

O-004-08

**AN APPLICATION BY LONSDALE SPORTS LIMITED
TO REVOKE UK TRADE MARK REGISTRATION No. 1455509
CONSISTING OF THE MARK 'KIM'
REGISTERED IN CLASS 25 IN THE NAME OF
TOPWARD LIMITED, TRADING AS KIM FASHIONS**

BACKGROUND

1. The word KIM is registered as a trade mark in respect of:

Dresses, separates, jackets, skirts, blouses, trousers, suits, and culottes, all for women and girls; all included in Class 25; but not including knitted articles of clothing or articles of clothing made from knitted materials.

2. The registration procedure was completed on 21 January 1994.

3. The registration stands in the name of Topward Limited, trading as Kim Fashions.

4. On 6 January 2006, Lonsdale Sports Limited applied for the registration to be revoked under paragraphs (a) and (b) of section 46(1) of the Trade Marks Act on the grounds that enquiries had not revealed any genuine use of the trade mark since the completion of the registration procedure.

5. The formal 5 year periods of alleged non-use have been amended since the application was filed. The periods are now:

22 January 1994 - 21 January 1999

4 October 1995 - 3 October 2000

4 October 2000 - 3 October 2005

6. Consistent with these periods the applicant seeks revocation from the earliest justifiable date from 22 January 1999, 4 October 2000 or 4 October 2005.

7. The proprietor denies the grounds for revocation. Further, the proprietor denies that appropriate pre-action enquiries were made, pointing out that a search for Kim Fashions on the Internet search engine Google provides an entry for the proprietor, including a telephone number and details of the Managing Director.

8. The proprietor subsequently filed evidence in the form of two witness statements from its Managing Director, Meir Uzan, and further witness statements from John Max Wallace (a Trade Mark Attorney), Belgin Ozkan (the proprietor's Turkish Production Co-ordinator), Sermin Riza (Senior Pattern Cutter), Kim Appel (Sales Manager), Karen Donoghue (Production Manager) and Joanna Rakowicz (the proprietor's accountant). The applicant did not file any evidence of its own.

9. Prior to the hearing, the applicant asked for permission to cross examine all the proprietor's witnesses. The proprietor initially resisted this request. Following a case management conference, the parties accepted that that Mr Uzan, Mr Wallace and one of the other five witnesses, who had all given evidence in identical form, should attend for cross examination. This was on the basis that the evidence of the other four witnesses would stand or fall together with the evidence of the witness attending for cross examination unless that witness proved to be unreliable for reasons of personal character, in which case the proprietor would retain the right to call another of this group of witnesses.

The Hearing

10. The hearing took place on 20 November 2007. The applicant was represented by Mr Michael Edenborough of Counsel, instructed by Barlin Associates, Trade Mark Attorneys, and the proprietor was represented by Mr Julius Stobbs of Boulton Watt Tennant, Trade Mark Attorneys.

THE EVIDENCE

11. The proprietor's principal witness is its Managing Director, Mr Uzan. He filed two witness statements and was cross examined about some of his written evidence. His evidence is based on his personal knowledge or on the records of Topward Limited. Mr Uzan says that Topward Limited trades as 'Kim Fashions' and has used the trade mark KIM since at least 1976. The proprietor is a supplier of ladies fashion clothing to retailers. In his first witness statement, Mr Uzan described the proprietor as a wholesaler, but judging from his oral evidence it is clear that his firm is also a manufacturer or producer of clothing. It does not sell clothing made by anyone else.

12. Mr Uzan provides turnover figures for his company which show that his company's annual turnover in the period 1998 to 2005 ranged from £4-12m.

13. As to the nature of his company's use of KIM, Mr Uzan's written evidence was that his company's telephones are answered as "KIM" and that:

“..the Kim trade mark has been used for at least 27 years on swing tickets and other indicia including my company's letterhead, business cards and labels attached to clothing.”

14. Exhibit MU3 to Mr Uzan's first witness statement consists of (undated) examples of his company's letterhead, business cards and clothing labels, each of which prominently features the name KIM.

15. With regard to the use of the mark KIM on clothing labels, in his first witness statement dated 10 April 2006 Mr Uzan stated that:

“...my company has traded constantly from 1991 when the application was filed and that, during this period, and, in particular the last five years, I have supplied all the goods covered by my registration to retailers under the KIM brand.”

