

**O-280-17**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NO 501328**

**BY GLOBAL TOBACCO FZCO**

**TO REVOKE THE REGISTRATION OF  
TRADE MARK NO 2410091:**



**GOLD  
MOUNT**

**OWNED BY KAANE AMERICAN INTERNATIONAL  
TOBACCO COMPANY FZE**

## Background and pleadings

1. Kaane American International Tobacco Company FZE (“Kaane FZE”) is the registered proprietor of the figurative trade mark shown on the front page of this decision, registered in the UK under number 2410091. This case concerns an application to revoke the registration of that GOLD MOUNT mark.
2. At the time of the application for revocation the mark was owned by Kaane American International Tobacco Company Ltd (“Kaane Ltd”), but on 22 February 2017 Kaane Ltd assigned the registration to Kaane FZE. Kaane FZE has confirmed that it has had sight of the forms and evidence filed in this case and that statements in the name of Kaane Ltd should be read as though made in the name of Kaane FZE where appropriate. For convenience therefore in this decision I use the name “Kaane” to signify the registered proprietor, whether as at the time of application for revocation or as currently registered.
3. The trade mark was filed on 28 December 2005 and entered onto the register on 11 August 2006. The mark is registered in Class 34 for the following goods:  
*“Tobacco; smokers’ articles; matches.”*
4. On 8 September 2016 Global Tobacco FZCO (“Global”) applied to revoke the trade mark registration on the grounds of non-use, relying on section 46(1)(a) and section 46(1)(b) of the Trade Marks Act 1994 (“the Act”).<sup>1</sup> The Trade Marks Registry required clarification of the grounds, so the filed claim was admitted into the proceedings on 21 September 2016.
5. Global seeks revocation under section 46(1)(a) alleging that, without proper reason, the mark has not been put to genuine use in the UK within five years of the completion of the registration procedure, i.e. between 12 August 2006 – 11 August 2011 (which in this decision I describe as “Period One”). Global claims that the mark should therefore be revoked as from 12 August 2011. Alternatively, Global claims under section 46(1)(b) that there was no genuine use of the mark within two subsequent specified five-year periods, namely: between 19 November 2007 – 18 November 2012 (“Period Two”); nor between 8 September 2011 – 7 September 2016 (“Period Three”). Global therefore claims that under this ground, the mark should be revoked as from 19 November 2012 or from 8 September 2016.

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<sup>1</sup> The statutory form that Global filed on 8 September 2016 indicates that it did not notify the proprietor that the application for revocation would be made.

6. Kaane has filed a counterstatement denying the claim and contending that the mark has been put to genuine use in the UK to a sufficient extent to maintain the registration. It claims alternatively, that to the extent that there may be doubt as to genuine use during the relevant periods, there were proper reasons for non-use and the application for revocation should therefore nonetheless be refused.
7. Kaane has filed evidence which it contends shows that it has used its mark, and which I summarise below. Kaane has also provided written submissions in lieu of a hearing. Global has filed no evidence in support of its application to revoke, but has made written submissions in response to the registered proprietor's evidence of use. Written submissions of both parties will be referred to where appropriate during this decision. Kaane is represented in these proceedings by Beck Greener; Global by AA Thornton. Neither side requested a hearing and I take this decision based on the papers received and taking account of relevant jurisprudence.

### **Applicable legislation**

8. The relevant parts of section 46 of the Act provide as follows:

“46 (1) The registration of a trade mark may be revoked on any of the following grounds –

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

.....

- (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 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.

.....

- (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.”

9. Section 100 of the Act is also relevant and 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.” It is therefore plain that the burden of proof falls on Kaane to show that it has used its mark, or that it had proper reasons for non-use, which is its alternative pleading.

### **Case law principles**

10. The case law on genuine use of trade marks was summarised by Arnold J in *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Anor*, [2016] EWHC 52, who, at paragraph 217, said as follows:

“In *Stichting BDO v BDO Unibank Inc* [2013] EWHC 418 (Ch), [2013] FSR 35 I set out at [51] a helpful summary by Anna Carboni sitting as the Appointed Person in *SANT AMBROEUS Trade Mark* [2010] RPC 28 at [42] of the jurisprudence of the Court of Justice of the European Union (CJEU) in Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, Case C-259/02 *La Mer Technology Inc v*

*Laboratories Goemar SA* 2004] ECR I-1159 and Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759 (to which I added references to Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237). I also referred at [52] to the judgment of the CJEU in Case C-149/11 *Leno Merken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16 on the question of the territorial extent of the use. Since then the CJEU has issued a reasoned Order in Case C-141/13 *P Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and that Order has been persuasively analysed by Professor Ruth Annand sitting as the Appointed Person in *SdS InvestCorp AG v Memory Opticians Ltd* (O/528/15).

