O/0408/23

IN THE MATTER OF THE TRADE MARKS ACT 1994

CONSOLIDATED PROCEEDINGS

IN THE MATTER OF REGISTRATIONS NOS. 723438 & 225552 IN THE NAME OF AIKON INTERNATIONAL IN CLASS 25

AND APPLICATIONS FOR REVOCATION UNDER NOS. 503936 & 503937 BY BEN ARNOLD

AND IN THE MATTER OF REGISTRATION NO. 3423849 IN THE NAME OF BEN ARNOLD IN CLASSES 25 & 26

AND AN APPLICATION FOR A DECLARAION OF INVALIDITY THERETO UNDER NO. 504369 BY AIKON INTERNATIONAL LIMITED

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF J. HOPKINS (O/889/22) DATED 13 OCTOBER 2022.

DECISION

Introduction

1. This is an appeal by Aikon International Limited ("**Appellant**") from decision O/889/22 of James Hopkins ("**Decision**") concerning Ben Arnold's ("**Respondent**") applications to revoke the Appellant's UK registered marks Nos. 723438 ("**438 mark**") and 225552 ("**552 mark**") for non-use, and the Appellant's application for invalidation of the Respondent's UK registered mark 3423849 ("**849 mark**"). The Appellant sought invalidation of the 849 Mark based upon ss. 5(2)(b) and 5(4) of the 1994 Act.

2. The Appellant's marks are as follows:

Mark	Number	Filing and registration date	Class	Specification
PALM	723438	4 November 1953	25	articles of knitted clothing and articles of clothing made from knitted piece goods, but not including bootees or slippers
PALM	225552	31 August 1899	25	stockings and socks

3. For its application based on s. 5(4), the Appellant claimed that it had a protectable goodwill in relation to its use of the sign PALM ("**the word sign**") throughout the UK since 2012 and the following figurative sign ("**the figurative sign**") throughout the UK since 2016:

4. The Appellant alleged that each sign had been used in relation to '*clothing, tights, underwear, vests, long sleeved tops, camisoles, knitted clothing, thermal clothing, knitted underwear, thermal underwear, socks*'.

5. The Respondent's mark is as follows:

Filing date: 26 August 2019
Publication date: 20 September 2019
Registration date: 19 February 2021

Registered for the following goods:

Class 25: Bathing caps; bathing costumes; bathing costumes for women; bathing drawers; bathing suit cover-ups; bathing suits; bathing suits for men; bathing trunks; beach clothes; beach clothing; beach cover-ups; beach footwear; beach hats; beach robes; beach shoes; beach wraps; beachwear; bikinis; caftans; coverups; cover-ups; fitted swimming costumes with bra cups; sarongs; sun hats; surf wear; surfwear; swim briefs; swim caps; swim shorts; swim suits; swim trunks; swim wear for children; swim wear for gentlemen and ladies; swimming caps; swimming costumes; swimming suits; swimming trunks.

Class 26: Bags [zip fasteners for -]; belt buckles for clothing; belt clasp; blouse fasteners; buckles for clothing [clothing buckles]; button badges; buttons; fasteners (slide -) [zippers]; zip fasteners; zip fasteners for bags; zipper fasteners; zipper pulls; zippers; zippers for bags; zips.

6. In the Decision, J. Hopkins for the Registrar held that Respondent's applications were successful, resulting in the revocation of the 438 mark and the 552 mark, whilst the Appellant's applications for invalidation were unsuccessful. The 849 mark therefore remained registered in the UK.

7. On 4 March 2023 the Appellant filed a Notice of Appeal to the Appointed Person against the Decision under Section 76 of the Trade Marks Act 1994.

The Hearing Officer's decision

8. The Hearing Officer held as follows (in summary, and insofar as is relevant to this appeal):

   a. Whereas the Appellant established that there has been use of the registrations, including in relation to articles of clothing, the evidence filed by the Appellant did not establish that it has used the 438 Mark in relation to knitted clothing.

   b. As for the 552 mark, the Appellant established use in relation to leggings and tights, but these do not fall within the category of 'stockings or socks' or vice versa.

c. The 438 and 552 marks have therefore not been used, and stand to be revoked from the earliest dates requested, being 29 April 1959 and 1 September 1904, respectively.

d. The Appellant's application for invalidity under s. 5(2)(b) was therefore dismissed.

e. Although the Appellant established that it had used the word sign in relation to clothing, the Hearing Officer was not satisfied, on the evidence filed, that it had established protectable goodwill in the word sign.

f. Similarly, the Hearing Officer was not satisfied that the Appellant had established protectable goodwill in the figurative sign.

g. The application for invalidation under s. 5(4) was therefore dismissed.

