

**O-375-15**

**TRADE MARKS ACT 1994**

**INTERNATIONAL TRADE MARK 841773C  
IN THE NAME OF LORIS DEVELOPPEMENT**

**AND**

**APPLICATION No. 84744 BY LORIS AZZARO SAS  
TO REVOKE THE PROTECTION OF THE MARK IN THE UK  
BECAUSE OF NON-USE**

## Background and pleadings

1. Loris Developpement, a French company (“the holder”), is the holder of international trade mark registration No. 841773C (“the IR”), which consists of the following trade mark.

**AZZARO**

2. The IR was registered on 7 May 2004. The UK was designated for protection on the same date. The IR was protected in the UK on 17 February 2008.

3. The IR is protected in the UK for the following goods:

**Class 30**

Coffee and coffee substitute, tea, cocoa, chocolate to drink and/or in powder; coffee-based, tea-based, cocoa-based, chocolate-based drinks.

**Class 33**

Alcoholic beverages (except beers) and wines, alcoholic beverages with fruits; alcoholic cocktails, digestive alcohol, liqueur, port wine and other alcohol of the same kind, vodka gin, sake and other white alcoholic beverages, whisky, rum and other brown alcoholic beverages, anisette, cider, champagne

**Class 34**

Smokers articles, ie matches, lighters, boxes for cigarettes and cigars, cigars and cigarettes cases.

4. Loris Azzaro SAS (“the applicant”) seeks revocation of the protection afforded to the IR in the UK based upon Section 46(1)(a)and/or (b) of the Trade Marks Act 1994 on grounds of non-use.

5. The periods of alleged non-use are 18 February 2008 to 17 February 2013 and 8 May 2009 to 7 May 2014 (“the relevant periods”).

6. The applicant asks for revocation to take effect from 18 February 2013 or 8 May 2014.

7. The holder filed a counterstatement denying the grounds for revocation. The statement says that genuine use was made of the IR in the UK by the holder or with its consent during the relevant periods. In the alternative, the holder claims that there was a proper reason for non-use. This is because the applicant and the holder have been engaged in litigation in France since 2010, which has meant that neither the holder nor its licensees have been able to use the mark.

8. Both sides seek an award of costs.

## The holder's evidence

9. The holder's evidence takes the form of two witness statements by Lhuillier Fabien and one by Luke Spear. Lhuillier Fabien describes himself as the major shareholder in his company. He also says that he has been employed by his company since October 2012 and that his evidence comes from his own knowledge or from the company's records. Luke Spear is a qualified translator.

10. The current holder only became the proprietor of the IR on 8 May 2014. Prior to this Nature Up EURL was the holder of the IR. This means that Nature Up EURL was the holder of the IR during the relevant periods. Lhuillier Fabien says that his company was given details of use of the IR by the previous holder, Nature Up EURL.

11. Lhuillier Fabien provides what he calls a "*statement of accounts set out in the Royalties Declaration in Euros from my company*". He says that this demonstrates use in the UK of goods bearing the trade mark. The documents in question<sup>1</sup> are 13 pages printed from a computer. They appear to record sales of AZZARO goods in numerous countries, including the UK, during the period 01/01/2009 to 31/12/2010. The entries for the UK show around 1900 Euros worth of sales in this period. These sales relate to ashtrays, cigar humidors, cigar cutters and lighters. Ashtrays and cigar cutters are not covered by the IR so sales of these goods cannot be relevant. However, as they only make up 3 of the 111 products claimed to have been sold in the UK, nothing turns on this.

12. Lhuillier Fabien also provides a copy of an advertisement showing use of the IR in relation to the goods mentioned in the previous paragraph<sup>2</sup>. However, he does not say where the advertisement appeared or even claim that it was in the UK. There is nothing in the advertisement itself which identifies where it was placed. The only words visible are the French words 'Sélection premium' and 'fumeur'. Consequently, this piece of evidence cannot assist the holder.

