

**O/090/20**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF TRADE MARK APPLICATION**

**NO. 324669 DESEO**

**IN THE NAME OF PHARMASGP GMBH**

**AND IN THE MATTER OF OPPOSITION**

**NO. 411522**

**BY GLENWOOD GMBH PHARMASEUTISCHE ERZEUGNISSE**

**AND IN THE MATTER OF AN APPLICATION TO REVOKE**

**INTERNATIONAL TRADE MARK REGISTRATION NO. 879815**

**DESEO**

**AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON**

**FROM THE DECISION OF MR MARK KING**

**DATED 15 JULY 2019**

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**DECISION**

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1. This is an appeal from a decision of Mr Mark King, on behalf of the Registrar, BL O/404/19, in which he revoked international trade mark registration No. 879815 for non-use, and rejected an opposition by Glenwood GmbH Pharmaseutische Erzeugnisse ("Glenwood") to a trade mark application No. 324669 in the name of Pharmasgp GmbH ("Pharma"). Glenwood appealed both aspects of the Decision.

**Background**

2. On 11 August 2017, Pharma applied to register the word mark DESEO for the following goods in Class 5: pharmaceuticals; medicinal healthcare preparations; baby food; dietary and nutritional supplements; pharmaceutical preparations for veterinary use.
3. Glenwood opposed the application based on sub-sections 3(6), 5(1), 5(2)(a) and

5(4)(a) of the 1994 Act. It relied upon its earlier international mark registered for

Pharmaceutical products in Class 5. That mark consists of a slightly stylised version of DESEO:

## **DESEO**

Glenwood also claimed to have goodwill in respect of the business operating under the sign DESEO, leading to its claim under s 5(4)(a). The basis of the s 3(6) claim was that there had been negotiations between the parties in 2017 relating to the trade mark, and Glenwood said that the trade mark application was made in full knowledge of Glenwood's earlier registration.

4. Pharma countered by seeking revocation of Glenwood's earlier registration for non-use and putting it to proof of use.
5. Both sides filed evidence, and a hearing took place at which both sides were professionally represented. The same firms represented the parties on the appeal, although different advocates attended the two hearings.
6. The Hearing Officer made the following findings:
  - a. Glenwood had shown some use of the Mark in the relevant period, and such use was genuine.
  - b. However, its use was insufficient to amount to genuine use for the purposes of creating or maintaining a marketplace in the UK.
  - c. As a result, Glenwood's international trade mark registration was revoked with effect from 2 October 2011, and the opposition based upon ss 5(1) and 5(2)(a) fell away.
  - d. Glenwood had not proved that it had goodwill in DESEO as at the relevant date (20 June 2017), so that the opposition based on s 5(4)(a) also failed.
  - e. The s 3(6) objection had no merit, as the fact that Pharma had expressed interest in purchasing Glenwood's mark did not require it to waive the right subsequently to apply for revocation of that mark or preclude it from applying to register its own mark.

7. Glenwood's Grounds of Appeal raised the following points:
  - a. The Hearing Officer had erred in the test he applied for establishing genuine use, and should have found that there had been genuine use of the earlier mark in the relevant period.
  - b. As a result, the opposition under ss 5(1) or (2) should have succeeded.
  - c. The Hearing Officer was wrong to find that the Glenwood did not have goodwill in the mark, and should have upheld the s 5(4) objection.
  - d. The Hearing Officer overlooked relevant facts in his analysis of the position under s 3(6).

### **Standard of appeal**

8. The standard of appeal is by way of review. Neither surprise at a Hearing Officer's conclusion, nor a belief that he or she has reached the wrong decision suffice to justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer was wrong. The relevant principles were set out in *TT Education Ltd v Pie Corbett Consultancy* [2017] RPC 17 by Daniel Alexander QC sitting as the Appointed Person at [14]-[52] and his conclusions were approved by Arnold J in *Apple Inc v Arcadia Trading Limited* [2017] EWHC 440 (Ch). Mr Alexander QC said in particular that

“... 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 (*REEF, BUD, Fine & Country* and others).”