[218] ...

219. I would now summarise the principles for the assessment of whether there has been genuine use of a trade mark established by the case law of the Court of Justice, which also includes Case C-442/07 *Verein Radetsky-Order v Bunderversammlung Kamaradschaft 'Feldmarschall Radetsky'* [2008] ECR I-9223 and Case C-609/11 *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR 7, as follows:

- (1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].
- (2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Centrotherm* at [71]; *Leno* at [29].
- (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 to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Centrotherm* at [71]; *Leno* at [29].
- (4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns:

*Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

- (5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71].
- (6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including:
  - (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question;
  - (b) the nature of the goods or services;
  - (c) the characteristics of the market concerned;
  - (d) the scale and frequency of use of the mark;
  - (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them;
  - (f) the evidence that the proprietor is able to provide; and
  - (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34]; *Leno* at [29]-[30], [56].
- (7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving 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. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72]; *Leno* at [55].
- (8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].”

## Registered Proprietor's Evidence

11. The evidence as to use filed by Kaane takes the form of a witness statement dated 31 January 2017 of Gyanendra Raj Mehta, with accompanying **Exhibits GRM1-GRM10**. Before I summarise and comment on Mr Mehta's evidence, I note that Kaane's evidence also includes a witness statement dated 31 January 2017 of Duncan Morgan (with **Exhibit DM1**). Duncan Morgan is a registered Trade Mark Attorney with Beck Greener, representing Kaane in these proceedings. Mr Morgan states that he conducted an online search for active trade mark applications and registrations belonging to Kaane Ltd, or related companies, consisting of or containing the words GOLD MOUNT. **Exhibit DM1** is the resulting list of 92 such items around the world. The list includes Kaane's UK and EU registrations<sup>2</sup>, but plain registration of a trade mark does not prove use of the mark,<sup>3</sup> so the evidence of **Exhibit DM1** is essentially irrelevant as to establishing use in the UK.
12. I return now to the evidence from Mr Mehta's witness statement and its related exhibits, which forms the majority of the evidence submitted by Kaane. Mr Mehta is a director with Kaane Ltd, where he has worked since 2002. Kaane's submissions claim the evidence includes "*detailed explanations of how the Mark has been used*" and of Kaane's "*genuine, sincere, honest, persistent and continuous efforts to expose it to the UK market*" for the registered goods during the three relevant periods at issue.
13. *Mr Mehta's witness statement*: This opens with a brief company profile of Kaane, which manufactures cigarettes. It gives information about various trade mark disputes between Kaane and Global, but such information provides no evidence of use of the mark in the UK and I agree with Global's submission that it is not relevant to the issue at hand. The remainder of Mr Mehta's witness statement addresses how Kaane has used the mark during the relevant periods and the reasons for low levels of sales. I shall refer further to points from the witness statement as appropriate, particularly when I review the evidence and submissions against the legal criteria under the relevant legislation and case law.
14. *Summary of relevant exhibits*: **Exhibit GRM1** comprises a print out from the kaanetobacco.com website along with a brochure for the company. The website print out indicates copyright dated 2013 and just sets out very brief information about the company. The only contact information given in the print out rests on the United Arab

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<sup>2</sup> It is noted that paragraph 11 of Kaane's submissions refers to appeals pending before the General Court of the European Union against decisions of the EUIPO Boards of Appeal in connection with the mark at issue.

<sup>3</sup> Nor is it Kaane's contention that it does.

Emirates telephone code. The brochure is undated and states that Kaane offers “*world class manufacturing utilising the latest technologically advanced machinery*”. It explains that Kaane not only produces its own branded cigarettes but offers manufacturing services for others once it has undertaken an assessment of “*image, legalities and market standing*.” It describes its well developed systems for quality assurance, quality control and testing. The brochure includes many images of variously branded packets of cigarettes produced by Kaane, several of which clearly show the trade mark in question (and numerous bear the words GOLD MOUNT). The telephone and email contact details in the brochure relate to United Arab Emirates. Nothing in Exhibit GRM1 makes reference to the United Kingdom.