13. According to Lhuillier Fabien, the applicant issued a summons on 9 August 2010 to the Tribunal de Grande Instance de Paris in relation to Nature Up EURL's use of AZZARO. A certified translation of the summons is in evidence<sup>3</sup>. Contrary to Lhuillier Fabien's evidence, the document shows that summons was not issued by the applicant, but served on the applicant at the request of Nature Up SARL (which may or may not be the same entity as Nature Up EURL), Loris SARL (which does not appear to be the same entity as the current holder of the IR) and the Institut Loris Azzaro.

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<sup>1</sup> See exhibit FL1

<sup>2</sup> See exhibit FL2

<sup>3</sup> See exhibit LS2 to the witness statement of Luke Spear

14. Lhuillier Fabien evidence is that:

*“The nature of the dispute in France focuses on the ownership of the trade mark, particularly in relation to the licence agreements which had been executed in the past to govern its use.”*

And:

*“As a result of this my company has stopped all use of the trade mark in the UK. The reason for such non-use is due to on-going litigation pertaining to the ownership of the trade mark. Were my company to continue to use the mark in the UK, despite on-going litigation in France, it would have been vulnerable, and continues to be vulnerable, to adverse remedies ordered by, firstly, the Tribunal de Grande Instance de Paris and now the Paris Court of Appeal.”*

15. In support of these statements the holder has provided translations of the documents in the French proceedings<sup>4</sup>. These include copies of licence agreements dated 4 October 2002 and 25 March 2005. The first is between Mr Loris Azzaro and Nature Up SARL. The second is between the company Loris Azzaro SA and Nature Up SARL. This came into force on 25 June 2005.

16. The first licence records that Mr Loris Azzaro had filed an application in Tunisia to register AZZARO as a trade mark in classes 30, 33 and 34. It gave Nature Up SARL an exclusive and irrevocable licence to commercialise the mark in Tunisia and throughout the world, with the exception of France. This included filing applications in the name of the licensor to protect the mark.

17. It appears that Mr Loris Azzaro died before the date of the second licence. The second licence records that:

- Loris Azzaro SA is the owner of several French registrations of AZZARO and LORIS AZZARO in classes 30, 33 and 34, which predate the Tunisian registration (and the IR).
- Nature Up SARL has an exclusive licence to use the marks filed by Mr Loris Azzaro throughout the rest of the world.

18. The licensor granted Nature Up SARL a three year renewable exclusive licence to use the French trade marks.

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<sup>4</sup> See exhibit LS1

19. A translation of the judgment of the French court dated 26 April 2013 is also in evidence<sup>5</sup>. It appears to show that:

- IR 841773 covered classes 30, 33 and 34 at the time before being split so that IR 841773A covers only tobacco products in class 34 and IR 841773C covers the remaining goods originally covered by these classes.
- In addition to the company Loris Azzaro SAS, the defendants included Clarins Fragrance Group, SDVA Frederic Roger SARL, Polyflame Europe SA, Champagne Abel Lepitre SAS and Escat SL SARL.
- The licence granted to Nature Up SARL on 25 March 2005 to use the French trade marks was replaced by a licence dated 15 June 2005 in favour of Loris SARL.
- In order to simplify the licensing arrangements, Loris SARL granted Nature Up SARL a sub-licence to use the French marks in 2006.
- Loris SARL and Nature Up SARL granted various licences and sub-licences, including a licence dated 6 July 2006 for Escat SL SARL (with sub-licences to SDVA Frederic Roger SARL and Champagne Abel Lepitre SAS) to use the French marks and IR 841773 in relation to wines.
- Polyflame Europe SA was given a licence in 2008 to use the AZZARO trade marks in relation to smokers' accessories, excluding tobacco, but it is not clear whether this licence was based in any part on IR 841773.
- All the other defendants therefore appear to have been sub-licensees of Nature Up SARL or Loris SARL (Clarins Fragrance Group for goods that are of no relevance to these proceedings).
- In May 2010, the company Loris Azzaro SAS terminated the main licence of 15 June 2005 (i.e. the French licence) with Loris SARL because of alleged contractual breaches.
- Action was then taken in France against the sub-licensees for continued use of the trade mark (summonses being issued on 31 May 2010).
- The French litigation referred to by Lhuillier Fabien was effectively a counterclaim against the applicant.