9. Subsequently, the Supreme Court in *Actavis Group PTC v. ICOS Corporation* [2019] UKSC 1671 dealt with the role of the appellate court at [78] to [81]. Lord Hodge said:

“78. ... Where inferences from findings of primary fact involve an evaluation of numerous factors, the appropriateness of an intervention by an appellate court will depend on variables including the nature of the evaluation, the standing and experience of the fact-finding judge or tribunal, and the extent to which the judge or tribunal had to assess oral evidence: *South Cone Inc v Bessant , In re Reef Trade Mark* [2002] EWCA Civ 763; [2003] RPC 5 , paras 25-28 per Robert Walker LJ.

...

80. What is a question of principle in this context? An error of principle is not confined to an error as to the law but extends to certain types of error in the application of a legal standard to the facts in an evaluation of those facts. What is the nature of such an evaluative error? In this case we are not concerned with any challenge to the trial judge’s conclusions of primary fact but with the correctness of the judge’s evaluation of the facts which he has found, in which he weighs a number of different factors against each other. This evaluative process is often a matter of degree upon which different judges can legitimately differ and an appellate court ought not to interfere unless it is satisfied that the judge’s conclusion is outside the bounds within which reasonable disagreement is possible. ...

81. Thus, in the absence of a legal error by the trial judge, which might be asking the wrong question, failing to take account of relevant matters, or taking into account irrelevant matters, the Court of Appeal would be justified in differing from a trial judge’s assessment of obviousness if the appellate court were to reach the view that the judge’s conclusion was outside the bounds within which reasonable disagreement is possible. It must be satisfied that the trial judge was wrong ...”

10. In relation to an appeal from a Hearing Officer who has assessed the likelihood of confusion for an opposition based upon section 5(2)(b) of the Act, Mr Iain Purvis QC sitting as the Appointed Person in *Rochester* BL O/049/17 said at [33]:

“... the reluctance of the Appointed Person to interfere with a decision of a Hearing Officer on likelihood of confusion is quite high for at least the following reasons:

(i) The decision involves the consideration of a large number of factors, whose relative weight is not laid down by law but is a matter of judgment for the tribunal on the particular facts of each case

(ii) The legal test ‘likely to cause confusion amongst the average consumer’ is inherently imprecise, not least because the average consumer is not a real person.

(iii) The Hearing Officer is an experienced and well-trained tribunal, who deals with far more cases on a day-to-day basis than the Appellate tribunal.

(iv) The legal test involves a prediction as to how the public might react to the presence of two trade marks in ordinary use in trade. Any wise person who has practised in this field will have come to recognize that it is often very difficult to make such a prediction with confidence. ... Any sensible Appellate tribunal will therefore apply a healthy degree of self-doubt to its own opinion on the result of the legal test in any particular case.”

11. I have borne those principles in mind on this appeal.

### **Merits of the appeal**

#### ***Revocation for non-use***

12. Glenwood submitted that there were four areas of the decision on the revocation application which showed an error of principle on the part of the Hearing Officer. It did not suggest that the Hearing Officer was wrong to cite the principles and case law which he set out at [28] to [31] and [33] to [34] of the decision.

13. Glenwood’s evidence showed that there had been only 22 separate sales of goods under the mark in the relevant period, for a total sum of €329.78, and it produced a single example of an advertisement (or offer for sale) placed on the amazon.co.uk website. There was no evidence of how long the advertisement had been maintained on Amazon. The 22 sales were made by a German company based in Munich,

apparently through that company's German website, to consumers in the UK. No point appears to have been taken as to whether this had led to any sales being made in the UK. The Hearing Officer concluded at paragraph 44:

" ... I am left with assessing whether 22 separate sales totalling €329.78 combined with an offer for sale on Amazon is genuine use. Mr Curtis [for Glenwood] rightly stated that there is no de minimis level which Glenwood must demonstrate to overcome the non-use claim. He also rightly pointed out that there is no requirement for such use to be quantitatively significant."

