the European Court of Justice to which I refer next.
39. In *Ansul BV v Ajax Brandbeveiling BV* Case C-40/01 [2003] RPC 40 the Court of Justice held that "genuine use" was to be given a uniform interpretation as a matter of Community law as follows:
35. ... as Ansul argued, the eighth recital in the preamble to the Directive states that "trade marks must actually be used or, if not used, be subject to revocation". "Genuine use" therefore means actual use of the mark. That approach is confirmed, inter alia, by the Dutch version of the Directive, which uses in the eighth recital the words "*werkelijk wordt gebruikt*", and by other language versions such as the Spanish ("*uso efectivo*"), Italian ("*uso effettivo*") and English ("genuine use").
36. "Genuine use" must therefore be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark. Such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin.
37. It follows that "genuine use" of the mark entails use of the mark on the market for the goods and services protected by the mark and not just internal use by the undertaking concerned. The protection the mark confers and the consequences of registering in terms of enforceability *vis-à-vis* third parties cannot continue to operate if the mark loses its



*raison d'être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade mark proprietor or, as envisaged in Art. 10(3) of the Directive, by a third party with authority to use the mark.

38. Finally, when assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such is warranted in the economic sector concerned to maintain or create a share in the market for the goods and services protected by the mark.
39. Assessing the circumstances of the case may thus include giving consideration, *inter alia*, to the nature of the goods or service at issue, the characteristics of the market concerned and the scale and frequency of use of the mark. Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or service concerned on the corresponding market.
40. Following the judgment in *Ansul*, the Register of the Court of Justice asked the High Court whether it wished to pursue the reference in *LABORATOIRE DE LA MER Trade Marks* and indicated that, if the reference was not withdrawn, the Court was minded to invoke Article 104(3) of its Rules of Procedure. Article 104(3) enables the Court to dispose of a case by an order referring to a previous judgment where the question referred is identical to a question on which the Court has already ruled, or where the answer may be clearly deduced from existing case law or where the answer to the question admits of no reasonable doubt. Jacob J accepted the unanimous submission of the parties to that case that, with one exception, *Ansul* did not render the answers to the questions referred *acte clair*. In particular, he held that “the central questions 3 and 4 are not sufficiently addressed by the *Ansul* case”: *LABORATOIRE DE LA MER Trade Marks (No 2)* [2003] EWHC 1382 (Ch) at [4].

### The parties' submissions

41. Counsel for the appellant submitted that, in view of Jacob J's holding in *LABORATOIRE DE LA MER Trade Marks (No 2)* that *Ansul* had not answered questions 3 and 4 of the reference, I was bound by, or least should be strongly persuaded by, what Jacob J had said in *LABORATOIRE DE LA MER Trade Marks*. He submitted that the hearing officer had been wrong to conclude that the nature and size of the proprietor's undertaking was irrelevant, and that this was a relevant factor. Finally, he submitted that the hearing officer had applied a *de minimis* rule and had been wrong to do so.
42. The attorney for the respondent submitted that, contrary to Jacob J's view in *LABORATOIRE DE LA MER Trade Marks (No 2)*, *Ansul* had answered questions 3 and 4 of the reference. He submitted that I was bound by *Ansul* and not by any of Jacob J's decisions or dicta and that the hearing officer had correctly interpreted *Ansul* as deciding that the nature and size of the proprietor's undertaking was irrelevant and as deciding that in certain markets use had to be quantitatively significant in order to be genuine. In particular, he submitted that a finding of genuine use required that the extent of use exceeded an objectively-assessed quantitative threshold which depended purely on the nature of the goods or services in question and the market for them. The level at which the threshold should be set was, he submitted, a matter for the judgment of the tribunal of fact.
43. Neither party sought a stay of the appeal pending the Court of Justice's judgment in *LABORATOIRE DE LA MER Trade Marks*. Nor did either party suggest that it would be appropriate for me to refer questions to the Court of Justice.

### Status of *Ansul*

44. I do not accept either party's submission as to the status of the Court of Justice's judgment in *Ansul*. Unless and until either the Court of Justice or a superior domestic court gives any further guidance, I am bound to apply *Ansul*

as best I can. I respectfully agree with Jacob LJ (as he now is) that *Ansul* does not render the answers to questions 3 and 4 of the reference in *LABORATOIRE DE LA MER Trade Marks acte claire*; but that does not mean that I can ignore such guidance as it does give on those questions. Still less can I prefer the *obiter dicta*, however persuasive they may be, in *LABORATOIRE DE LA MER Trade Marks* to what the Court of Justice has said if the two are in conflict.

#### Size of the proprietor's undertaking

45. In concluding that the size of the undertaking was irrelevant, the hearing officer relied upon the opinion of Advocate General Ruiz-Carabo Colomer in the *Ansul* case. In his opinion the Advocate General said this (in the official English translation, omitting footnotes):

65. The size of a proprietor's undertaking is, however, irrelevant for the purposes of determining from what point use of a trade mark may be classified as genuine. It used to be a factor in times gone by when distinctive signs had no independent life separate from the rest of the undertaking's assets and could only be assigned together with those assets. That is no longer the case; to some extent the trade mark acquired a life of its own separate from its proprietor, who may exploit it directly, though there is nothing to prevent a third party from using it with his consent.

66. If, in order to for use to be genuine, it must be directed at creating an opening in the market for the goods or services identified by the mark, the intensity of use will depend, as I have already said, on the nature of the goods or service and on the structure and size of the relevant market, though not on the size of the undertaking that owns it, whether or not it is putting it to use.

