

BL O-738-18

TRADE MARKS ACT 1994

IN THE MATTER OF:

KSS ASSOCIATES' APPLICATION (NO. 501660)

TO REVOKE ON THE GROUNDS OF NON-USE

REGISTRATION No. 2466184

OF THE MARK:

TWINKLE

OWNED BY FRAGRANCE AND BEAUTY LIMITED

Background and pleadings

1. These proceedings concern the trade mark **TWINKLE** which was filed on 7 September 2007 and was subsequently registered on 9 May 2008. It is owned by Fragrance and Beauty Limited (the proprietor) and is registered in respect of the following class 3 goods: perfume, body products, hair care, skincare, suncare, cosmetics.

2. KSS Associates (the applicant) seeks revocation of the mark on the grounds of non-use. The applicant relies on section 46(1)(b) of the Trade Marks Act 1994 (the Act), claiming non-use in the five year period 23 April 2012 to 22 April 2017.

3. The proprietor filed a counterstatement denying the grounds of revocation. It claims that the mark has been used during the relevant period “..in one category...and will be us[ed] in others in the coming years”. Reference is made to invoicing its distributor for 24 units of perfume and that it (the distributor) then took out a licence to use the mark. Although there is no specific claim to the existence of proper reasons for non-use, I note the reference in the counterstatement to there being “some tricky technical aspects and it has taken time”.

4. Both sides filed evidence. A hearing took place before me on 24 August 2018 at which Mr Selmi, of counsel, instructed by Gordons LLP, represented the proprietor, and at which Mr Hall, also of counsel, instructed by Boulton Wade Tennant LLP, represented the applicant.

Legislation and leading case-law relating to revocation

5. The pertinent legislation is contained in section 46 of the Act, the relevant parts of which read:

“(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)

(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.”

6. Section 100 is also relevant; it 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.”

7. In *Walton International Ltd & Anor v Verweij Fashion BV* [2018] EWHC 1608 (Ch) (28 June 2018), Arnold J. summarised the case-law on genuine use:

“114. The CJEU has considered what amounts to “genuine use” of a trade mark in a series of cases: Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, *La Mer* (cited above), Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237, Case C-442/07 *Verein Radetsky-Order v Bundesvereinigung Kamaradschaft ‘Feldmarschall Radetsky’* [2008] ECR I9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C-149/11 *Leno Merken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16, Case C-609/11 P *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR, 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 Case C-689/15 *W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse* [EU:C:2017:434], [2017] Bus LR 1795.

115. The principles established by these cases may be summarised 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]; *Leno* at [29]; *Centrotherm* at [71]; *Reber* 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]; *Leno* at [29]; *Centrotherm* at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: *Gözze* at [43]- [51].

(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] and [22]. 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]; Reber at [29].

(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]; Leno at [29]-[30], [56]; Centrotherm at [72]-[76]; Reber at [29], [32]-[34].

(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] and [76]-[77]; 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].”

The evidence

8. Evidence has been given by a number of witnesses:

9. For the proprietor, two witness statements (one of which was provided with the counterstatement) were made by Mr Mark Earnshaw, director and CEO of the proprietor. He details the use that has been made of the mark and the proprietor's relationship with its distributor (also described by Mr Earnshaw as its "customer"), Per-scent. A witness statement is also given by Mr Vipul Jayantilal Vadera, managing director of Per-scent Group Limited (PG) and a director of Per-scent Limited (PL); the former owns 100% of the shares of the latter. Mr Vadera gives evidence about the use made of the mark, the relationship of PG/PL with the proprietor, and evidence about some technical issues that arose in getting the product to market.

10. For the applicant, a witness statement is given by Mr Gavin Hyde-Blake of Eccora Limited about investigations he was asked to make about the corporate relationship between the proprietor and PG/PL. A witness statement is also given by Ms Felicity Kate Hide, a partner in Boulton Wade Tennant, who gives evidence about that corporate relationship. Finally, a witness statement is given by Ms Gillian Farmer, a trade mark attorney at Boulton Wade Tennant, who gives evidence about the size of the perfume market.