Grounds of Appeal

9. In the Statement of Grounds of Appeal and its skeleton argument, the Appellant made the following criticisms of the Decision:

a. The Hearing Officer was wrong to find that the evidence of use filed by the Appellant does not cover and show use of "Articles of knitted clothing and articles of clothing made from knitted piece goods, but not including bootees or slippers";

b. The Hearing Officer was wrong to find that "leggings and tights" do not fall into the category of "stockings and socks" or vice versa;

c. The Hearing Officer was wrong to state that the wayback machine print outs at Exhibit AP7 of the Appellant's witness statement are undated; and

d. The Hearing Officer made material errors in the assessment of the evidence under Section 5(4)(a).

10. The Appellant's trade mark attorney, Mr Marsden, expanded upon the above at the hearing. I set out below further details of the Appellant's arguments as are necessary to understand my overall conclusions. The Respondent took no part in the appeal.

Standard of review

11. The approach to be adopted in an appeal hearing has been laid down a number of times in case law, both in general terms (e.g. by the Supreme Court in *Actavis Group PTC v. ICOS Corporation* [2019] UKSC 1671) and specifically in relation to appeals before the Appointed Person (Daniel Alexander Q.C. sitting as the Appointed Person in *TT Education Ltd v Pie Corbett Consultancy Ltd* (O/017/17), approved by Arnold J in *Apple Inc. v Arcadia Trading Limited* [2017] EWHC 440 (Ch)). These cases establish the following principles:

- Appeals to the appointed person are by way of review, not re-hearing;
- It is necessary for the appellant to satisfy the appeal tribunal that there was a distinct and material error of principle in the Hearing Officer's decision, or that the Hearing Officer was wrong;
- In the case of conclusions on primary facts it is only in a rare case, such as where that conclusion was one for which there was no evidence in support, which was based on a

misunderstanding of the evidence, or which no reasonable judge could have reached, that the Appointed Person should interfere with it;

- In the case of a multifactorial assessment or evaluation, the Appointed Person should show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. Special caution is required before overturning such decisions. In particular, where an Appointed Person has doubts as to whether the Registrar was right, he or she should consider with particular care whether the decision really was wrong or whether it is just not one which the appellate court would have made in a situation where reasonable people may differ as to the outcome of such a multifactorial evaluation;

- Situations where the Registrar's decision will be treated as wrong encompass those in which a decision is (a) unsupportable, (b) simply wrong (c) where the view expressed by the Registrar is one about which the Appointed Person is doubtful but, on balance, concludes was wrong. It is not necessary for the degree of error to be 'clearly' or 'plainly' wrong to warrant appellate interference but mere doubt about the decision will not suffice;

- The Appointed Person should not treat a decision as containing an error of principle simply because of a belief that the decision could have been better expressed. Appellate courts should not rush to find misdirections warranting reversal simply because they might have reached a different conclusion on the facts or expressed themselves differently. Moreover, in evaluating the evidence the Appointed Person is entitled to assume, absent good reason to the contrary, that the Registrar has taken all of the evidence into account.

12. I shall bear all the above in mind when reviewing the Decision.

Discussion

13. Looking at the various alleged errors in turn, my analysis is as follows.

(a) The Hearing Officer was wrong to find that the evidence of use filed by the Appellant does not cover and show use of "Articles of knitted clothing and articles of clothing made from knitted piece goods, but not including bootees or slippers"

14. The Appellant contends that, first, the Hearing Officer misunderstood the meaning of the terms "knitted clothing" and "knitted piece goods", and secondly misinterpreted the evidence of the goods offered and sold by the Appellant.