67. A small undertaking may own a trade mark for mass consumption goods which are widely distributed and find it necessary to assign the right to exploit it to an undertaking with greater resources. Conversely, a large company may own a trade mark in a small niche market and assign the right to exploit it to a small organization operating in that sector. There is therefore no link between the size of the undertaking that owns the mark and the intensity of the use it makes of it in order for that use to be regarded as genuine.

46. The hearing officer said in paragraph 32 of his decision that he saw no dissonance between these observations and those of the Court of Justice in

paragraphs 37-39 of its judgment. I have to say that I disagree. While the Court of Justice adopted much of the general approach of the Advocate General to the question of genuine use, there is nothing in the judgment comparable to paragraphs 65-67 of the opinion. I consider that this omission is significant. Furthermore, the Court of Justice expressly stated in paragraphs 38 and 39 that:

regard must be had to *all* [my emphasis] the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such is warranted in the economic sector concerned to maintain or create a share in the market for the goods and services protected by the mark.

Assessing the circumstances of the case may thus include giving consideration, *inter alia*, to the nature of the goods or service at issue, the characteristics of the market concerned and the scale and frequency of use of the mark.

Accordingly, regard must be had to all relevant facts and circumstances, and such facts and circumstances are not necessarily limited to the nature of the goods or services in question, the characteristics of the market for them and the scale and frequency of use of the mark.

47. In my judgment, the size of the proprietor's undertaking is one of the circumstances which may be relevant to establishing whether the commercial exploitation of the mark is real. This does not mean that there is one law for small undertakings and another one for large undertakings. It does not mean that small but nevertheless entirely real use by a large undertaking will not qualify as "genuine" whereas equally small and real use by a small undertaking will qualify as "genuine". All it means is that the size of the undertaking may be a relevant consideration in determining whether or not the use relied upon is genuine, particularly in a borderline case. In saying this I agree with the learned editors of the 13<sup>th</sup> edition of *Kerly's Law of Trade Marks* at paragraph 9-60(3).
48. While I respectfully agree with Advocate General Ruiz-Carabo Colomer that, in considering whether or not genuine use has been made of a trade mark, one

should bear in mind that a trade mark can be exploited by licensing, I do not consider that a trade mark proprietor should feel obliged to license its trade mark rather than seek to exploit the mark itself, or face having the registration revoked, as his observations appear to imply.

#### Quantity of use

49. The hearing officer concluded in paragraph 31 of his decision that, depending on the market, the use of the trade mark may have to be quantitatively significant for it to be deemed genuine. He said that this was the corollary of the Court's statement in paragraph 39 of its judgment that:

Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or service concerned on the corresponding market.

While I appreciate the formal logic of the hearing officer's reasoning, I have to say that I do not interpret the Court of Justice's judgment in the same way.

50. As I read paragraphs 37-39 of the judgment in *Ansul*, what the Court of Justice is saying is that the key question is whether the use is real, that is to say, whether the purpose of the use is to create or maintain a market for goods or services marketed under or by reference to the trade mark in question. In assessing the genuineness of any use that has been made, regard must be had to all relevant facts and circumstances, and in particular (but without limitation) the nature of the goods or services, the characteristics of the market for those goods or services and the scale and frequency of the use. It follows that the extent of the use is a relevant consideration, and in a borderline case it may be an important factor. In my judgment this does not mean that use which would otherwise qualify as genuine can fail to be genuine merely because it is on a small scale.

### The present case

51. For these reasons I conclude that the hearing officer did misdirect himself in law in the two respects contended for by the appellant. In my judgment it is clear from his decision that, had he directed himself as I consider he should have done, he would have held that the appellant's use of the Mark was genuine.
52. As the hearing officer rightly said in paragraph 32 of his decision, there is no specific evidence as to the nature and size of the appellant's undertaking, but taking the evidence as a whole it is reasonably clear she is a sole trader in a small way of business. It is proper to consider the scale of use proved in that light.
53. As to the scale of the use itself, this is unquestionably very modest having regard to the nature of the goods and the size of the market for them. Nevertheless, the hearing officer was satisfied that the use was neither bogus nor token, and the respondent has not challenged that assessment. Nor has the respondent challenged the hearing officer's conclusion that it was proper to take into account the use of the mark by Linex Ltd on goods for export.
54. On those bases I consider that the use by Linex Ltd under licence from the appellant in 1996 did constitute real use of the Mark in the sense explained above, and therefore genuine use. Against that background, and having regard to the intervening events, I am inclined to the view that the marketing exercise in 2000 constituted genuine use as well; but I do not rest my decision upon that basis.
55. In my judgment it cannot be assumed that the test for genuine use under the 1994 Act and the Directive is the same as that for *bona fide* use under the 1938 Act: the two may well be different, and it is important to try and approach the new test without preconceptions derived from the old law. Nevertheless I do consider it striking that the hearing officer should have concluded that the appellant's use of the Mark would have qualified as *bona fide* use under the

1938 Act, yet did not qualify as genuine use under the 1994 Act. While I acknowledge that such a result is a possibility, I see nothing in the facts of this case that, on a proper reading of *Ansul*, leads to that conclusion.

### Conclusion

56. I will allow the appeal to the extent of setting aside the hearing officer's order for total revocation of the Mark. The Mark will, however, be revoked for all goods save "eau de toilette, deodorants for men and shampoo".

### Costs

57. The hearing officer awarded the respondent the sum of £1400 as a contribution to its costs. The appellant has been partially successful in her appeal in that she has saved part of the registration but not all of it. Accordingly, the respondent has been partially successful in its application for revocation and partially successful in resisting the appeal. I will therefore set aside the hearing officer's award of costs and make no order either as to the costs of the first instance proceedings or as to the costs of the appeal.

RICHARD ARNOLD QC

24 November 2003

Mathew Kime, instructed by Merricks, appeared for the appellant.

Ian Gill of A.A. Thornton & Co appeared for the respondent.