15. **Exhibit GRM3** is a print out from Kaane’s website showing images of cigarette packs bearing the mark at issue; other images bear the text Gold Mount, but minus the same skyline device. The witness statement states that one of the website pages was printed in January 2017. This is outside the relevant use periods, but it is said that the products are representative of the website during the relevant periods. The other print out is said to show the corresponding webpage as it appeared on 9 March 2014. Included among the Gold Mount products shown are those labelled “Full Flavour”, “Light” (in blue font), “Ultralights” and “Superslims Silver.” (I mention this detail as it seems to me relevant in relation to **Exhibit GRM10** below.) Irrespective of the dates, as Global points out in its submissions, **Exhibit GRM3** does not explicitly show the goods as for sale and shows nothing indicating that the website targets the UK market.
16. **Exhibit GRM5** identifies dates and venue details of tobacco industry events in European Union member states that Kaane attended during the relevant periods. During Period One (the basis for the claim under section 46(1)(a)) four annual events took place - in France, in Poland, in Germany and Spain in 2007, 2009, 2010 and 2011. (The Euro Tab event in 2006 in Hungary listed in this exhibit falls outside the relevant periods.) Two further events took place within Period Two (under section 46(1)(b) claim) taking in the Czech Republic and Germany once again. Finally in Period Three, three further events took place in Poland and Germany. (Two subsequent listed events in Germany in late 2016 fell outside the relevant period.)
17. **Exhibit GRM6** provides evidence confirming Kaane’s attendance at the trade events listed above. It comprises invoices for space and attendance costs in various amounts up to around ten thousand Euros (Prague). This exhibit is bolstered by **Exhibit GRM7**, which shows photographs from the exhibitions and in which the subject mark is visible



on images and cartons of cigarettes. **Exhibit GRM8** shows photographs of a shopping bag, a sticker and a t-shirt, all bearing the mark in question. Other photographs show an ashtray, an umbrella and a cap bearing the words GOLD MOUNT but a different device. The witness statement refers to these as promotional items available and distributed to attendees at the listed trade events.

18. **Exhibit GRM9** provides extracts from a tobacco-related EU directive of 2014, and from the Consumer Protection Regulations that implemented it in the UK with effect from May 2016. It also includes a similar extract from the 2001 predecessor directive and its 2002 UK implementing regulations. All four pieces of legislation include stipulations regulating emissions and additives and other prohibited ingredients in cigarettes, notably that no single cigarette may emit more than one milligram of nicotine and 10 milligrams of tar and of carbon monoxide. The extract from the 2002 UK regulations includes the provision that the “*producer of cigarettes shall notify the Secretary of State of all brands of cigarettes to be produced by him during the preceding 12 months and of the tar, nicotine and CO yields.*”<sup>4</sup>
19. **Exhibit GRM10** comprises reports from a Germany-based analysis service from August 2013, May 2014 and October 2014. The August and May reports appear to relate to full flavour versions of Kaane products<sup>5</sup> and show relevant levels above the permitted maximums under EU and UK law. By contrast the October 2014 reports appear to relate to Gold Mount “SS Blue 20s” and “SS Silver 20s” (where I presume “SS” stands for “Superslim(s)”) and both the October reports show nicotine and carbon monoxide levels within relevant ISO standards.<sup>6</sup> I note therefore that the reports presented do not show whether the Blue and Silver products would have met ISO standards earlier than October 2014, and nor do they show whether the full flavour versions for which results are presented would have met the ISO standards in October 2014.
20. That concludes my summary of the evidence submitted. My task is now firstly to consider whether the evidence is sufficient to show that Kaane has made genuine use of the mark at issue, in respect of the registered goods and in respect of the UK market. I approach this task in light of the principles summarised by Arnold J in *London Taxi*.

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<sup>4</sup> Reg 5(2)(c)(i) of The Tobacco Products (Manufacture, Presentation and Sale) (Safety) Regulations 2002

<sup>5</sup> The August 2013 analysis report states the name of the product as Gold Mount Full Flavour 10s. The May 2014 report states the name of the product as Gold Mount FF White 20s, where I take the FF to refer to Full Flavour.

<sup>6</sup> The reports give no data on “tar” as such, but do refer to “total particulate matter,” which may equate to tar - - in which case the levels are again within threshold.