15. With regard to the meaning of the terms "knitted clothing" and "knitted piece goods", the Hearing Officer said at paragraph 49:

> "The photographs of packaged products appear to show products made from cotton and wool, though none would be considered by the average consumer to be articles of knitted clothing. In any event, the photographs are undated and, therefore, cannot be relied upon as showing the position during the relevant periods. As noted above, the product brochures show that various items of ladies' undergarments were available under the 438 mark. However, it is my view that none of these goods fall within the scope of Aikon's specification. Most are clearly not articles of knitted clothing and are made from materials such as polyester, viscose, acrylic, elastane and modal fabric. While others are

> referred to as "fancy knit" style, and some contain wool, I do not consider that the average consumer would consider these undergarments to fall within the category of '*articles of knitted clothing and articles of clothing made from knitted piece goods, but not including bootees or slippers'*, or fairly describe them as such. There is also no unambiguous evidence of sales relating to these goods during the relevant periods. Although ladies' undergarments and socks can be seen in photographs from the Intimate Apparel Show, none appear to be articles of knitted clothing. In any event, these goods are presented under a form of the 'PALM' mark which I do not consider to be acceptable variant use of the 438 mark. There is also no evidence that articles of knitted clothing were available to purchase through the palmunderwear.co.uk website.".

16. I consider that the Hearing Officer fell into error in the above passage. "Knitted" is a reference to a method of manufacture, and whether or not a garment or fabric is knitted is a matter of fact, cf. "fried" in relation to foodstuffs, or "forged" in relation to a metal product. Whether or not the average consumer would understand a garment or fabric to be knitted is irrelevant – it is the actual method of manufacture that is the critical factor in determining whether a garment or fabric is knitted. Similarly, the nature of the fibres from which a garment is manufactured is not determinative, as knitting can be used in relation to a range of fibres other than wool.

17. Turning to the second point, given the Appellant's criticisms of the Hearing Officer's analysis of the Appellant's evidence, I have reviewed that evidence carefully to determine whether the Hearing Officer was entitled to make the findings he did. The Appellant relied on a witness statement of Mr Edrrish Adam Patel, which included a number of exhibits. Mr Patel set out some information as to the Appellant's business and volume of sales, and the exhibits included sample invoices, catalogue pages and website pages.

18. It seems to me that to establish genuine use of the 438 mark, Mr Patel would have needed to provide unambiguous evidence of sales of clothing that had been manufactured by a knitting process. That evidence could, for example, have been in the form of a statement by him that a knitting process was used in respect of garments shown in the invoices/catalogues/webpages – the Respondent could have challenged such evidence if it saw fit. As an alternative example, the evidence could have been in the form of invoices showing sales of products expressly described (either in the invoices themselves, or in catalogues/webpages corresponding to the products specified in the invoices) as knitted.

19. Unfortunately for the Appellant, Mr Patel's evidence was equivocal in this regard. The only reference to "knit" or "knitted" in the body of his statement was at paragraph 4, where he said "Aikon International Limited is a manufacturer of a range of underwear, tights, stockings, vests, camisoles, socks, clothing, and knitted garments all sold under the brand PALM". The clear implication of that sentence is that the Appellant sells both knitted garments and other garments which may or may not be knitted. Therefore, it is wholly unclear as to what, if any, proportion of the annual sales figures provided by Mr Patel for the years 2017-2019 relate to knitted garments.

20. Nor is the information about the garments actually sold by the Appellant any clearer. None of the exhibited invoices make any reference to knitted garments. The Appellant argued that "Although the items are knitted you would not expect this to be stated in the invoices, brochures etc. For clothing in general, businesses and retailers refer to the items by the name of the type of item for example, t-shirt, trousers, vest, leggings. It is not common practice for the goods to be referenced by their method of manufacture". That may well be so, but the onus

is on the Appellant to establish sales of knitted garments, and if the garments are not described as "knitted" on invoices, it is for the Appellant to find another way of establishing that they are knitted.

21. Certain of the catalogue pages exhibited by Mr Patel show garments referred to as "fancy knit" style, as acknowledged by the Hearing Officer in the section cited above. However, I was unable, prior to the hearing, to match any of those "fancy knit" garments to any of the invoices exhibited by Mr Patel. I invited the Appellant's representative to send me, post-hearing, submissions as to whether any of the "fancy knit" garments could, from the evidence before the Hearing Officer, be matched to any of the invoices.