16. He identifies some outlets to which his company "supplies goods under the KIM trade mark" as Texplant, Littlewoods, Grattans, BHS, Mackays Stores Ltd, J D Williams, Redcats (Brands) Ltd and George (ASDA). In support of his claim he exhibits (as MU2) copies of invoices from February – September 2005 addressed to six of these and a delivery notice from a seventh (Asda) dated in 2004. The name KIM appears prominently and alone in the top left hand corner of each invoice. The invoices cover the supply of tops, trousers, skirts, and an article of women's clothing identified as "palazzo", which I understand to be a type of trousers.

17. Mr Uzan explains that these goods are then “re-branded” and sold on to the end consumer. The meaning of this is clarified in Mr Uzan’s second witness statement dated 9 November 2006, in which he says that:

“...all the goods covered by registration No. 1455509 had been sold during the last five years under the KIM brand. Topward is a private label and....these goods are sold to retail outlets, and in addition to those listed in....my earlier Witness Statement, I can confirm that goods have also been supplied to Next, J. Sainsbury, Tesco as well as the major retailers and mail order catalogues. The sample goods that are supplied to these retailers for approval bear the KIM label and all accompanying paperwork and invoicing also has the KIM trade mark on it. The goods, when sold to the end purchaser, will bear the relevant house mark, for example, Next.”

18. Attached to his second statement is an exhibit made up of photographs showing articles of blouses, dresses, trousers and culottes bearing swing tags or labels bearing the word KIM. One example is supposed to show a blouse with a neck label bearing the mark KIM, but the quality of the photograph makes this difficult to verify by eye.

19. Mr Uzan evidence is that “Although these goods [shown in the photographs] have been sent to the customers within the last six months [i.e. outside the relevant periods] they are examples of the types of clothing that have been supplied by my company over the last 30 years”.

20. Mr Uzan concludes his written evidence by stating that his company does not place direct advertisements for the goods because they are aimed at retailers rather than the general public.

21. In cross examination, Mr Uzan was asked to confirm that his company did not have an advertising budget, that the goods covered by the invoices he supplied did not bear the mark KIM, and he was asked about the way his company answered the telephone. He was not asked any questions about his written evidence that it is his company’s practice to supply samples of goods to retailers bearing the KIM mark.

22. Mr Uzan’s answers to the questions that he **was** asked were that 1) his company did not advertise except to recruit staff, 2) goods sent to retailers for re-sale to the general public bore the retailer’s mark and not KIM, and 3) his staff answered the telephone as “Kim”, the “Fashions” part of the trading name being merely descriptive of the area of trade.

23. Kim Appel’s witness statement consists of a single paragraph. After explaining that she is the Sales Manager of Topward Limited and that the evidence she gives comes from her personal knowledge or the company’s records, she states that:

“I have been shown details of UK Trade Mark Registration No. 1455509 KIM, and can see that the registration covers “dress, separates, jackets, skirts, blouses, trousers, suits and culottes, in both woven and jersey-wear, all for women and girls”, all included in Class 25. I am aware from my own personal experience that during the five years prior to 1 December 2005, my company have provided all these items to a range of our customers under the KIM

brand. Because we are a wholesaler, the goods are ultimately sold to the customer under the retailer's brand.”

24. In oral evidence, Ms Appel confirmed that the evidence she gave about the provision of clothing under the KIM brand in the five year period ending 1 December 2005 would remain true if the five year period were changed to that ending on 3 October 2005.

25. In cross examination, Mr Appel was asked about a discrepancy between the list of goods for which the KIM mark is registered and the list mentioned in her witness statement. Observing that four other witnesses had signed statements that were identical in substance, Mr Edenborough put it to Ms Appel that she had simply signed whatever had been put in front of her. Ms Appel conceded that she had not checked that the wording in her statement quoting the list of goods for which the mark was supposedly registered was accurate. She also accepted that someone else had prepared the statement for her to sign. However, she was clear that she had provided the person who drafted the statement with the key facts and that these were based upon her personal experience. She insisted that she had not signed anything which she did not believe to be true.

26. Ms Appel was not asked any specific questions about her written evidence that clothing had been provided to customers under the KIM brand.

27. Mr John Wallace is a Trade Mark Attorney and a partner in the firm representing the proprietor in these proceedings. He gave written evidence that a search for 'Kim Fashions' undertaken on the Internet search engine called Google showed an entry for 'Kim Fashions'. Further, the entry on Applegate (which I understand to be a particular 'browser') showed an address and telephone number for Kim Fashions. He says that the telephone number in question is answered as 'Kim'. The search results to which he refers are exhibited as JMW1 to his witness statement. He also attaches (as exhibit JMW2) copies of invoices and order letters, which he says show use of the mark KIM in the United Kingdom.