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<sup>5</sup> See exhibit LS3 to the witness statement of Luke Spears

- The applicant had asked the French court to determine, inter alia, that the IR had no legal existence or was fraudulently assigned to Nature Up SARL.
- The plaintiffs, including Nature Up SARL, asked the French court to order the “forced maintenance” of the French licence and to declare that it had no jurisdiction to determine the validity or assignment of IR 841773.

20. The judgment records that the court dismissed the request for “forced maintenance” of the French licence, held that the sub-licensees were responsible for infringements occurring in France after the lawful termination of the main (French) licence, prohibited Nature Up SARL from further use of the AZZARO mark in France, and refused to rule on the ownership of the IR because the IR was based on an Italian registration and therefore only the Italian courts might have had jurisdiction to determine that matter. However, the court made it clear that the allegations of fraud were, in its view, unsubstantiated.

### **The applicant’s evidence**

21. The applicant’s evidence consists of a witness statement by Kathleen O’Rourke. Ms O’Rourke is a solicitor with Charles Russell Speechleys LLP, which represents the applicant in these proceedings. The statement is a critique of Lhuillier Fabien’s evidence.

### **Representation**

22. Ms Fiona Clark appeared as the applicant’s counsel at a hearing held on 22 July 2015, instructed by Charles Russell Speechleys LLP. The holder was not represented at the hearing. However, written submissions in lieu of attendance were filed by Withers & Rogers, Trade Mark Attorneys.

### **The law**

23. Article 3(3) of the Trade Marks (International Registration) Order 2008 applies section 46 of the Act to IRs to the extent that they are protected in the UK.

24. Section 46(1) of the Act states that:

“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 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.”

25. 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.”

26. In *Stichting BDO v BDO Unibank, Inc.*<sup>6</sup>, Arnold J. set out the law as follows:

“51. Genuine use. In *Pasticceria e Confetteria Sant Ambroeus Srl v G & D Restaurant Associates Ltd* (SANT AMBROEUS Trade Mark) [2010] R.P.C. 28 at [42] Anna Carboni sitting as the Appointed Person set out the following helpful summary of the jurisprudence of the CJEU in *Ansul BV v Ajax Brandbeveiliging BV* (C-40/01) [2003] E.C.R. I-2439; [2003] R.P.C. 40 ; *La Mer Technology Inc v Laboratoires Goemar SA* (C-259/02) [2004] E.C.R. I-1159; [2004] F.S.R. 38 and *Silberquelle GmbH v Maselli-Strickmode GmbH* (C-495/07) [2009] E.C.R. I-2759; [2009] E.T.M.R. 28 (to which I have added references to *Sunrider v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (OHIM) (C-416/04 P) [2006] E.C.R. I-4237):

(1) Genuine use means actual use of the mark by the proprietor or 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]; *Sunrider* [70]; *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]; *Sunrider*, [70]-[71].

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<sup>6</sup> [2013] EWHC 418 (Ch)



(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]; *Sunrider*, [72]”.

27. Although minimal use may qualify as genuine use, the CJEU stated in Case C-141/13 P, *Reber Holding GmbH & Co. KG v OHIM* (in paragraph 32 of its judgment), that “*not every proven commercial use may automatically be deemed to constitute genuine use of the trade mark in question*”. The factors identified in point (5) above must therefore be applied in order to assess whether minimal use of the mark qualifies as genuine use.