22. Following the hearing, Mr Marsden on behalf of the Appellant sent me the following from Mr Patel:

> "it's difficult to directly match the "fancy knit" pages WS 65 - 67 to the invoices because just around 2016 Aikon decided to re-market the Palm brand with adding innovative fabrics such as miyabi/tencel/modal/bamboo etc to cotton or wool for a softer, lighter and warmer garment, also adding more colours to the range etc focusing to make the garment more appealing to "modern women" as oppose to classic, traditional essential white only colour garment for the discerning customer. Hence, some of the classic traditional styles such as "French neck vest", Built-up shoulder vest, Opera vest etc were "dropped" from the new re-marketing Palm brand. The more popular styles long sleeve, short sleeve, sleeveless, camisole were retained and transferred to the new "Palm catalogue 2016/17" with new fancy knit pattern style codes, thus giving rise to new product codes, new description, new fabric composition etc., but essentially still retaining the same production knit and make up method with the use of RTR circular machine".

23. Mr Patel then provided a table matching the new and old product codes. None of this information was provided to the Hearing Officer. Admissibility of new evidence on an appeal is governed by the principles set forth in *Ladd v Marshall*, [1954] EWCA Civ 1, in which Lord Denning laid down a three-step test. First, it must be shown that the evidence could not have been obtained with reasonable diligence for use at the trial: second, the evidence must be such that, if given, it would probably have an important influence on the result of the case, though it need not be decisive: thirdly, the evidence must be such as is presumably to be believed, or in other words, it must be apparently credible, though it need not be incontrovertible.

24. Clearly, the evidence could have been obtained for use at the hearing before the Hearing Officer. The new evidence therefore fails the first step of the test in *Ladd v Marshall*, and I do not admit it into this appeal.

25. There was, therefore, no evidence at all before the Hearing Officer that any of the "fancy knit" garments in the catalogues (which clearly in my view, and contrary to the Hearing Officer's view, do fall within the specification of the 438 mark) were ever sold in the UK.

26. Accordingly, therefore, although I disagree with the Hearing Officer's interpretation of the term "knitted", I consider he was clearly entitled to reach the conclusion that genuine use in relation to knitted garments had not been established by the Appellant. I dismiss the first ground of appeal.

(b) The Hearing Officer was wrong to find that "leggings and tights" do not fall into the category of "stockings and socks" or vice versa

27. At paragraph 50 of the Decision, the Hearing Officer said:

> "I now turn to the 552 mark. Again, although Edrrish Adam Patel says that stockings and socks are manufactured by Aikon and sold under the 'PALM' brand, the approximate sales figures have not been broken down by reference to particular goods; therefore, I am unable to determine what proportion of the same (if any) could be attributed to stockings and socks. Moreover, to my mind there is no documentary evidence to support Edrrish Adam Patel's assertion. For instance, none of the invoices shows the sale of stockings or socks and these goods do not appear within the product brochures or printouts of the website. Although socks can be seen in the photographs from the Intimate Apparel Show, there is no evidence that any such products were sold as a result of attendance at the show. Further, these products are presented under a form of the 'PALM' mark which I do not consider to be acceptable variant use of the 552 mark. I note that the invoices evidence the sale of leggings and tights. These products are also visible in the photographs of packaged products, as well as in the product brochures. However, the photographs of the packaged products are undated and, therefore, cannot be relied upon as showing the position during the relevant periods. Moreover, I do not consider that the average consumer would consider leggings and tights to fall within the category of 'stockings and socks' (or vice versa), or fairly describe them as such. Taking all of the above into account, I am not satisfied that Aikon has demonstrated genuine use of the 552 mark for the goods for which it is registered".

28. The Hearing Officer's decision with regard to the use of a variant mark is not challenged. However, the Appellant contends that the Hearing Officer was wrong to conclude that leggings and tights do not fall within the category of 'stockings and socks' (or vice versa).

29. I remind myself of the guidance in Kerly's Law of Trade Marks and Trade Names at 12-072:

> "The use must be in relation to goods or services within the specification.[71] Use on any other goods or services is irrelevant. If an issue arises as to whether particular goods or services do or do not fall within the specification, it may be necessary to construe what the words used in the specification actually mean. The general approach to construction has been described thus:
>
> "When it comes to construing a word used in a trade mark specification, one is concerned with how the product is, as a practical matter, regarded for the purposes of trade. After all, a trade mark specification is concerned with use in trade."[72]
>
> The words in the specification must be construed as at the date of application for the mark in question."

Footnote 72 links to the decision of Jacob J in *British Sugar Pic v James Robertson & Sons Ltd* [1996] R.P.C. 281 at 288.