28. In cross examination, Mr Wallace was shown some Internet search results and asked to confirm that a search for KIM alone did not produce an entry for the proprietor, at least in the first 50 'hits'. Mr Wallace accepted this and could not recall if he had conducted a search for KIM alone before tendering his written evidence. In response to another question, he confirmed that he had called the proprietor's number on one occasion and that the telephone had been answered 'Kim'. With regard to the invoices and orders exhibited to his witness statement, Mr Wallace accepted that they were dated outside the relevant five year periods, or showed that the proprietor was purchasing various cloths in early 2005. Only one invoice bearing the name KIM (to Mackays Stores dated 31 May 2005) showed that the proprietor had sold clothing (skirts) to a third party within a relevant five year period.

The credibility of the witnesses

29. As far as I could tell from the limited examination at the hearing, Mr Uzan and Ms Appel appeared to be honest witnesses who answered the questions put to them without evasiveness. Ms Appel had clearly not checked the description of the

registered goods in her witness statement against the certificate of registration, which she says that she was shown. That is unfortunate but I do not think it means, as Mr Edenborough suggested, that she has simply signed whatever was put in front of her. Rather, it shows that Ms Appel relied entirely on her advisors to get certain basic recorded factual information correct. She was not the source of that information. By contrast, she said that she was source of the information contained in her statement as to the use made of the mark KIM, which she believed to be true. Her explanation for the inaccuracy in her statement appeared to me to be credible and I accept it. Mr Uzan was eager to provide information and had some difficulty in restricting his answers to the questions he was asked. On another occasion this may have become a problem. On this occasion he was asked so few questions that the tendency scarcely had time to manifest itself before Mr Edenborough was finished. Mr Wallace gave straightforward answers to the questions he was asked about the copies of invoices and orders he had submitted as evidence. He was vague about whether he had searched on the Internet for the word KIM alone and about how many times he had called the proprietor's telephone number and received the answer 'Kim'. If it had mattered I may have been troubled by this vagueness. However, for the reasons explained below, nothing turns on this evidence.

Findings of fact

30. There does not appear to be any serious dispute that the proprietor has carried on (at least in the final relevant 5 year period) a substantial business as a producer of female clothing and that it has conducted this business under the trading name, Kim Fashions. In any event, the evidence clearly establishes this much and I find accordingly.

31. In my view, the key factual dispute is about whether the proprietor's evidence shows that it has supplied articles of clothing to retailers bearing labels and/or swing tickets carrying the mark KIM. In his submissions, Mr Edenborough attacked Mr Uzan's evidence on this point on two levels. Firstly, he said that his evidence (quoted in paragraph 13 above) that the mark KIM has been used for 27 years on , inter alia, swing tickets and labels, whilst not incredulous, was just too general a statement for this tribunal to "reach a concrete conclusion" that the mark has been used in any particular 5 year period with respect to each and every article of clothing for which the mark is registered. Secondly, he submitted that Mr Uzan's statement (see paragraph 19 above) in his second witness statement, that the pictures of clothing exhibited illustrate the supply of samples of clothing to retailers bearing the KIM mark, was worthless because the wording of the witness statement only identifies these pictures as illustrative examples of the **types** of clothing supplied by the proprietor over the previous 30 years. It says nothing about whether the pictures are representative of the use of the mark KIM.

32. Mr Stobbs reminded me that I should look at the evidence as a whole and bear in mind that Mr Uzan's evidence stands as unchallenged in this respect.

33. In *Extreme Trade Mark*, BL O-161-07, 7 June 2007, Mr Richard Arnold Q.C., sitting as The Appointed Person, said that:

"36. Where... evidence is given in a witness statement filed on

behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced evidence to contradict the witness's evidence despite having had the opportunity to do so, then I consider that the rule in *Brown v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness's evidence.

37. Despite this, it is not an uncommon experience to find parties in registry hearings making submissions about such unchallenged evidence which amount to cross-examination of the witness in his absence and an invitation to the hearing officer to disbelieve or discount his evidence. There have been a number of cases in which appeals have been allowed against the decisions of hearing officers who have accepted such submissions. Two recent examples where this appears to have happened which were cited by counsel for the proprietor are *Score Draw Ltd v Finch* [2007] EWHC 462 (Ch), [2007] BusLR 864 and *EINSTEIN Trade Mark* (O/068/07). Another recent example is *Scholl Ltd's Application* (O/199/06). I consider that hearing officers should guard themselves against being beguiled by such submissions (which is not, of course, to say that they should assess evidence uncritically)."