## Assessment of genuine use

21. Case law<sup>7</sup> requires that use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns. I do not find that the submissions or evidence from Kaane even suggest that goods under the Gold Mount mark have during any of the three relevant periods been “marketed” in the UK. In a somewhat vague expression, Kaane admits at paragraph 24 of its witness statement that it has “*not yet been able to commercialise tobacco products under the subject mark to the extent which [it] would have liked in the United Kingdom.*” There have certainly been no sales in the UK and despite the inclusion of a brochure and website extracts at **Exhibits GRM1** and **GRM3**, nor is there evidence that the goods have been offered for sale in the UK.
22. In joined Cases C-585/08 and C-144/09, *Pammer v Reederei Karl Schlüter GmbH & Co. KG and Hotel Alpenhof GesmbH v Heller*, the CJEU held that it was not sufficient for the purpose of establishing genuine use that a website was accessible from the consumer’s Member State. Rather, “*the trader must have manifested its intention to establish commercial relations with consumers from one or more other Member States, including that of the consumer’s domicile*”. In making this assessment national courts had to evaluate “*all clear expressions of the intention to solicit the custom of that state’s customers*”. **Exhibits GRM1** and **GRM3** do not expressly show items as being for sale, let alone provide information that suggests any targeting of the UK market (such as pricing quoted in UK currency).<sup>8</sup>
23. There is also a question as to the extent to which some or all of the goods in question could lawfully have been sold within the UK during the relevant periods. Mr Mehta at paragraph 25 of his witness statement refers to the “*rigorous health and safety standards tobacco products must comply with in order to be placed on the EU market*” including the legislation extracted at **Exhibit GRM9**. Paragraph 25 continues: “*As such, it is a costly and time-consuming process to gain approval to market tobacco goods in the UK and EU. Tests must be conducted to ensure that these standards are met.*” It then refers the testing in Germany to comply “*with UK and EU standards*” so that Kaane “*could seek approval from the various national authorities, including those in the UK to sell the cigarettes [it produces] under the subject logo in their territories. In 2014*

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<sup>7</sup> See CJEU judgment in *Ansul* at paragraph 37

<sup>8</sup> See *Pammer* at paragraph 93.

*[Kaane's] cigarettes produced under this mark met these standards. Nonetheless, their existence was a significant obstacle for [Kaane] to overcome in order to get the GOLD MOUNT cigarettes [it makes] under the mark to a position whereby they could be placed on the EU market (as they now are). Use of the subject mark on these cigarettes would have been impossible in the UK until they were refined to meet these standards. However, the cigarettes we manufacture under the subject logo are known for their distinctive flavour, and it was therefore necessary for the purpose of brand integrity for us to work on refining them so as to meet the required standards whilst maintaining that flavour."*

24. Global submits that Kaane's statements at paragraph 24 and 25 of Mr Mehta's witness statement, combined with **Exhibits GRM9** and **GRM10** have the cumulative effect of being an admission by Kaane that the mark was not used at all during Periods One and Two and was not used in the UK for more than half of Period Three<sup>9</sup>. I take issue with that submission. Despite the general impression that may arise from the statements in paragraph 25, it seems to me that the evidence from Kaane, does not quite say – at least not in unambiguous and joined-up terms - that whereas its GOLD MOUNT cigarettes could not lawfully have been sold in the UK (or EU) during the years equating to Periods One, Two and part of Period Three, the goods only became saleable in October 2014 as a consequence of Kaane's tailoring the composition of its cigarettes so that they met the EU / UK emission requirements. It is possible that that precisely describes the situation and is what Kaane intended to convey - but it seems to me that it stops short of saying that.
25. Moreover, as I have previously mentioned, the evidence at **Exhibit GRM10** does not show the German testing reports compared like with like. It is therefore not clear that Kaane has in fact reformulated its products for the EU or UK market. The evidence does not show whether the full flavour cigarettes (tested in August 2013 and May 2014) now meet the required legal levels, or at what point the GOLD MOUNT "Blues" and "Silvers" products first achieved the levels recorded in the tests of October 2014. The only EU sale in evidence under Gold Mount mark is the reference in the witness statement to one carton having sold in Germany in February 2016. It is not clear what precise product that was. It is possible that it was a GOLD MOUNT product other than the full flavour varieties - even a version that throughout the relevant periods may consistently have been within the ISO thresholds. One cannot tell from the evidence.

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<sup>9</sup> The submissions in fact refer to "more than half of the second relevant period" but it is clear from the context that this is an error in drafting.

26. I recognise that the situation I have considered above could be an unduly sceptical reading. If it were the case that Kaane has not in fact made material change to its goods, reformulating various versions to reduce their emissions to a level that made them lawfully saleable in the UK (and EU), that would cast a different light on an assessment of whether Kaane has used the mark by way of real commercial exploitation on the market for the relevant goods. It could mean that Kaane was no more (or no less) able to market its goods in the UK now than it was when it first registered its mark. However, it could be that the reason why Kaane has yet to offer its goods for sale in the UK is that it has been delayed by the process of having to reconstitute its branded goods (and that it now has successfully done so) and of taking other steps to meet legal requirements.