30. In my view, given that "leggings" are distinct from either stockings or socks, and socks are not the same as tights, the Hearing Officer was entitled to reach the decision he did in relation to "socks". However, the terms "tights" and "stockings" are closely related. Whereas strictly speaking stockings are a pair of separate items, one for each leg, and tights are a one-piece undergarment, the items are sold together in the hosiery/lingerie department of stores, the

terms are often used interchangeably by consumers and the goods themselves are largely interchangeable in use. Furthermore, given that it i) it is necessary to construe the words as at the date of application of the 552 mark (which was as long ago as 1899), and ii) the modern nylon tight was not invented until several decades later, I believe that the distinction between "tights" and "stockings" would have been even more blurred as at the date of application.

31. Overall, this falls within the category of "where the view expressed by the Registrar is one about which the Appointed Person is doubtful but, on balance, concludes was wrong" described in paragraph 11 above. On balance, whilst I acknowledge there are arguments both ways, I consider that the Hearing Officer was wrong to conclude that the average consumer would not consider "tights" to fall within the category of "stockings", or vice versa.

32. Accordingly, this second ground of appeal succeeds in relation to "stockings", but not in relation to "socks". I overturn the revocation of the 552 mark in relation to stockings. The matter is remitted to the Hearing Officer to determine the Appellant's application for invalidity of the 849 mark based on s. 5(2)(b).

(c) The Hearing Officer was wrong to state that the wayback machine print outs at Exhibit AP7 of the Appellant's witness statement are undated

33. This ground can be dealt with shortly. Each of the wayback machine extracts at Exhibit AP7 includes a date stamp. The date stamp shows the month, day, year, and time that the site was crawled.

34. For example, in http://web.archive.org/web/20000229123340/http://www.yahoo.com/, the date the site was crawled was Feb 29, 2000 at 12:33 and 40 seconds. The Hearing Officer may not have appreciated this, but fell into error in stating that the extracts were undated.

35. This third ground of appeal therefore succeeds – in and of itself it does not affect the overall outcome, but is a relevant factor in the assessment of goodwill, with which I deal in paragraph 47 below.

(d) The Hearing Officer made material errors in the assessment of the evidence under Section 5(4)(a)

36. With regard to the word sign, the Hearing Officer said at paragraphs 65-66:

> "With regards to the word sign, I have already found, for the reasons outlined at paragraphs 49 and 50 above, that Aikon's evidence is insufficient to establish genuine use of 'PALM' (in word-only format) in respect of '*articles of knitted clothing and articles of clothing made from knitted piece goods, but not including bootees or slippers*' and '*stockings and socks*'. Whilst I acknowledge that the list of goods that Aikon seeks to rely upon under this ground differ from that which were subject to a proof of use assessment, I do not consider that this puts Aikon in a better position under section 5(4)(a).
>
> There is evidence that goods such as, for example, underwear, long-sleeved tops and camisoles had been sold to UK customers before the relevant date. Further, goods such as these can be seen in the product brochures from 2012 and 2016/2017. The evidence suggests that Aikon (or Ozzicozi, with its consent) sold products to customers in a number of locations in the UK. The evidence also suggests that the word sign has been used between 2016 and the relevant date. Therefore, the use shown has not been particularly

long-standing but relatively widespread, geographically. Nevertheless, the invoices, order details and purchase orders suggest that a small number of goods have been sold. While the invoices are not exhaustive, the turnover figures are not indicative of a more significant number of products being sold. The global turnover figures are limited in the context of a substantial market. I note that the figures only cover three years, and that provided for 2019 is likely to include sales from after the relevant date (that being in August of that year). Moreover, they have not been broken down by reference to particular goods. Therefore, I am unable to determine what proportion of the figures could be attributed to each of the goods identified by Aikon. Given the amounts quoted, and in the absence of any further information or explanation from Aikon, the respective proportions would likely amount to extremely small sums for each good identified. The photographs of the packaged products do not assist Aikon; they are undated and, therefore, cannot be relied upon as showing the position as at the relevant date. To my mind, the printouts of the website do not help to establish the existence of goodwill in Aikon's business; goodwill arises as a result of trading activities and the printouts do not show that any goods have been sold through the website. In addition, no information has been provided as to how many internet users in the UK have visited the website, so I am unable to determine the extent to which consumers in the UK have been exposed to the sign. Based upon the evidence filed, I am not satisfied that Aikon has proven that it has a protectable goodwill in the word sign. As a result, the application for invalidation based upon this alleged earlier right fails."

