

O/030/12

TRADE MARKS ACT 1994

**TRADE MARK REGISTRATION 2 388 986
IN THE NAME OF SUNMARK LTD**

AND

AN APPLICATION FOR REVOCATION (No. 84062) BY HOOGHOUDT B.V.

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The Background and the Pleadings

1. Sunmark Ltd is the registered proprietor (RP) of trade mark registration No 2 388 986 which is for the trade mark ROYALTY. The mark was registered on 30th December 2005 in respect of *wine* in Class 33.
2. Hooghoudt B.V., the applicant, seeks revocation of the trade mark on the grounds of non use. Its grounds are based on sections 46(1)(a) and (b) of the Trade Marks Act 1994 (“the Act”). RP filed a counterstatement denying the allegation; it claims that there has been intention to use the mark or, alternatively, that there are proper reasons for non-use. RP filed evidence, the applicant filed submissions in response. The latter, although not summarised in this decision will be referred to where appropriate and have, in any case, been fully taken into account in reaching this decision. No hearing was requested and so I make this decision following a careful reading of the papers.
3. The relevant time periods relating to RSC’s claims are:
 - i) Under section 46(1)(a): 31st December 2005 to 30th December 2010. Revocation is sought with effect from 31st December 2010.
 - ii) Under section 46(1)(b): 6th May 2006 to 5th May 2011. Revocation is sought with effect from 6th May 2011.

LEGISLATION AND CASE-LAW

4. The relevant parts of section 46 of the Act read:

“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)

(d)

(2) For the purpose 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.”

5. Section 100 is also relevant, which reads:

“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.”

6. When considering whether genuine use has been shown, I bear in mind the leading authorities on the principles to be applied namely: the judgments of the Court of Justice of the European Union (“CJEU”) in *Ansul BV v Ajax Brandbeveiliging BV* [2003] R.P.C. 40 (“*Ansul*”) and *Laboratoire de la Mer Trade Marks C-259/02* (“*La Mer*”). The position¹ was helpfully summarized by Ms Anna Carboni, sitting as the Appointed Person, in BL O-371-09 *SANT AMBROEUS*:

¹ Which also took into account the guidance set out in *Silberquelle GmbH v Maselli-Strickmode GmbH* Case C495/07, [2009] ETMR 28.

“42. The hearing officer set out most of the key extracts from *Ansul* and *La Mer* in his decision, so I shall not reproduce them here. Instead, I try to summarise the “legal learning” that flows from them, adding in references to *Silberquelle* where relevant:

(1) Genuine use means actual use of the mark by the proprietor or a third party with authority to use the mark: *Ansul*, [35] and [37].

(2) The use must be more than merely “token”, which means in this context that it must not serve solely to preserve the rights conferred by the registration: *Ansul*, [36].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin: *Ansul*, [36]; *Silberquelle*, [17].

(4) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, i.e. exploitation that is aimed at maintaining or creating an outlet for the goods or services or a share in that market: *Ansul*, [37]-[38]; *Silberquelle*, [18].

(a) Example that meets this criterion: preparations to put goods or services on the market, such as advertising campaigns: *Ansul*, [37].

(b) Examples that do not meet this criterion: (i) internal use by the proprietor: *Ansul*, [37]; (ii) the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle*, [20]-[21].

(5) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including in particular, the nature of the goods or services at issue, the characteristics of the market concerned, the scale and frequency of use of the mark, whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them, and the evidence that the proprietor is able to provide: *Ansul*, [38] and [39]; *La Mer*, [22] - [23].

(6) Use of the mark need not always be quantitatively significant for it to be deemed genuine. There is no *de minimis* rule. Even minimal use may qualify as genuine use if it is the sort of use that is appropriate in the economic sector concerned for preserving or creating market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor: *Ansul*, [39]; *La Mer*, [21], [24] and [25].”