34. This case was cited as justification for the applicant's request to be permitted to cross examine the proprietor's witnesses on the basis that each of them claimed to base their evidence on their personal knowledge of the matters at hand. Despite this, Mr Uzan was not cross examined on his written evidence that it is his company's practice to supply samples of goods to retailers to which the mark KIM is affixed (see paragraphs 13, 15, 18-20 above). Instead Mr Edenborough invites me to reach this conclusion on the basis that Mr Uzan's evidence is simply "too general" to be probative.

35. It is clear from Mr Justice Kitchen's judgment in *Moo Juice Trade Mark* [2006] RPC 18, that a bare assertion that a trade mark has been used is not sufficient to establish even an arguable case of use for the purposes of Rule 31(3), let alone to satisfy the overall burden on the proprietor to show what use has been made of his trade mark as per s.100 of the Act. Further, as Mr Arnold makes clear in his decision in *Extreme*, incredulous statements cannot be accepted at face value. Consequently, Mr Arnold's comments in *Extreme* cannot mean that any bare and unsubstantiated claim must be accepted unless the relevant witness has been cross examined on it.

36. As I understand it, the "take home" message from *Extreme* is that parties should, in principle, state any criticisms they wish to make about the factual evidence of a witness in a way that allows the witness to answer the criticism (if he can) before asking the Hearing Officer to disbelieve or discount that evidence. However, failing to give notice of such a challenge may not be regarded as unfair if the evidence is obviously incredulous or is tendered at such a level of generality that there is nothing specific to test, e.g. "I have used this mark". As Mr Arnold pointed out in *Extreme*, the sequential evidence rounds in proceedings before the Registrar provide parties with natural opportunities to challenge ambiguities or untruths in the other side's evidence and thereby give notice of any points that will be taken later. There is also the possibility of cross examination.

37. I do not think that the part of Mr Uzan's evidence that is in dispute can properly be regarded as a bare assertion of the kind rejected in *Moo Juice*. The relevant paragraph of Mr Uzan's second witness statement in which he describes pictures of sample goods to which the mark KIM has been affixed as examples of the "type of goods" provided in the relevant periods follows claims made in the preceding paragraph of his witness statement (re-produced at paragraph 17 above). These are to the effect that 1) goods had been sold in the previous 5 year period under the KIM brand, and 2) the KIM label had been affixed to samples of goods supplied to retailers for approval. Taking his evidence as a whole, I understand it to be that the proprietor has provided samples of the goods for which the mark is registered to retailers in the relevant periods bearing swing tickets or labels bearing the mark KIM. That claim is corroborated by copies of invoices showing trade in the most recent relevant period with some of the retailers Mr Uzan names. It is made plausible by his evidence as to the nature of his business and its relationship with its retailer customers. This part of Mr Uzan evidence was not challenged in cross examination. In these circumstances I do not think that it is undone by the ambiguity identified by Mr Edenborough in his forensic analysis of the wording of the relevant part of Mr Uzan's second witness statement. I find that, on the balance of probability, the evidence shows that the proprietor supplied at least some of its retailer customers with samples of female clothing bearing the KIM trade mark during the most recent 5 year period.

THE LAW

38. The material parts of Section 46 of the Trade Marks Act are 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;
- (c) -
- (d) -

(2) For the purposes 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) above 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.”

39. There is no significant disagreement between the parties as to the requirement for “genuine use”. These have been set out by the European Court of Justice in its judgment in *Ansul BV v Ajax Brandbeveiliging BV*, Case C-40/01 [2003] RPC 40 and in its reasoned Order in Case C-259/02, *La Mer Technology Inc. v Laboratoires Goemar S.A.* [2004] FSR 38.

40. In *Ansul*, the European Court of Justice held as follows:

“35. ... ‘Genuine use’ therefore means actual use of the mark....

36. ‘Genuine use’ must therefore be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark. Such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user...

37. It follows that ‘genuine use’ of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned. The protection the mark confers and the consequences of registering it in terms of its enforceability *vis-à-vis* third parties cannot continue to operate if the mark loses its commercial *raison d’être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade

mark proprietor or, as envisaged in Article 10(3) of the Directive, by a third party with authority to use the mark.