37. The Appellant contends that the Hearing Officer made a number of errors of principle, as follows:

    a) The same errors as are alleged in relation to paragraphs 49 and 50 (i.e. whether there has been genuine use of the 438 and 552 marks);

    b) The reference to "global turnover figures", when the evidence provides only annual sales figures for the United Kingdom;

    c) The invoices pre-date the relevant date and refer specifically to UK sales of PALM branded clothing items. Furthermore, it is stated in the witness statement that the invoices are only a selection of invoices;

    d) The evidence clearly shows sales in the United Kingdom of PALM branded clothing items prior to the relevant date. Whilst the number of sales may not be particularly high, the number is not trivial. It is sufficient to show at least a prima facie existence of goodwill to support a passing off claim.

38. Looking at each alleged error in turn, my observations are as follows:

    a) I have already held that the Hearing Officer was entitled to conclude that no use had been made of the 438 mark, but wrongly held that no use had been made of the 552 mark in relation to "stockings";

    b) I believe that in the context of the Decision, the Hearing Officer's use of the term "global turnover figures" was in relation to total UK sales across all products, so I do not accept that the Hearing Officer made an error in this regard;

    c) The Hearing Officer acknowledged that the invoices are not exhaustive, but said that "the turnover figures are not indicative of a more significant number of products being sold";

d) The Hearing Officer clearly accepted that sales in the United Kingdom of PALM branded clothing items were made prior to the relevant date, but formed the view that the sales were insufficient to give rise to protectable goodwill.

39. In my view, the Hearing Officer made four errors of principle in paragraphs 65-66. First, he said "Edrrish Adam Patel gives no information as to what proportion of the figures relate to goods sold in connection with the sign. Accordingly, it is not possible to determine what proportion of figures relate to each good Aikon has identified, or which sign the turnover has been generated in connection with".

40. However, it is the overall level of the use of the word sign in the UK in relation to '*clothing, tights, underwear, vests, long sleeved tops, camisoles, knitted clothing, thermal clothing, knitted underwear, thermal underwear, socks*' (what the Hearing Officer referred to as the "global turnover figures") that is important, rather than the precise breakdown of the use. It matters not whether that turnover is spread across a small or large number of products – it is the scale of the overall use in relation to the specified garments that is important.

41. Secondly, the Hearing Officer said "it is not possible to determine … which sign the turnover has been generated in connection with". However, Mr Patel's unchallenged evidence made clear that all the products in respect of which he gave evidence were PALM branded.

42. Thirdly, the Hearing Officer said "To my mind, the printouts of the website do not help to establish the existence of goodwill in Aikon's business; goodwill arises as a result of trading activities and the printouts do not show that any goods have been sold through the website". It is true that, without more, print outs of a website are unlikely to be sufficient to establish goodwill. However, the Appellant had provided evidence of actual sales, and the Hearing Officer should have taken the website into account when deciding whether the Appellant had established goodwill.

43. Fourthly and finally, the Hearing Officer fell into error when stating "The global turnover figures are limited in the context of a substantial market". Of course, the UK market for clothing is vast (in the tens of £ billions), and the Appellant's annual sales figures – averaging a little over £110,000 for the years 2017-2019 – are small. However, in *Lumos Skincare Ltd v Sweet Squared Ltd & Ors* [2013] EWCA Civ 590, Lloyd LJ said (63-64):

> "63. Having referred to this passage [in *Neutrogena Corporation v. Golden Limited* [1996] RPC 473] it is also appropriate to mention here what Morritt LJ said in the Court of Appeal in a passage relied on by Ms McFarland for the Defendants, at [1996] RPC 493-4, about a proposition advanced by the Defendants in that case that the judge had wrongly treated "a substantial number" of the Claimant's customers or potential customers as being equivalent to "more than de minimis" or "above a trivial level". The passage follows one cited by the judge in the present case at paragraph 83. It is as follows:
>
> > 44. "In reality this issue is inseparable from the second. Did the evidence before the judge when properly evaluated demonstrate on a balance of probabilities that if Garnier are not restrained a substantial number of members of the public will be misled into buying Garnier's products in the belief that they are the products of the plaintiffs? If it did then that will also demonstrate that in his references to "de minimis" and "trivial" the judge posed a genuine antithesis. If it did not then that will suggest that the test adopted by the judge had been reduced below that

required by the law. But such reduction will then be irrelevant as the appeal will have succeeded on the second ground.