28. The only evidence of use in this case is the “*Royalties Declaration*” described in paragraph 11 above. As Ms Clark pointed out at the hearing, there is no adequate explanation of the provenance of this document. It purports to show minimal sales in the UK of certain AZZARO goods in class 34 during 2009 – 2010, but it is not clear where these were sold, or by, or to, whom. Lhuillier Fabien does not appear to have been involved in his company until 2012. He therefore appears to base his evidence on his company’s records or those records provided by Nature Up EURL. However, the records do not speak for themselves. For example, Nature Up EURL appears to have been the holder of the IR in 2009 -2010, so it is not self evident why it would have prepared a “*Royalties Declaration*”. Lhuillier Fabien says that the royalties declaration comes “*from my company*”, but there is no evidence that Nature Up EURL licensed the IR to Loris Developpement to use in the UK during this period. I therefore find that, without more, these prints do not show that the IR was used in the UK in 2009 – 2010 with the consent of the previous holder.

29. Further, even if I am wrong about that, the scale of the use is so small that, in the context of relatively low cost items in a large market, it does not establish that there was real commercial exploitation of the mark by, or with the consent of, Nature Up EURL in order to preserve or create market share for the relevant goods in the UK<sup>7</sup>. The very low level of sales of such goods is just as consistent with them being just spillover sales of some kind arising from use of the mark targeted at the French market.

30. Further still, the use only covers lighters and cigar cases, so there was plainly no use of the mark in the UK for most of the goods covered by the IR.

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<sup>7</sup> See, by analogy, the judgment of the General Court in *Naazneen Investments Ltd v OHIM*, Case T-250/13

31. I therefore move on to consider what appears to be the holder's main argument, which is that it had a proper reason for non-use of the mark in the UK after August 2010.

32. Both sides appear to agree that the principal authority on this matter is the judgment of the CJEU in *Armin Häupl v Lidl Stiftung & Co. KG*<sup>8</sup> in which it held that:

“52. In particular, as correctly stated by the Advocate General in [79] of his Opinion, it does not suffice that “bureaucratic obstacles”, such as those pleaded in the main proceedings, are beyond the control the trade mark proprietor, since those obstacles must, moreover, have a direct relationship with the mark, so much so that its use depends on the successful completion of the administrative action concerned.

53. It must be pointed out, however, that the obstacle concerned need not necessarily make the use of the trade mark impossible in order to be regarded as having a sufficiently direct relationship with the trade mark, since that may also be the case where it makes its use unreasonable. If an obstacle is such as to jeopardise seriously the appropriate use of the mark, its proprietor cannot reasonably be required to use it nonetheless. Thus, for example, the proprietor of a trade mark cannot reasonably be required to sell its goods in the sales outlets of its competitors. In such cases, it does not appear reasonable to require the proprietor of a trade mark to change its corporate strategy in order to make the use of that mark nonetheless possible.

54. 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. It must be assessed on a case-by-case basis whether a change in the strategy of the undertaking to circumvent the obstacle under consideration would make the use of that mark unreasonable. It is the task of the national court or tribunal, before which the dispute in the main proceedings is brought and which alone is in a position to establish the relevant facts, to apply that assessment in the context of the present action.

55. Having regard to the foregoing considerations, the answer to the second Proper question referred for a preliminary ruling must be that Art.12(1) of the Directive must be interpreted as meaning that obstacles having a direct relationship with a trade mark which make its use impossible or unreasonable and which are independent of the will of the proprietor of that mark constitute “proper reasons for non-use” of the mark. It is for the national court or tribunal to assess the facts in the main proceedings in the light of that guidance.”

33. The holder relies on earlier decisions of the registrar in the cases of *Invermont*<sup>9</sup> and *Worth Trade Marks*<sup>10</sup>. The latter decision, in particular, appears relevant

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<sup>8</sup> Case C-246/05

<sup>9</sup> [1997] RPC 125

because in that case the registrar's Hearing Officer accepted that uncertainty over possible applications to revoke the trade mark registrations was a proper reason for non-use of the marks. However, as Ms Clark submitted, considerable care must be exercised in attaching weight to national authorities which pre-date the guidance provided on this matter by the EU courts. As Ms Clark pointed out, in *Naazneen Investments Ltd v OHIM* the General Court was notably less willing to accept that even on-going litigation was a proper reason for non-use. The court held that:

“70. As regards the revocation proceedings brought on 5 December 2008 by a third party against the mark at issue, the applicant complains that the Board of Appeal took the view that the proprietor of the mark at issue ought to have assessed and calculated the risks, that is to say, of using the mark despite the risk of having to pay damages or of backing down and abstaining from using the mark, and consequently, of cancellation proceedings being brought. According to the applicant, while revocation proceedings were pending against the mark and its validity was called in question, it would have been unreasonable to make additional investments, or to carry out marketing or sales activities and negotiations with interested business partners or potential licensees or sub-licensees.