38. Finally, when assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark.

39. Assessing the circumstances of the case may thus include giving consideration, *inter alia*, to the nature of the goods or service at issue, the characteristics of the market concerned and the scale and frequency of use of the mark. Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or service concerned on the corresponding market.”

41. In *La Mer* the ECJ held as follows:

21. ... it is clear from paragraph [39] of *Ansul* that use of the mark may in some cases be sufficient to establish genuine use within the meaning of the Directive even if that use is not quantitatively significant. Even minimal use can therefore be sufficient to qualify as genuine, on condition that it is deemed justified, in the economic sector concerned, for the purpose of preserving or creating market share for the goods or services protected by the mark.

22. The question whether use is sufficient to preserve or create market share for those products or services depends on several factors and on a case by case assessment which it is for the national court to carry out....

23. –

24. In addition, use of the mark by a single client which imports the products for which the mark is registered 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 of the mark.

25. In those circumstances it is not possible to determine *a priori*, and in the abstract, what quantitative threshold should be chosen in order to determine whether use is genuine or not. A *de minimis* rule, which would not allow the national court to appraise all the circumstances of the dispute before it, cannot therefore be laid down.

42. It is evident from the evidence that the trade mark in this case is part of the trading name of the registered proprietor. In that connection, I note that the ECJ recently issued guidance in *Celine SARL v Celine S.A.*, Case C-17/06, as to the circumstances

in which use of a business name may be regarded as use in relation to goods or services. The relevant paragraphs of the court's judgment are shown below.

- “21. The purpose of a company, trade or shop name is not, of itself, to distinguish goods or services (see, to that effect, Case C-23/01 *Robelco* [2002] ECR I-10913, paragraph 34, and *Anheuser-Busch*, paragraph 64). The purpose of a company name is to identify a company, whereas the purpose of a trade name or a shop name is to designate a business which is being carried on. accordingly, where the use of a company name, trade name or shop name is limited to identifying a company or designating a business which is being carried on, such use cannot be considered as being ‘in relation to goods or services’ within the meaning of Article 5(1) of the directive.
22. Conversely, there is use ‘in relation to goods’ within the meaning of Article 5(1) of the directive where a third party affixes the sign constituting his company name, trade name or shop name to the goods which he markets (see, to that effect, *Arsenal Football Club*, paragraph 41, and *Adam Opel*, paragraph 20).
23. In addition, even where the sign is not affixed, there is use ‘in relation to goods or services’ within the meaning of that provision where the third party uses that sign in such a way that a link is established between the sign which constitutes the company, trade or shop name of the third party and the goods marketed or the services provided by the third party.
24. –
25. –
26. -
27. That is the situation where the sign is used by the third party in relation to his goods or services in such a way that consumers are liable to interpret it as designating the origin of the goods or services in question. In such a case, the use of the sign is liable to imperil the essential function of the mark, since, for the trade mark to be able to fulfil its essential role in the system of undistorted competition which the EC Treaty seeks to establish and maintain, it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality (see, to that effect, *Arsenal Football Club*, paragraph 48 and the case-law cited, and paragraphs 56 to 59).”

43. It appears to be common ground that although this statement was made in the context of infringing use, by parity of reasoning it must also apply in the situation where use of part of a business name is relied on for the purpose of resisting an application to revoke a trade mark for non-use.

APPLICATION OF THE LAW TO THE FACTS

Use only as a business name

44. Relying on the ECJ's judgment in *Celine*, Mr Edenborough submitted that the use shown of the name KIM by the proprietor was only as a trade name designating a business: there was no evidence of use in relation to the goods for which the mark is registered.

45. For the proprietor, Mr Stobbs relied on three things. Firstly, he pointed out that the proprietor is a manufacturer of clothing and that when its clothing is offered to its retailer customers it carries no third party brands. Secondly, he pointed to the evidence that retailer customers are sent samples of clothing to which the KIM mark had been affixed. Thirdly, he pointed to the evidence which showed prominent use of the mark KIM on invoices sent to retailers within a relevant period in relation to goods covered by the specification. Mr Stobbs submitted that these facts point to a sufficient link between the use of KIM and the sort of goods for which it is registered as a trade mark.