11. I will come back to the content of much of the evidence shortly.

Chronology of claimed use

12. I think it useful to begin by setting out a basic chronology about the use that Mr Earnshaw and Mr Vadera attest to:

- In 2007 (4-5 years before the start of the relevant period) the proprietor was approached by a company to produce a celebrity perfume together with associated products. The range was to be called TWINKLE. The subject mark was filed for this purpose, but the client did not like the product so the relationship ended. However, the mark was viewed as a good one, so it was maintained and "every now and then [we] would try and think of an appropriate product to launch using that name". [Earnshaw W/S 2]

- “Eventually” (when exactly is not clear) the TWINKLE perfume was created. In September 2014 (around 2 ½ years into the relevant period), the proprietor approached Per-scent with TWINKLE during a regular meeting (Mr Earnshaw is not clear if this was PG or PL). Per-scent were looking to maximise sales and new brands, which is why Mr Earnshaw thought TWINKLE would be of interest. [Earnshaw W/S 2].
- The above is corroborated by Mr Vadera who stated that the meeting was in Autumn 2014 at which the proprietor talked to it about TWINKLE.
- In January 2015, PL purchased samples of TWINKLE perfume from the proprietor. 24 pieces were purchased representing a total of £156 including VAT. Mr Earnshaw states that the samples would enable it to evaluate how successful it would be [Vadera W/S 1 & Exhibit VJV1 and Earnshaw W/S 2 & Exhibit MIE1).
- Mr Vadera states that “as with all samples of potential brands a bottle of Twinkle was displayed at our offices for customers to see, and the rest were kept in [his] office” [Vadera W/S 1]. Exhibit VJV2 shows a picture of the bottle in a product showcase. Mr Vadera adds that around 100 people a week see Twinkle in its offices and know that it is a product available to buy.
- PG/PL (which is not clear) exhibited TWINKLE at the Spring Fair at the NEC in Birmingham which took place between 1-5 February 2015. This was done to “consider the success” of the product. Mr Vadera states that the show had over 50k attendees and that PG/PL had a large stand in a prime position. A picture of the bottle and its packaging is provided as was exhibited [VJV3], but there is nothing showing the product in context on the stand. It was, apparently, hoped to get some feedback. Feedback was collated; “the conclusion was that whilst the name Twinkle was lovely, the packaging and bottle was dull and generic” [sp] [Earnshaw W/S 1]

- In response to the above, PG decided to seek a license to use the mark and to redesign and improve the packaging. A license was agreed and is provided in Exhibit VJV4, dated 18 March 2015. Mr Earnshaw also provides a copy of the licence. Both witnesses highlight that the target was to produce 20k bottles in the first year rising to 200k in year 3.
- To make the product unique, PG wanted to use LEDs in the bottle, to make it twinkle. [Vadera W/S 1].
- The inclusion of LEDs was more complex than expected and substantial delays occurred. The main issue was battery life and LED failure. A solution has now been found [sometime in 2017] and it is expected that the product will reach the market within the next nine months (this statement was made in February 2018). [Vadera W/S 1]. Some mock-ups and drawings of the new packaging are provided in Exhibits VJV5 & 6.

Genuine use (and proper reasons for non-use) – analysis

13. There are, essentially, two distinct phases in the above chronology, in so far as the relevant period is concerned. The first incorporates the initial discussions between the proprietor and PG/PL, the sale of 24 sample bottles (and the display in PG's/PL's offices) and the exhibition at the trade fair. The second phase is the decision that PG would take a license to use the trade mark, to re-develop the packaging and bottle and the technical issues faced doing this.

14. In relation to the second phase, any use would move from being use by the proprietor, to use [by a licensee] with the consent of the proprietor. The issue of consent is clear, because the proprietor has entered into a formal agreement to license its mark. However, there is in my view a fundamental problem with the reliance on the license agreement. Put simply, the license does not represent any form of use anywhere on the market, be it to the end public or distributors. There is no actual use by the party the proprietor has authorised to use the mark. Mr Selmi considered the license to be close to advertising, but I struggle to see how this could be without any

form of actual use. Therefore, irrespective of the targets that had been set out, the license agreement does not assist.

15. The evidence also deals with the “technical difficulties” the licensee had with its planned re-development of the packaging, particularly with the incorporation of LEDs into the bottle. Mr Hall highlighted that at no point did the proprietor seek to rely on proper-reasons for non-use as part of its pleaded defence. Mr Selmi explained that the proprietor put them forward now as further arguments not to revoke the mark, not least because Mr Hall had mentioned proper reasons for non-use in his skeleton argument. I agree with Mr Hall that despite the fact that the technical difficulties were mentioned in the proprietor’s defence and evidence, it had never put this forward as a proper reason for non-use. Such a defence is something that must be clearly pleaded, which it was not.