45. Nevertheless, for my part, I think that references, in this context, to "more than de minimis" and "above a trivial level" are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993). It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion."

64. One point which emerges clearly from what was said in that case, both by Jacob J and by the Court of Appeal, is that the "substantial number" of people who have been or would be misled by the Defendant's use of the mark, if the Claimant is to succeed, is not to be assessed in absolute numbers, nor is it applied to the public in general. It is a substantial number of the Claimant's actual or potential customers. If those customers, actual or potential, are small in number, because of the nature or extent of the Claimant's business, then the substantial number will also be proportionately small. That is another reason why the judge's reference to the Claimant's share of the overall UK skincare beauty market seems not only inapposite but also potentially misleading." (my underlining)

46. The above passage was in relation to misrepresentation, rather than goodwill, but illustrates the point – it is not necessary for a party's activities to be large, in the context of the overall market, for actionable goodwill to arise. At paragraphs 19-23 of *Lumos*, Lloyd LJ said:

"19. The judge's finding that the Claimant had protectable goodwill is not challenged. Since this is the starting point for the claim, it is necessary to see what he said on this part of the case.

20. At paragraph 35 he said this:

"I find that there had been only a very modest use of the LUMOS mark by the Claimant and its predecessor in title as at October 2010. The figures are not only very small in absolute terms but are also very small as a proportion of the skincare industry. No precise figures were given for the size of that industry but Mr Sweet exhibited an article from a supplement to The Times newspaper which stated that "sales of women's facial skincare products in Britain are expected to generate about £1 billion this year". The article is undated but refers to, and presumably post-dates, a product which was "launched in 2007"."

21. At first sight the size of a party's business compared to the entire skincare beauty market does not appear to be relevant. The judge came back to this point later, as I will mention.

22. He referred to evidence from Mr and Mrs Brann that they were targeting a small part of the total skincare market, a niche described as "anti-ageing serums". At paragraph 37 he went on as follows:

> "Moreover, it seems to me that the Claimant's reputation does not extend very far beyond those who have dealt with it directly. The press articles appear to have had little lasting impact. It also seems likely that such sales as the Claimant had obtained prior to October 2010 were due to the direct approaches made by Mr and Mrs Brann to customers such as Wholefoods Market and Pulse Holdings, and (in the case of repeat purchases) because such customers were satisfied with the inherent quality of the goods, rather than because of any attractive power of the LUMOS mark."

23. His conclusion was that only a very modest goodwill had been generated in the LUMOS mark in relation to skincare products as at October 2010, that this goodwill related to a particular niche within the market, and that the Claimant was the owner of that very modest goodwill. He went on to point out that even a very modest goodwill can support a passing-off action, as in *Stannard v Reay* [1967] RPC 589."

47. Given the above errors of principle, I am entitled to decide the issue of goodwill myself. The unchallenged evidence of the Appellant is as follows:

- UK annual sales of around £110,000 for the years 2017-2019 for PALM branded clothing;
- A selection of invoices pre-dating the filing date of the 849 mark - 26 August 2019 (some of the invoices post-date the filing date, and I do not take these into account) – which refer to PALM clothing;
- Palm product brochures from 2012-2016, showing use of the word PALM in relation to clothing;
- Captures from the website www.palmunderwear.co.uk dated 2015, 2016, 2017, 2018 and 2019 showing use of the word PALM in relation to clothing.

48. In my view, the Appellant has provided sufficient evidence to establish actionable goodwill in the word sign in relation to '*clothing, tights, underwear, vests, long sleeved tops, camisoles, knitted clothing, thermal clothing, knitted underwear, thermal underwear, socks*'. The use is small, and the goodwill will be correspondingly modest, but nevertheless passes the requisite threshold.