46. In my judgment Mr Stobbs is correct. The use of Kim Fashions as the trading name of the proprietor's business is not sufficient of itself to constitute use of that name in relation to clothing. Nor is the fact that the proprietor's staff sometimes answer the business's telephone enquires with just "Kim". However, the use of the name KIM on samples of clothing sent to retailers for approval was plainly intended to create a market for female clothing under that mark amongst retailers. It was, in effect, promoting the goods to the targeted (retailer) market.

47. If I am wrong to find that the proprietor has established such use in relation to samples, I find that the use of the mark on invoices was, in this case, sufficient to establish use of the mark in the last relevant 5 year period to designate the commercial origin of the clothing supplied by the proprietor to retailers. I do not consider that this conclusion is undermined by the fact that the clothing items supplied to the retailers for re-sale to the general public bore only the retailers' own marks. I find it persuasive that the proprietor is the producer of the goods in question and that the goods therefore bore no third party manufacturer's marks. It seems to me that this makes it easier to accept that the trade name used by the proprietor on invoices would be regarded by the retailers in question as designating the commercial source of the clothing identified in such invoices.

48. These findings lead to the question as to whether use of a mark in order to create a market for goods only amongst retailer customers is sufficient to constitute the genuine use required to sustain the registration of a trade mark. Given the focus in the ECJ's statement of the essential function of a trade mark on consumers or end users, I can well see how *Ansul* is capable of being understood as meaning that use of a mark which creates a market only amongst intermediaries in the sale of goods to the end user is not genuine use. Indeed that was my own initial reaction to the use shown in this case and it was essentially why Blackburne J. found against the proprietor in the *Laboratoire de la Mer* case [2005] FSR 29, when it was considered in the High Court following the rulings of the ECJ cited above. However, on appeal, the Court of Appeal took a different view of the matter (see, [2006] FSR 5) holding that evidence

of relevant sales under the mark to a single importer was sufficient to constitute genuine use in the UK market, even though there was no evidence of any subsequent sales to the general public.

49. Mr Edenborough sought to distinguish this case from *Laboratoire de la Mer* on the basis that the sales shown to retailers in this case could not have resulted in further sales under the proprietor's mark to the end consumer because the goods supplied to the retailers for re-sale to the public did not bear the proprietor's mark, but that of the retailer.

50. I find this submission difficult to reconcile with some of the reasoning of the Court of Appeal in *Laboratoire de la Mer*. For example in paragraphs 31 to 33 of the judgment Mummery L.J. stated that:

“31. After some hesitation I have reached a different conclusion from Blackburne J. on the application of the Directive, as interpreted in *Ansul* and *La Mer*, to the rather slender facts found by Dr Trott.

32. Blackburne J. interpreted and applied the rulings of the Court of Justice as placing considerably more importance on the market in which the mark comes to the attention of *consumers and end users* of the goods than I think they in fact do. I agree with Mr Tritton that the effect of Blackburne J.'s judgment was to erect a quantitative and qualitative test for market use and market share which was not set by the Court of Justice in its rulings. The Court of Justice did not rule that the retail or end user market is the only relevant market on which a mark is used for the purpose of determining whether use of the mark is genuine.

33. Trade marks are not only used on the market in which goods bearing the mark are sold to consumers and end users. A market exists in which goods bearing the mark are sold by foreign manufacturers to importers in the United Kingdom. The goods bearing the LA MER mark were sold by Goëmar and bought by Health Scope Direct on that market in arm's length transactions. The modest amount of the quantities involved and the more restricted nature of the import market did not prevent the use of the mark on the goods from being genuine use on the market. The Court of Justice made it clear that, provided the use was neither token nor internal, imports by a single importer could suffice for determining whether there was genuine use of the mark on the market.”

And later Neuberger L.J. said this:

“48. I turn to the suggestion, which appears to have found favour with the judge, that in order to be "genuine", the use of the mark has to be such as to be communicated to the ultimate consumers of the goods to which it is used. Although it has some attraction, I can see no warrant for such a requirement, whether in the words of the directive, the jurisprudence of the European Court, or in principle. Of course, the more limited the use of the mark in terms of the person or persons to whom it is communicated, the more doubtful any tribunal may be as to whether the use is genuine as opposed to token. However, once

the mark is communicated to a third party in such a way as can be said to be “consistent with the essential function of a trademark” as explained in [36] and [37] of the judgment in *Ansul*, it appears to me that genuine use for the purpose of the directive will be established.

49. A wholesale purchaser of goods bearing a particular trademark will, at least on the face of it, be relying upon the mark as a badge of origin just as much as a consumer who purchases such goods from a wholesaler. The fact that the wholesaler may be attracted by the mark because he believes that the consumer will be attracted by the mark does not call into question the fact that the mark is performing its essential function as between the producer and the wholesaler.”