27. If I take that as the presumed position, then clearly the goods were *not capable* of being lawfully marketed during Period One, Two and part of Three. As to the second part of Period Three, Kaane does not claim to have in fact offered the goods for sales in the UK nor to have surmounted other regulatory requirements to enter the national market. The question as to genuine use therefore can only rest on whether the evidence shows use of the mark for goods which *about to be marketed* and for which preparations to secure customers are under way, particularly in the form of advertising campaigns. Kaane's evidence of use largely focuses on its more or less annual attendance at various tobacco industry events referenced in **Exhibits GRM5- GRM8**. I have to consider all the relevant facts and circumstances to assess whether this amounts to real commercial exploitation of the mark on the market to create or preserve an outlet for the goods that bear the mark. The witness statement of Mr Mehta includes the following points:

*"[17] Throughout the Relevant Periods ... [Kaane] attended numerous tobacco industry distribution shows and exhibitions in Europe ... in order to enter the UK and EU tobacco markets with our GOLD MOUNT (with device) branded Relevant Goods (being one of our two most successful and important brands), and to promote our other goods. It is common practice in the tobacco industry to launch and promote products at such events for entry into new markets (including the UK), as they are attended by the key players in the industry, such as importers, distributors, large retailers and chain store managers (including those from the UK).*

*[21]... such people did attend these shows and were exposed to [Kaane's] use of the [subject] logo in relation to tobacco products at these events (which [Mr Mehta]*

*considers to be all the major trade shows in the EU tobacco industry) and were invited to place orders for such goods for the UK market. ...*

*[22] I believe this illustrates the significant amount of investment [Kaane] made during the Relevant Periods to introduce and expose Relevant Goods, including those bearing the mark, to key figures in the UK and EU tobacco markets. We spent over 150,000 Euros in attending and promoting our brands at such trade shows during the Relevant Periods, illustrating that my Company invested heavily in trying to enter the EU and UK tobacco markets, promoting Relevant Goods under the relevant trade mark throughout.”*

28. With regard to the case law principles at paragraph 11 of this decision, I find that the use of the mark evidenced in relation to the trade shows and expos is not internal use, is actual use that is more than merely token and is consistent with the essential function of a trade mark (guaranteeing the identity of the origin of the goods to the consumer or end user by enabling him to distinguish the goods from others). I also accept that using one’s mark at the major trade shows in the EU tobacco industry could be viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question.<sup>10</sup> It may be warranted as one sensible and perhaps necessary promotional step, but I doubt that it would be sufficient to create a share in the market, especially given the premise that the goods could not lawfully be sold in the UK and that there is no evidence that there is yet authorisation to market in the UK.<sup>11</sup> It cannot therefore be said that the evidence shows use of the mark for goods which *about to be marketed* and “for which preparations to secure customers are under way, particularly in the form of advertising campaigns.”
29. There are other reasons why attendance at the trade shows cannot sustain a claim for genuine use, and various of these are put forward in the submissions from Global. For example, none of the trade events took place in the UK and evidence of use in relation to the UK market is at best very thin. Whilst it may be likely that UK tobacco interests would have attended such major industry events, there is no list of attendees,<sup>12</sup> no

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<sup>10</sup> Case law recognises that genuine use can include a launch phase and goods which have not yet been sold, (see the General Court in *MFE Marienfelde v OHIM – Vétoquinol (HIPOVITON)* Case T-334/01) but the marketing for those goods must have already happened or be imminent.

<sup>11</sup> See ruling of Mr Henry Carr Q.C. sitting as a Deputy Judge of the High Court *Healey Sports Cars Switzerland Limited v Jensen Cars Limited* [2014] EWHC 24 (Pat) where there was no genuine use where there were no goods about to be marketed.

<sup>12</sup> It is clear from the Court of Appeal ruling in *Laboratoire de la Mer Trade Mark* [2006] FSR 5, that sales under the mark to the trade would be capable of qualifying as genuine use.

record of materials received by particular attendees, no indications of discussions with UK interests, no expressions of interest from UK customers.