After summarising the criteria he had to apply, he went on

"45) During the hearing Mr Curtis was honest in his approach that the evidence accurately reflects Glenwood's volume of sales, the geographical extent and the offering of goods for sale in the UK is sufficient to demonstrate use. I agree that the use is neither sham or token, but I simply do not consider it to be sufficient to create or maintain a marketplace. Whilst the sales are to different entities throughout the UK, the amount of sales (€329.78) is on a very small scale. There were no examples of advertising the products and there is no evidence that the products were placed for sale anywhere other than on Amazon and on Glenwood's website which is aimed at German consumers rather than the UK.

46) Taking all of the evidence, submissions and case law into account I find that Glenwood has failed to demonstrate that it has genuinely used its mark for both the revocation non-use and proof of use periods. "

14. On the appeal, Glenwood submitted that the Hearing Officer had given inadequate weight to the single advertisement which had appeared on the amazon.co.uk website. Although the advertisement was made within the relevant period, the Hearing Officer commented that there was no evidence that any sales had been generated by that advertisement. The Hearing Officer clearly accepted that the advertisement showed use of the mark, although he did not think it altogether clear what product was being advertised for sale. Glenwood struggled, it seemed to me, to find any error in the

Hearing Officer's assessment of this single advertisement. It said that he had apparently given too little weight to it because of the lack of any evidence that it had led to any sales. However, it does not seem to me that he can be criticised for being unimpressed by a single advertisement put forward without any explanation as to whether it represented a regular or lengthy advertisement of the products in the UK, so that there was no evidence at all of the impact that it may have had upon the UK public. It does not seem to me that Glenwood identified any error in this regard.

15. Next, Glenwood submitted that the Hearing Officer had gone wrong in apparently imposing a requirement for it to show that it had generated repeat business in the UK. What had happened was that it had produced 22 invoices to 22 different customers, and the Hearing Officer had commented that there was no repeat business shown. It does not seem to me that this comment shows that the Hearing Officer imposed an inappropriate requirement for there to have been repeat business in order to find that there had been use of the mark sufficient to create or maintain a market share for it. He was simply commenting on the fact that there were 22 different customers as part of his analysis of the impact of the evidence as a whole. Again, it does not seem to me that Glenwood has identified any error on the part of the Hearing Officer in this regard.
16. Next, Glenwood submitted that the Hearing Officer had erred in imposing an obligation on it to prove use across the relevant time period. Had he done so, I accept that he would have erred. However, it does not seem to me that he did make that mistake. Whilst at [38] he noted that the sales during the relevant period were all made within a period of 11 months, he does not appear to have taken that point into account in his overall assessment of the evidence of use set out in [44] to [46] of the decision. In the circumstances, it does not seem to me that there was any error on his part in this analysis.
17. Lastly, Glenwood submitted that the Hearing Officer had wrongly imposed a requirement for it both to create and preserve a market share during the relevant period. I do not accept that that was what the Hearing Officer said or did; he simply

did not find the minimal evidence of use to be sufficient to satisfy the statutory test, as is clear from the wording of [45].

18. For these reasons, as I indicated that I would do at the hearing, I reject the appeal against the Hearing Officer's findings on non-use. As a result, Glenwood's mark is liable to be revoked, and the opposition must fail insofar as based upon it.

***Opposition based upon section 5(4)(a)***

19. Again, no criticism was made of the Hearing Officer's analysis of the relevant law on this point. At [66] the Hearing Officer summarised what he had said about the evidence of sales for the purposes of genuine use and went on:

"I have already set out my reasons why Glenwood has not demonstrated genuine use. Whilst the test for goodwill differs to the test for proof of use differ [*sic*], in this instance they produce the same result. I do not consider that Glenwood has shown that it has, at the relevant date, protectable goodwill. *The use made is nothing more than trivial.* This view is further supported by the last sale being 20 months prior to the relevant date and that all of the sales being made are to different end users. None of these are repeat purchases. Taking all of these factors into account, Glenwood's claim falls at the first hurdle in so far that it has not demonstrated it has goodwill." (*emphasis added*)