71 It must be pointed out, first, that the fact that revocation proceedings have been brought against a trade mark does not prevent the proprietor of that mark from using it.

72 Second, it is indeed always possible that, should such revocation proceedings lead to the revocation of the mark, an action for damages might be instituted. However, an order to pay damages is not a direct consequence of the revocation proceedings.

73 Furthermore, OHIM states, rightly, that it is for the proprietor of a trade mark to conduct an adequate assessment of its chances of prevailing in the revocation proceedings and to draw the appropriate conclusions from that assessment as to whether to continue to use its mark.

74 Accordingly, the applicant cannot claim that the Board of Appeal was wrong to take the view that the revocation proceedings brought in 2008 by a third party did not constitute a proper reason for non-use of the mark at issue.”

35. The key issue, therefore, is whether it was unreasonable for the previous holder (Nature Up EURL) of the IR to have put it to genuine use in the UK after the initiation of legal proceedings in France in August 2010.

35. In my judgment, the answer to that is ‘no’. This is because, firstly, it appears the proceedings in France were prompted by the termination of the licence held by Loris SARL for France, where the applicant is the trade mark owner. By contrast, Nature Up EURL was the holder of the IR covering the UK throughout the relevant periods.

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<sup>10</sup> [1998] RPC 875

Consequently, the main dispute in France (over the termination of the French licence and the implications for the sub-licensees) could have no direct impact on the legal position in the UK. Secondly, if the holder had conducted an adequate assessment of the chances of the success of the applicant's claim for the French court to determine that the IR was invalid, it would have concluded that the French court had no jurisdiction to determine that matter (as the holder in fact successfully pleaded) and no jurisdiction to impose "*adverse remedies*" on the holder for using the IR in the UK. Thirdly, there is no evidence that the applicant made any threat to launch proceedings in the UK to revoke or invalidate the protection of the IR here.

36. Ms Clark also reminded me that it is not sufficient for the holder to show that there was a proper reason for non-use without also showing that, but for that reason, there would have been genuine use of the mark in the UK<sup>11</sup>. I accept that submission. The holder has only claimed use of the IR in the UK prior to the French litigation in relation to lighters and cigar cases. Consequently, the argument that the previous holder "*stopped*" use of the IR in the UK because of the French litigation is, for the most part, manifestly unfounded. Further, the holder has not established that there was genuine use of the IR in the UK prior to the French litigation, even in relation to lighters and cigar cases. Consequently, even if the litigation in France was, in principle, a proper reason for the non-use of the IR, I find that the holder has not been established that it was the actual reason for non-use of IR 841773C in the UK. The French litigation does not therefore constitute a proper reason for non-use of the IR for this reason too.

### **Provisional outcome**

37. Subject to appeal, the IR will be revoked in the UK with effect from 18 February 2013. The International Bureau will be notified accordingly in accordance with paragraph 4 of Schedule 5 to the Trade Marks (International Registration) Order 2008.

### **Costs**

38. I gave the applicant leave to make submissions on costs after receiving this decision. The applicant has 21 days from the date of this decision to make such submissions in writing. Any request for off scale costs must be justified and include a breakdown of the costs. The written submissions should be copied to the holder.

39. The holder has 14 days from the receipt of any such submissions to make written submissions in response, which should be copied to the applicant's representatives.

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<sup>11</sup> *Cernivet Trade Mark* [2002] RPC 30

**Next steps**

40. I will issue a further decision confirming this provisional decision, dealing with costs, and setting a period for appeal, after I have received the parties' submissions on costs.

**Dated this 6th day of August 2015**

**Allan James  
For the Registrar**