16. In any event, the technical difficulties would not in my view have got off the ground as a proper reason for non-use. In the judgment of the CJEU in *Haupt v Lidl Stiftung & Co KG* 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.”

17. 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...”

18. The licensee chose of its own volition to pursue a form of product re-development that included a difficult technical aspect. Whilst it may have been more complex than expected, these are not circumstances unconnected with the proprietor (or in this case its licensee) which prevented use of the mark. I therefore agree with Mr Hall that even

if proper reasons for non-use had been pleaded, the defence would have failed on its facts.

19. The proprietor is, therefore, left with what I have described as the first phase of the chronology. Setting aside, for the time being, Mr Hall's argument that the use (in terms of sale) is internal use (because of the relationship between the proprietor and PG/PL), there are some obvious difficulties that the proprietor faces. The sales are, self-evidently, miniscule in the context of the perfume market. This is highlighted in the evidence of Ms Farmer (which sets out the very large size of the market), but even without this, the one-off sale of 24 bottles of perfume is tiny. The frequency of use is small, the sale and the trade fair taking place in the first two months of 2015. There is only one customer, a distributor. There is nothing to suggest that the distributor took the product for the onward sale to customers. Indeed, both of the proprietor's witnesses refer to the product as samples and references are made to evaluation and seeking feedback.

20. Mr Vadera refers to one of the bottles being in a display showcase at PGs/PLs offices, which would be seen by 100 people per week who would know that such products are available for sale. However, without better evidence to explain the nature of this display, who was encountering the products and for what purpose, there is little I can take from this. In any event, there is no evidence to show that anyone even noticed it, for example, there is no evidence of anyone making enquiries about the availability of the product. In any event, despite the claim that the persons in the offices may know that the goods in the display showcase were on sale, it seems clear to me from the evidence as a whole that the TWINKLE goods were not actually on sale.

21. Similar observations apply to the trade fair. Whilst the footfall for the event is reasonably high, the failure to show the significance of the TWINKLE product on the stand is a relevant factor. It may have played a very minor role, particularly bearing in mind the evidence that it was exhibited for feedback purposes. There is also no evidence as to the amount of feedback received and how such feedback was being sought.

22. Taking the evidence in the round, my assessment is that genuine use has not been made of the mark. Whilst bearing in mind that sales to a distributor can count as genuine use, in this case, there is no genuine use based on the combination of the miniscule actual use that has been made, together with the nature of the use which is not aimed at creating a market-share at that point, but was more aimed at gaining feedback on future use. In any event, as Mr Hall put it, the sales themselves are not only not warranted in the market per se, but even within the context of the proprietor's business (which is a reasonably significantly sized one), the sales it made to PL were tiny.

23. The above conclusions make the internal use point moot. However, in case of appeal, my view is that despite the applicant's evidence establishing that there are common shareholders and directors, the proprietor and PG/PL are not to be regarded as being part of the same corporate group such that any use that has been made is internal. The directors/shareholder do not wholly overlap (Mr Earnshaw appears to have no role in PG/PL) and one company does not own the other. Further, the companies have distinct roles even if they have key business relationships together.

Conclusion

24. Registration 2466184 is revoked in its entirety with effect from 23 April 2017.

Costs

25. The applicant has been successful and is entitled to a contribution towards its costs. I bear in mind that a first hearing was lost (but Mr Hall attended) due to Mr Selmi unfortunately falling ill on the day. Mr Hall asked for a doubling of hearings costs in respect of this. Whilst I am prepared to give a slightly higher contribution to reflect Mr Hall having to attend twice, I do not consider a doubling to be appropriate because none of the preparation work would have been lost and, further, falling ill on the day was just an unfortunate circumstance. My assessment is as follows:

Statement of case and considering the counterstatement - £300

Filing and considering evidence - £1000

Attending the hearing(s) - £800

Total - £2100

26. I order Fragrance and Beauty Limited to pay KSS Associates the sum of £2100 within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 20th Day of November 20188

Oliver Morris

For the Registrar,

The Comptroller-General