30. Nor do I consider that attendance at what are presumably business-as-usual annual industry events can properly be characterised as an advertising campaign targeting the UK market for the mark at issue. Any interest that other attendees may have shown in Kaane's presence at those events (and indeed any costs accruing to Kaane from attendance fees and costs such as translation and stand construction) cannot be solely ascribed either to the subject mark and goods or to the UK market. At least part of such interest (and costs) would be attributable to Kaane's other brands, goods and services and to markets of other EU member states. Even taking account of the context of the economic sector concerned, and that some goods may take longer than others to be ready for market, there is no clear evidence<sup>13</sup> of preparations to secure customers in the UK. There is no evidence of press releases, advertisements or websites in operation to show that the goods were about to be marketed to the UK, even at a point in time when ten years had elapsed from registration.
31. The evidence showing that some Gold Mount products tested within regulatory limits in October 2014 and that at least a single carton of cigarettes featuring the subject logo has sold in Germany does nothing to strengthen any indication that the goods are about to be marketed in the UK. There may be various reasons why a company would wish to market in one country but not another, including national numbers of smokers, smokers' different preferences of taste, national laws affecting where one can smoke and particularly any national restrictions on how and to what extent a tobacco brand may be promoted and advertised.<sup>14</sup>
32. In *Plymouth Life Centre*,<sup>15</sup> Mr Daniel Alexander QC, sitting as the appointed person, observed that although the burden lies on the registered proprietor to prove use, there is no particular way in which use must be established. However he went on to state that: "*A tribunal is entitled to be sceptical of a case of use if, notwithstanding the ease with which it could have been convincingly demonstrated, the material actually provided is inconclusive. By the time the tribunal (which in many cases will be the Hearing Officer in the first instance) comes to take its final decision, the evidence must be sufficiently*

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<sup>13</sup> See *BABA House*, Case O/49/15 where Mr Daniel Alexander QC sat as the Appointed Person and where the subject goods were taking a long time to get to market. The case considered the relevance of whether goods actually existed for genuine use and the proprietor's detailed evidence about the use it had made of its mark and its efforts to secure customers during the relevant period was pivotal to the decision.

<sup>14</sup> No side in this case makes submissions addressing the impact of the plain packaging restrictions in UK required for cigarettes manufactured after 20 May 2016 or sold after 21 May 2017 by virtue of section 94 of the Children and Families Act 2014 and The Standardised Packaging of Tobacco Products Regulations.

<sup>15</sup> Case O/236/13 at paragraph 22

*solid and specific to enable the evaluation of the scope of protection to which the proprietor is legitimately entitled to be properly and fairly undertaken, having regard to the interests of the proprietor, the opponent and, it should be said, the public.”*

33. For the reasons I have given, it is my finding that the proprietors in this case have not shown genuine use of the contested mark in the UK during any of the three periods.<sup>16</sup> I now proceed to consider whether Kaane is able to maintain its registration in the UK by relying on its claim that there were proper reasons that account for non-use of the mark and which therefore give it a defence to a claim under section 46(1)(a) and (b) of the Act.

### **Proper reasons for non-use**

34. The CJEU in *Haupt v Lidl*<sup>17</sup> held that only obstacles that have 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 the mark,<sup>18</sup> may be described as “proper reasons” for non-use. In the present case Kaane attributes the fact that it has not yet been able to commercialise tobacco products in the UK market “*to a number of legal, administrative and regulatory obstacles beyond our control.*” As noted, Kaane also asserts that “*it is a costly and time-consuming process to gain approval to market tobacco goods in the UK and the EU.*”
35. Global makes a number of submissions challenging the existence of proper reasons that would justify non-use in this case. Global submits that the legal and regulatory obstacles are not sufficiently outside the control of Kaane to constitute proper reasons for non-use of the mark. Global points to the fact that the application to register in the UK the mark at issue was filed in December 2005. It quotes the description from Mr Mehta’s witness statement that Kaane is “*a large cigarette manufacturer and distributor*” and says that Kaane “*claims to have a successful international business.*” Global submits that “*regulatory obstacles relating to the manufacture and sale of cigarettes exist in nearly every country around the world and it is reasonable to assume that a large, successful cigarette manufacturer would have been aware that there were regulatory standards to be met at the outset. The Trade Marks Act 1994 requires that*

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<sup>16</sup> I note too the aphorism of Lord Mansfield in *Blatch v. Archer* (1774) 1 Cowp 63 at 65, 98 ER 969 at 970 that it “is certainly a maxim that all evidence is to be weighed according to the proof which it was in the power of one side to have produced, and in the power of the other to have contradicted.”

<sup>17</sup> Case C-246/05 [2007] ETMR 61

<sup>18</sup> In line with Article 19(1) of the TRIPS Agreement, being the Agreement on the Trade-Related Aspects of Intellectual Property.

when filing a trade mark application the Applicant “shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a bona fide intention that it should be so used” (section 32(3)). Kaane must therefore have had an intention to use the mark when it filed the application in December 2005. In the context of Kaane’s business, which we can only assume is accustomed to complying with regulatory standards and is experienced in bringing cigarettes to market, it seems that there was an excessive delay between filing the application in 2005 and submitting the goods for laboratory testing in 2013. Kaane has not produced any evidence or explanation as to why it took eight years before the goods were submitted for laboratory testing.” I agree with these submissions.