7. RP has, in the alternative, defended its registration on the basis of there being proper reasons for non-use of its trade mark. *Kerly's Law of Trade Marks and Trade Names (Fourteenth edition at 10-72 to 10-73)* is a useful starting point for this issue because it makes reference to Article 19(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights 1994:

“References to “proper” reasons for non-use” need to be interpreted in accordance with Art. 19(1) of TRIPS which uses the expressions “valid reasons based on the existence of obstacles” to the genuine use which is required. “Circumstances arising independently of the will of the owner of the trademark, such as import restrictions on or other governmental requirements for goods and services protected by the trademark, shall be recognized as valid reasons for non-use”

8. Also of note is the judgment of the CJEU in *Haupt v Lidl Stiftung & Co KG* where it was stated:

“It follows that only obstacles having a sufficiently direct relationship with a trade mark making its use impossible or unreasonable, and which arise independently of the will of the proprietor of that mark, may be described as ‘proper reasons for non-use’ of that mark.”

9. In the *INoTheScore* Application (BL O-276-09) Mr Iain Purvis QC, sitting as the Appointed Person, referred to the above case and stated:

38. The phrase “independently of the will of the proprietor” (which comes from Article 19(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)) is crucial here.”

10. The CJEU reaffirmed its position in *Il Ponte Finanziaria SpA v OHIM* Case C-243/06P [2008] ETMR 13 when it stated:

“The concept of “proper reasons”... refers essentially to circumstances unconnected with the proprietor of a trade mark which prevent him from using the mark...”

11. I also note the decision in *Magic Ball* [2000] R.P.C. 439 where Mr Justice Park stated:

“As regards the new Act, there has been no discussion yet in the High Court or above of the words “proper reasons”. There is one earlier decision of a hearing officer in *Invermont Trade Mark* [1997] R.P.C. 125. The officer, in a passage cited and relied on by his colleague who decided the present case, said this:

“... bearing in mind the need to judge these things in a business sense, and also bearing in mind the emphasis which is, and has always been placed on the requirement to use a trade mark or lose it, I think the word proper, in the context of section 46 means: apt, acceptable, reasonable, justifiable in all the circumstances. I do not think that the term “proper” was intended to cover

normal situations or routine difficulties. I think it much more likely that it is intended to cover abnormal situations in the industry or the market, or even perhaps some temporary but serious disruption affecting the registered proprietor's business. Normal delays occasioned by some unavoidable regulatory requirement, such as the approval of a medicine, might be acceptable but not, I think, the normal delays found in the marketing function. These are matters within the businessman's own control and I think he should plan accordingly."

On the facts of the INVERMONT case the decision was that the reasons for non-use were not "proper". However, the facts were too different from the present case for the particular decision to afford any guidance.

I have no disagreement with anything which the hearing officer said in the INVERMONT case. I would only add the comment that, while the adjectives which he puts forward--"apt, acceptable, reasonable, justifiable in all the circumstances"--seem to me to be well chosen, it must not be forgotten that the statutory word which falls to be applied is "proper", not any of the near-synonyms which the hearing officer suggested."

12. In terms of proper reasons for non-use, and taking the authorities in the round, it seems to me that proper reasons for non-use are not something to be accepted lightly. Having a reason for non-use, from the proprietor's subjective point of view, is not the same as having "proper" reasons which calls for, in my view, an objective test. The test for "proper" reasons relates to obstacles or impediments or other events causing serious disruption. I also note that the authorities differentiate between events that are independent of the will of the proprietor and events that are within its control.

RP's evidence

13. This is a witness statement, dated 30th September 2011, from Raminder S. Ranger (RSR), the Managing Director of Sunmark. The following relevant information is contained therein:

- The RP believes that there has been extenuating circumstances which have prevented use of the registered trade mark in respect of wines; that there is and always has been a clear intention to use the mark in respect of wines and that the mark has been used in respect of non-alcoholic celebration drinks (as supported by Exhibit RSR1);
- The delay in the launch of ROYALTY wines has been due to external influences resulting in the RP being unable to establish a place of manufacture. This was due to a dispute with a third party which led to several of the RP's manufacturers withdrawing their services under duress from them. This led to huge financial responsibilities and delays being burdened by the RP in order to find an alternative manufacturer. Exhibit RSR3 is offered as support. This exhibit comprises a letter which the RP claims is from a "can filler" refusing to do business with them as a result of a third party dispute about the name. I note that the name referred to in this exchange is in fact BULLET rather than ROYALTY. The third party dispute lead to a delay

of two to three years before the RP commenced an agreement with another manufacturer. They have now been in business for around one year and are due to launch wines very shortly.