51. The Court of Appeal’s judgment in *Laboratoire de la Mer* was regarded as surprising by some: see, for example, paragraph 10-049, *Kerly’s Law of Trade Marks and Trade Names* (14th Ed.). Equally, it might be said that some of the ECJ’s later judgments with regard to other parts of the Directive, which also turn on the essential function of a mark, are consistent with the Court of Appeal’s assessment that traders in the goods are to be regarded as one of the relevant parties: see paragraph 24 of the ECJ’s judgment in *Matratzen Concord AG v Hukla Germany SA*, Case C-421/04. In any event, as I indicated above, Mr Edenborough did not so far as to submit that the Court of Appeal had got the meaning of *Ansul* wrong in *Laboratoire de la Mer*. Instead he sought to distinguish this case on the facts. In my view, he failed to do so. If a mark used to distinguish a producer’s goods only to intermediaries such as importers and wholesalers can constitute genuine use, then I find that the use shown in the proprietor’s evidence constitutes genuine use of the mark KIM in relation to the female clothing shown in the evidence.

The proposed limitation

52. If I was against his primary case for complete revocation (as I am), Mr Edenborough submitted that the proprietor’s specification ought to be limited so that it only covers the sale of wholesale goods. This submission is based on s.46(5) of the Act (see above). In my view, this submission is misconceived because it does not relate to the range of goods for which use has been shown but to the section of the market within which the proprietor trades. If that is right, s.46(5) simply does not apply. Answering this point, Mr Edenborough submitted that this interpretation gave the word “goods” in s.46 too literal a meaning. In his view, the term should be interpreted broadly so as to capture the substance of the proprietor’s trade. I reject that submission. It is evident from the recitals to the Directive that the purpose of Articles 10 and 12 (and therefore, by extension, s.46) is to remove trade marks which are not in use. Where a mark has been used in relation to particular goods, the provision does not serve the further purpose aligning the form of the trade mark registration with the market characteristics of the proprietor’s trade. Accordingly, there is no need to distinguish between goods sold exclusively via the Internet from those sold in shops or via mail order. Nor is there any need to distinguish between goods directed at the budget market and those directed at the luxury market.

53. Mr Edenborough pointed out that it was at one time common practice for trade mark registrations to be limited to goods for export to particular overseas markets.

That is true, although the registrar's current practice is that such market limitations, if required (usually to reflect voluntary commercial agreements), are the appropriate subject of a limitation under s.13 of the Act and should not be included in the list of goods because they are not a description of goods.

54. The new practice is consistent, in my view, with the structure of s.46 itself. It is noteworthy that sub-section (2) deems certain use of a mark in the UK for export purposes to be genuine use for the purposes of sub-section (1). It would be odd if use of a mark in relation to goods solely for export purposes was both sufficient to sustain a trade mark registration for the goods in question under sub-section (1), and at the same time supportive of a claim under sub-section (5) for partial revocation of the mark for non use in relation to the same goods for the domestic market. For these reasons, I do not consider that the proposed limitation is appropriate.

55. Mr Stobbs objected to Mr Edenborough's submission on the further ground that the suggested limitation was unacceptable because it would not provide the necessary legal certainty as to the goods for which the mark remained protected. In this connection he pointed out that a dictionary defined 'wholesaling' as simply the sale of goods in large quantities. I do not think that an average member of the public would have any difficulty in identifying the traditional role of a wholesaler in the market, although the increased incidence of direct selling to the public has no doubt blurred the clearly distinct market roles occupied in the past by retailers and wholesalers. The key point, however, is that identifying wholesale goods depends not on the objective qualities of the goods but on whose hands they are in at the time.

56. In *Postkantoor*, Case C-363/99, the ECJ was asked to make preliminary findings as a result of a reference from a Dutch court in a case in which an applicant wished to register the word Postkantoor (meaning post office) for, inter alia, stamps on condition that they were not connected with post offices. I note that the absence of legal certainty was cited by the ECJ as the reason for its conclusion that the Directive does not permit the registration of a mark for goods or services only in so far as the goods or services do not possess a particular characteristic. Whilst the facts are not the same in this case, it seems to me that a trader wishing to sell clothing on the retail market bearing the mark KIM would similarly find themselves in an uncertain legal position with regard to the continued registration of this mark in the form proposed by Mr Edenborough on behalf of the applicant. Consequently, I reject the proposal for that reason too.