36. Case law<sup>19</sup> makes clear that the proper reasons must have been operative during the relevant period(s). Insofar as the claimed reason for non-use is the lack of regulatory approval, it appears from the extracts at **Exhibit GRM9** that the pertinent stipulations, certainly as to cigarette emissions, that were set out in Directive 2001/37/EC and reflected in UK law by The Tobacco Products (Manufacture, Presentation and Sale) (Safety) Regulations 2002, were not changed by the Tobacco Products Directive 2014/40/EU that was brought into UK law by The Tobacco and Related Products Regulations 2016. It does not appear therefore that there has been some significant shift in the regulatory framework to which Kaane must comply, and nor have there been submissions to that effect. Global therefore makes another strong point when it refers to case law having held that: “A proprietor who does nothing for most of the five year period and then embarks on a procedure known to be lengthy but intended to lead to goods bearing the mark being produced for sale cannot ... say that the ordinary commercial delays in producing a new product bearing the mark amounted to proper reasons.”<sup>20</sup>

37. Proper reasons for non-use must be independent of the will of the proprietor and outside the control of the proprietor. In *Naazneen Investments Ltd v OHIM*,<sup>21</sup> the marketing of the goods in question were stopped because those goods were defective. The General Court there held that since it was for the proprietor to supervise and control the manufacture of the goods in question, even though they were being manufactured by a third party, the interruption to the marketing of those goods could not be regarded as independent of the will of the proprietor. In that case it was held that the proprietor was wrong in claiming that it had no choice but to stop using the mark at issue or to put

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<sup>19</sup> *Cernivet* Trade Mark [2002] RPC 30 (AP)

<sup>20</sup> Per L.J. Gibson in *Philosophy di Alberta Ferretti* [2002] EWCA Civ. 921

<sup>21</sup> Case T-250/13



consumers' health in danger. It was open to the proprietor to have manufactured and placed on the market further products within a reasonable period. Therefore, it could not be claimed that the change in strategy of the proprietor of the mark at issue made use of that mark unreasonable. The additional economic investments necessary for the manufacture of further products formed part of the risks that an undertaking must face. Therefore the difficulty encountered by the proprietor in *Naazneen* concerning the manufacture of the goods in question did not constitute a proper reason for non-use of the mark at issue.

38. The present case may be distinguished from *Naazneen* in that it does not precisely involve defective goods, but on the other hand in the present case, Kaane is responsible for the full manufacturing process and as evidenced in **Exhibit GRM1**, has “*world class manufacturing utilising the latest technologically advanced machinery*” and well developed systems for quality assurance and quality control and testing. Kaane proceeded with its UK registration with its eyes open and would presumably have been well placed to manufacture a product that was lawfully saleable in the UK. I note too the submissions from Global referencing a decision<sup>22</sup> of the Board of Appeal of the EUIPO related to Kaane’s corresponding EUTM registration for the Gold Mount logo. There the Board of Appeal made the point that if a proprietor “*produces goods which do not meet the minimum standards under tobacco legislation to be marketed in the EU, then the non-use exclusively vests in the quality of the goods intended to be marketed and not in any obstacle set up to the proprietor to conduct business.*”
39. Even if it were accepted that the need for considerable investment and time to develop and bring suitable goods to market could represent a proper reason for non-use, there would need to be credible and persuasive evidence as to such basic matters as: when the proprietor started refining the product; the costs involved; the stage now reached and how much remained to achieve; how long it normally takes a cigarette manufacturer to redevelop a formula and secure relevant national market clearances (preferably from an independent source in the industry). No such detail has been offered in the present case.
40. The gap between the mark being entered onto the register on 11 August 2006 and Global applying to revoke 8 September 2016 is some ten years. To put this into perspective, proprietors have five years in which to make genuine use of their mark after registration of the mark; 2006 to 2016 is twice that. In my view, the “*legal,*

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<sup>22</sup> Appeal no R1857/2015-4 relating to EUTM Registration No 7157233, especially paragraphs 20 – 24.