20. Glenwood submitted on the appeal that the Hearing Officer had erred in his assessment of its goodwill, because he had applied the same test as for the issue of genuine use. I do not accept that the Hearing Officer did so. It seems clear to me that he took the view that the evidence which he had analysed in relation to the claim for revocation showed that there had only been "trivial" use made of the mark by Glenwood, and by using that term he was referring back to the decision of Jacob J in *Hart v Relentless Records* which he had cited at [64], where Jacob J said "... The law of passing off does not protect goodwill of trivial extent." I reject this ground of appeal.
21. The second point made in relation to goodwill was that the Hearing Officer had erred in failing to find that there was at least residual goodwill by the relevant date. I accept,

of course, that it is possible for there to be residual goodwill after a party has ceased trading. However, in this case, there does not seem to me to be any merit in this point. The Hearing Officer plainly did not think that the trivial use which had been shown amounted to use sufficient to establish goodwill at any time. I am satisfied that the Hearing Officer was entitled to come to that view. Once he had made that finding, then there could have been no question of there being any 'residual' goodwill some 20 months after the last of the sales took place. In my view, the appeal based upon section 5(4)(a) must fail.

***Opposition based upon s 3(6)***

22. The evidence showed that Pharma had applied for the mark knowing of Glenwood's mark, having bought the German mark DESEO from Glenwood in 2012 and having negotiated to buy the UK and other national DESEO marks. It was said to have known that Glenwood had been using the mark in the UK as Glenwood had told Pharma that it was using the mark. However, it had not provided any proof of that use, whilst Pharma's own investigations suggested that the mark was not in use.
  
23. Glenwood alleged that given this background Pharma's UK application was made in bad faith. The Hearing Officer rejected that argument, as he considered that Pharma was fully entitled to apply for revocation of the mark if Glenwood had failed to use it, as it is an integral part of the trade mark system that parties are to be prevented from maintaining a monopoly over a particular trade mark if they do not put it to genuine use. He said:

“72) ... I do not consider Pharma's actions to be in bad faith and to conclude that they were would be counterintuitive to the trade mark system. Pharma clearly wanted to use DESEO in the UK and so it began negotiations to purchase the registration which could be mutually beneficial. At this point, it is not required to withdraw any interest or waive its statutory right to challenge the registration when is a potentially legitimate claim to revocation. I do not see anything incorrect this approach and I find that the application was not filed in bad faith.

73) I also reject Glenwood's claim that Pharma's intention was to prevent it "from genuinely continuing to use this mark in the UK" since there is no evidence of significant UK use or any evidence that Glenwood intended to expand into the UK market."

24. Glenwood suggested that the Hearing Officer had overlooked the fact that during the negotiations between the parties it had informed Pharma that it was using the mark, and Pharma had accepted that it was well aware of the trade mark. It does not seem to me that the Hearing Officer did overlook this fact. He adverted to it in the decision, and referred to Pharma's evidence that it had carried out investigations as to whether the mark was in use in the UK, which is a separate matter from knowing that the mark was on the Register. I do not accept that there was any error in the Hearing Officer's analysis of the bad faith claim or any reason he should have found Pharma's behaviour to fall short of standards of acceptable commercial behaviour. The only other points made by Glenwood in support of the 3(6) objection turned upon reversing the Hearing Officer's findings in relation to genuine use, and therefore fall away in the light of my decision on that point. In the circumstances, the appeal based upon section 3(6) also fails.
25. For these reasons, the appeal is dismissed. Costs should follow the event and I will order Glenwood to pay Pharma the sum of £1000 towards its costs of the appeal, to be paid together with the costs awarded by the Hearing Officer by 5 PM on 26 February 2020.

Amanda Michaels  
The Appointed Person  
12 February 2020

**Ms Lauren Somers** of HGF Ltd appeared on behalf of the Appellant

**Ms Triona Desmond** of Pinsent Masons appeared on behalf of the Respondent.