49. Turning now to the figurative sign, the Hearing Officer said at 67:

> "In respect of the figurative sign, Edrrish Adam Patel says that 'PALM' has been used in various stylised and logo formats in the UK since 2016. From the evidence, I note that the sign is visible in the photographs of packaged products (in various colourways); the 2016/2017 product brochure; the brand directory for, and photographs of, the Intimate Apparel Show; the advert for the Pure Origin Show; and the printouts of the website (in greyscale). However, in my view, it is not clear that any of the products which the invoices, order details and purchase orders show had been sold prior to the relevant date were offered for purchase in connection with the sign. In any event, they suggest the sale of a small number of goods and the turnover figures are not such to give the impression

that a greater number of products have been sold. The global turnover figures are limited in the context of a substantial market. As I have already outlined, Aikon has provided no breakdown of these figures by reference to particular goods. Further, Edrrish Adam Patel gives no information as to what proportion of the figures relate to goods sold in connection with the sign. Accordingly, it is not possible to determine what proportion of figures relate to each good Aikon has identified, or which sign the turnover has been generated in connection with. Without further information, the global turnover figures, such as they are, suggest that extremely small sums are likely to have been generated in relation to each good. Furthermore, the evidence concerning activities conducted in promoting the sign and related expenditure is extremely limited. Ozzicozi was charged £891 for attendance at the Intimate Apparel Show. That is the extent of what the evidence shows. No further information in this regard has been provided. The photographs of the packaged products adorned with the sign are undated and, as such, cannot be relied upon as showing the position as at the relevant date. Whilst I accept that the sign is visible in the 2016/2017 brochure and was displayed on the website prior to the relevant date, neither the brochure nor the printouts of the website establish that any goods have been sold under the sign. To my mind, there is nothing in the evidence which unambiguously demonstrates that the sales documented in the invoices, order details and purchase orders were achieved in connection with the sign. Although the sign was displayed on the website, there is nothing which indicates that any trading activities have been conducted through the website, or as a result of internet users in the UK visiting it. I accept that Ozzicozi attended the Intimate Apparel Show and the Pure Origin Show, and that both of these events occurred prior to the relevant date. I also acknowledge that the 'PALM' stand at the Intimate Apparel Show was adorned with the sign. However, no details have been provided as to the number of attendees at these shows or how many of those attendees visited the 'PALM' stands. There is also no evidence of any trading activities resulting from the shows. On the balance of the evidence, I am not satisfied that Aikon has proven that it has a protectable goodwill in the figurative sign. As a result, the application for invalidation based upon this alleged earlier right fails."

50. The first, third and fourth errors I identify at paragraphs 39-43 are repeated in the above paragraph. However, I consider that the Hearing Officer was entitled to conclude "it is not clear that any of the products which the invoices, order details and purchase orders show had been sold prior to the relevant date were offered for purchase in connection with the sign … it is not possible to determine … which sign the turnover has been generated in connection with". The position is different to that of the word sign – the Appellant needed to file evidence specifically supporting its alleged use of the figurative sign, and the Hearing Officer was entitled to find that it had not done so.

51. This fourth ground of appeal therefore succeeds in relation to the word sign, but not the figurative sign. The matter will need to be remitted to the Registry to consider whether the other elements of passing off are made out, such that the s. 5(4) invalidity application succeeds.

Conclusion

52. The appeal in relation to the 438 mark is dismissed, and the 438 mark accordingly remains revoked for non-use.

53. The appeal in relation to the 552 mark succeeds in relation to “stockings”. The 552 mark is accordingly re-instated for “stockings”.

54. The appeal in relation to goodwill in the word sign succeeds.

55. The Appellant’s Invalidity Application No. 504369 is remitted to the Registrar for further processing by a different Hearing Officer.

Costs

56. Clearly, the Appellant has been largely successful in this appeal. However, the utility of the appeal will depend on the outcome of the proceedings as a whole, and accordingly I direct that the costs of the Appeal be treated as incurred in the registry proceedings and dealt with by the Registrar in the usual way at the conclusion of the Appellant’s claim for invalidity.

57. The Hearing Officer ordered that the Appellant should pay the Respondent £1,000. It remains to be seen who is the successful party in the underlying cross-applications, and therefore I overturn the Hearing Officer’s costs order, and leave it to the Registrar to make an appropriate costs order following the determination of the s. 5(2)(b) and s. 5(4) invalidity applications.

Dr. Brian Whitehead

2nd May 2023

Representation

Andrew Stuart Marsden of Wilson Gunn for the Appellant

The Respondent took no part in the appeal