*administrative and regulatory obstacles” of the sort described cannot qualify as proper reasons for non-use, particularly given a hiatus of such magnitude. There may have been plans to enter the UK market under the mark, but if so, the plans appear to have been moving forward at a relatively leisurely pace. I agree with Global’s submissions where it states that “Kaane should have known of the relevant legal standards at the outset and it had sufficient time to develop its goods and submit them for regulatory approval after filing the application in 2005. There is no reasonable explanation as to why Kaane took so long to commence this process.”*

41. Moreover, “proper reasons” must have been operative throughout the relevant periods, and, as Global points out, *“any regulatory obstacles that may have existed, ceased to exist in October 2014 when laboratory tests showed that Kaane’s goods complied with UK regulations, but Kaane has not submitted any evidence to show that it has commenced use of the mark in the UK since October 2014 ....  
... no further evidence or explanations have been submitted regarding how long it takes to obtain regulatory approval beyond the fact that it is “time consuming.” The laboratory tests submitted at **Exhibit GRM10** show that three tests were conducted in the 14 month period between August 2013 and October 2014 which suggests it only takes a few months at most to arrange for goods to be tested. Kaane has not given any further explanation regarding the steps to be taken after the laboratory tests are complete or how long it takes, or whether these additional steps have been taken.”*
42. It is also notable that following the October 2014 tests, goods were marketed in Germany at least to the extent of a single carton sold on its first day of launch in February 2016. Those cigarettes must have met EU standards (which are necessarily UK standards) whether by reformulation or otherwise. Presumably such goods would have been equally lawful to sell on the UK market, but as Global notes above there is no indication as to Kaane having taken any steps that may be required to secure approval from UK national authorities.

## **Conclusion**

43. Trade mark registrations cannot be sat upon for many years because this is contrary to policy. The essential function performed by a trade mark is that it enables consumers to distinguish the goods and services of one undertaking from another. If a mark is not being used, it cannot do this job. It also hinders other traders who may be in a position

to commercialise goods and services using the same or similar mark, potentially harming commerce and innovation.<sup>23</sup>

44. I have made an overall assessment of the genuineness of the use that has been made of a trade mark, an overall assessment must be made, taking into account the market concerned, the way in which the products in question are normally marketed, the production and marketing capabilities of the holder of the trade mark<sup>24</sup> and any indications concerning the place, time, extent and nature of use of the earlier trade mark. I have found no genuine use in any relevant period.
45. I have considered too whether there were proper reasons for non-use. Taking the authorities in the round, it seems to me that proper reasons for non-use are not something to be accepted lightly. Kaane decided to seek protection for the mark in the UK. It was its choice to do so,<sup>25</sup> notwithstanding that at least some its goods did not comply with regulatory requirements in the market. These were normal business decisions which do not represent impediments or obstacles that have arisen from outside the will of Kaane.
46. Taking into account all the circumstances of the case, the proprietor has shown neither genuine use of the mark nor proper reasons for non-use within any of the relevant periods claimed.

## **Outcome**

47. In view of the successful claim under section 46(1)(a) of the Act (as well as under section 46(1)(b)), and in accordance with section 46(6)(b), trade mark registration No. 2410091 is revoked and the rights of the proprietor are deemed to have ceased as from 12 August 2011.

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<sup>23</sup> See Jacob J (as he then was), explaining the public interest behind the relevant EU legislation in *La Mer* [2002] E.T.M.R. 34 (paragraph 19): “*There is an obvious strong public interest in unused trade marks not being retained on the registers of national trade mark offices. They simply clog up the register and constitute a pointless hazard or obstacle for later traders who are trying actually to trade with the same or similar marks. They are abandoned vessels in the shipping lanes of trade.*”

<sup>24</sup> See the General Court in *MFE Marienfelde v OHIM – Vétoquinol* (HIPOVITON) Case T-334/01

<sup>25</sup> See ruling in *Il Ponte Finanziaria SpA v OHIM* Case C-234/06P [2008] ETMR 13 at [102]: “the concept of “proper reasons”... refers essentially to circumstances unconnected with the proprietor of the trade mark which prevent him from using the mark...”

## **Costs**

48. Global has been successful and is entitled to a contribution to his costs on the basis of the published scale of costs (Tribunal Practice Notice 2/2016):

Official filing fee	£200
Considering the proprietor's evidence	£250
Preparation of written submissions	£350
<b>Total</b>	<b>£800</b>

49. I order Kaane American International Tobacco Company FZE to pay Global Tobacco FZCO the sum of £800 (eight hundred pounds sterling) which, in the absence of an appeal, should be paid within fourteen days of the expiry of the appeal period.

**Dated this 19<sup>TH</sup> day of June 2017**

**Matthew Williams**

**For the Registrar, the Comptroller-General**