Partial revocation

57. As a further fall back position, Mr Edenborough asked me to partially revoke the trade mark for those items of clothing for which the mark is registered but which are not covered by the supporting invoices etc. supplied in evidence. Mr Stobbs suggested that this further fall back position had come out of the blue. There is something in that because it was not covered in Mr Edenborough's skeleton argument, although it was covered in the applicant's statement of case which requested that:

“trade mark registration number 1455509 be revoked in its entirety or, in the alternative, limited to any goods upon which the trade mark has been used (if any)”

58. Consequently, I do not think it is quite right to say that the point came out of the blue. And it is true that the supporting documents filed by the proprietor do not cover all the goods for which the mark is registered. In particular, there is no documentary support for the witnesses' claims that the mark has been used in relation to jackets and suits. Nevertheless, the witnesses' evidence must be considered as a whole. Whether narrative evidence on its own can be accepted as showing that a mark has been used in relation to particular goods depends on a range of factors, including 1) the particularisation of the narrative evidence, 2) the overall picture which emerges from the evidence, 3) whether there is documentary evidence of use of the mark in relation to a range of similar goods, and 4) whether (and how) the evidence is challenged.

59. In this case the evidence of Mr Uzan could not be said to be comprehensive but it is reasonably particularised, albeit that he does not distinguish as clearly as he might have done between the use of the mark for the different clothing items for which it is registered. The overall picture which emerges is that of a producer of clothing making articles for retailers – the claim to have used the “house” mark in the previous 5 years in relation to each of the (relatively few) clothing items covered by the registration is therefore inherently plausible. And the documentary evidence shows use of the mark in relation to a number of the clothing items covered by the specification. Finally, despite calling the witness for cross examination, the challenge to this aspect of Mr Uzan's evidence was not put to him. In these circumstances, I reject Mr Edenborough's further fall back position.

COSTS

60. The application having failed, the proprietor is entitled to an award of costs. The proprietor asks for costs above, or at least at the top end of, the Registrar's published scale because it says that the applicant should have undertaken proper enquiries which would have quickly revealed that the mark was in use. Section 46 provides that any person may make an application of this kind. Section 100 places the burden of showing use on the proprietor. This was introduced because it was recognised that establishing non-use is difficult and burdensome. It is much easier for a proprietor to show use. In these circumstances, it appears to me that a tribunal should be slow to criticise an applicant for bringing an application for revocation without first having conducted commercial enquiries of its own in order to establish a prima facie case of non-use.

61. The Registrar's approach to costs may be influenced by whether the applicant gave the proprietor notice of the proposed application. That would allow the proprietor to show the potential applicant use of the mark or otherwise to cancel the registration. Further, it is self evidently sensible for potential applicants to undertake certain basic enquiries in order to avoid the wasted costs associated with hopeless applications, or even needless approaches prior to application. But save for the case where it is shown that the applicant must have known that the mark was in use in relation to the goods or services for which revocation was sought, and the application was therefore vexatious, I do not think that the presence or absence of pre-application commercial searches should, in principle, have a bearing on the costs awarded as a result of applications of this kind.

62. In this case the pre-application search claimed by the applicant, and challenged as insufficient by the proprietor, was, in truth, largely irrelevant. The most that it could have shown was that KIM FASHIONS was in use as a business name. Without the proprietor's evidence showing how the mark KIM was used in relation to the goods for which it is registered, the application would have succeeded. Consequently, the application was not vexatious or frivolous and I see no reason to depart from the usual scale of costs.

63. I will therefore order the applicant to pay the proprietor the sum of £1850 made up of:

£350 for considering the application and filing a counterstatement
£500 for filing evidence
£100 for dealing with the applicant's request to amend the dates and periods in the application.
£900 for the cost of the hearing.

64. The parties should bear their own costs for the preceding case management conference.

65. In addition, I invite the proprietor to send to the registrar (and copy to the applicant), within 14 days of the date of this decision, a statement of costs for the travelling expenses (only) of Ms Appel and Mr Uzan for attending the hearing and an estimate of the extra costs incurred as a result of the applicant's request that Mr Wallace attend the hearing for cross examination. The proprietor will have 7 days from the receipt of the estimate to submit any comments about it that it wishes to be considered. I will then issue a final consolidated order for costs.

Dated this 9th Day of January 2008

**Allan James
For the Registrar**