- Additionally, the applicant in these proceedings commenced opposition proceedings in relation to the RP's Community Trade Mark Registration No 4 585 791.

Analysis of RP's evidence

14. I note that the RP has not at any stage claimed that there has been genuine use of its mark in respect of wine in Class 33. Rather, it argues that there has been use in respect of non-alcoholic celebration drinks, which appear from the exhibits to be a type of grape juice and that in respect of wines, there is (and always has been), a genuine intention to use. As regards the former, I accept that there is use in respect of sparkling grape juices, but this is not relevant to the issue to be decided here. Further, I accept that the RP may have sound intentions to use in respect of wine. However, the issue here is whether there has been genuine use of the mark on wines and it is clear that there has not been. I therefore conclude that there has been no genuine use of the mark on wine during either of the relevant time periods upon which the applicant bases its claim.
15. This conclusion leads me to consider the second issue, namely, are there proper reasons for non use? The RP refers to a dispute with a third party which it claims led to manufacturers withdrawing their services from them under duress from the third party. There is however a distinct lack of detail provided in respect of this dispute. Further, though financial and other burdens are suggested, there is scant information as to the nature and extent of such burdens on the RP and the direct impact it had. Importantly, due to the lack of detail it cannot reasonably be concluded that such burdens constituted circumstances outside of the will of the RP. Finally, the letter referred to in Exhibit RSR3 cannot be directly linked to the proceedings here as it is a different name, namely "BULLET" which is described as being the subject of the third party dispute. The evidence therefore, in my view, suffers from fatal defects for the reasons outlined. I conclude that the claim for there being proper reasons for non use in respect of a third party dispute should be dismissed.
16. As regards the dispute with the applicant in these proceedings in respect of the RP's Community Trade Mark, again, no detail is provided as to why this caused a delay which is outside of the will of the RP. If the RP took a decision to postpone use until the matter was resolved, then this cannot by definition be said to be outside of its control or independent of its will as there is no reason why such proceedings, even though it may have caused uncertainty, should prevent or delay use of the registered trade mark on wine. As above therefore, I again conclude that the claim for there being proper reasons for non use should be dismissed.
17. The application for revocation is therefore successful. The trade mark registration will be revoked as from 31st December 2010.

Final Remarks

18. I note that on file, an attempt was made by the Registered Proprietor to file further evidence of use. This evidence was not presented in the correct format in that it comprised exhibits attached to a letter, dated 3rd November 2011. Further, the evidence related to activities relating to launching wines under the ROYALTY trade mark, this launch apparently occurring on 21st November 2011. The case work examiner agreed with the Registered Proprietor that this evidence could not be admitted into proceedings as a) it was not in the correct format and b) in any case, related to a period following the relevant periods for revocation in this matter. As such, it had no bearing on these proceedings. To my mind, the case work examiner was correct in this approach. Even if the evidence had been remedied and so presented in the correct format, the evidence related to activities which took place in a period of time later than the relevant periods here. The outcome therefore, is unaffected by this evidence.

COSTS

19. The applicant is the successful party in these proceedings and is entitled to a contribution towards its costs. Neither party sought costs off the normal scale and I am of course mindful that neither party sought a hearing. In the circumstances I award the applicant the sum of £1100 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Preparing statement and considering the other side's statement - £400
Official fee for filing the revocation - £200
Considering evidence and filing submissions in response - £500

20. The above sum should 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 31st day of January 2012

**Louise White
For the Registrar,
The Comptroller-General**