

O-187-07

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 82193
BY UNIVERSAL UTILITIES LIMITED
FOR REVOCATION OF TRADE MARK NO. 1519684B
IN THE NAME OF XTEC COMMUNICATIONS LIMITED**

TRADE MARKS ACT 1994

IN THE MATTER OF Application No. 82193 in the name of Universal Utilities Limited for revocation of trade mark No. 1519684B in the name of Xtec Communications Limited

BACKGROUND

1. Trade mark No. 1519684B is for the trade mark UNICOM and is registered in respect of the following range of services in Class 38:

Telecommunications, facsimile, telex, telephone, telegram, message collection and transmission services; information and advisory services, all relating to telecommunications.

2. By an application dated 13 June 2005, Universal Utilities Limited applied for the registration to be revoked under the provisions of Section 46(1)(a) and (b) of the Act, on the basis that the trade mark has not been put into genuine use in the five years preceding 18 November 1999, or as a secondary contention, the five years preceding 16 December 2002 (the latter of these dates relating to the assignment from C.L.B. Electronics UK Limited to CMS (GB) Limited), in relation to the services for which it is registered, either by the registered proprietors or with their consent, and there are no proper reasons for non-use.

3. In a Counterstatement filed on 27 September 2005, the registered proprietors claim that the mark has been used, both by them and their predecessors in title.

4. Both sides ask that an award of costs be made in their favour.

5. Both sides filed evidence in these proceedings, which, insofar as it may be relevant I have summarised below. The matter came to be heard on 21 November 2006, when the applicants were represented by Ms Jennifer Maddox of W P Thompson & Co, their trade mark attorneys. The registered proprietors were represented by Mr Jason Stratford-Lysandrides of Judicium Consulting Ltd, their trade mark attorneys.

Registered proprietor's evidence Rule 31(3)

6. This consists of a Witness Statement dated 23 September 2005, from Shaique Dharas, who since December 2002 has been employed as the Business Development Manager of Xtec Communications Limited.

7. Mr Dharas states that since 1996 his company and its predecessor in title have used the UNICOM trade mark upon or in relation to telecommunications services in the UK. He refers to his company having acquired the "on-going UNICOM business (including its goodwill)..." from Universal Communications Limited (UCL) in 2000, after which the name was used as a division of his company. Mr Dharas refers to Exhibit SD1, which he describes as a "typical introductory letter to new residential customers explaining the nature of the services offered, together with an example of

“a promotional 5 minutes free” card for use with a pre-paid account, and a UNICOM prepaid application form. The letter is dated 27 November 2002, but contains no addressee details so is clearly not a copy of a letter sent. The UNICOM name appears in the top right-hand corner, placed over a triangular device and above the word “connecting”, and on the bottom in plain case above an address in London. The card has the UNICOM name over the “triangular” device but without the word “connecting”. The card relates to a telecommunications service, and an indication that this service is provided by, or in relation to “Residential and Business Account Services” and on the reverse states that the offer is valid until 31 December 2002. The application form bears the UNICOM connecting logo but is not dated. Mr Dharas says that the same literature was used by UCL.

8. Exhibit SD2 consists of a brochure and registration form for UNICOM. Both bear the “UNICOM connecting” logo and refer to UNICOM in the text. The brochure refers to UNICOM having been established in 1996 with over 1,000,000 customers. The service is described in terms of a “...voice communications services”...”routed across UNICOMS digital network...”. Exhibit SD3 consists of a collection of invoices dating from 5 December 2001 to 31 December 2002. These bear the “UNICOM connecting” logo, list the customers as being in the UK, and state the invoice to be in relation to “recharge”.

9. Mr Dharas states that since 1996, the total turnover for UNICOM services in the UK has been approximately £16 million, with turnover since 2000 being approximately £9.4 million “to date”. Exhibit SD4 consists of a selection of flyers, leaflets and rate cards that Mr Dharas says have been widely circulated to existing and potential UNICOM customers. He states that these date from 2002 “but are typical of the output over all the years of use of the trade mark.”. The literature bears the UNICOM logo but none show a date by which to place them as being within the relevant periods. Mr Dharas says that his company has advertised and promoted UNICOM in media by placing advertisements on television, radio, and in printed publications. He gives amounts for the expenditure on promotion in the years 2001 to 2005 (to the date of his Statement), which ranges from £16,999.59 rising year on year to £290,676.23. Exhibit SD5 is stated to be a collection of invoices relating to expenditure on promotional activities. Most do not mention UNICOM other than as part of the corporate name. Two examples can be seen to relate to the promotion of UNICOM. The first dates from December 2001, stated to relate to the “Movies Unicom...”, and an advertisement placed in the 3 November 2003 edition of India Today UK Edition, the advertisement showing the UNICOM logo with the legend “Connecting people around the world”, and UNICOM used within the body of the advertisement, promoting a “UNICOM RESIDENTIAL ACCOUNT SERVICE”.

Applicants’ evidence Rule 31A(1)

10. This consists of three Witness Statements. The first is dated 9 December 2005, and comes from Simon Stuart Clarke, Chief Executive Officer of Universal Utilities Limited (UUL). Mr Clarke provides one exhibit under number SSC1, pages 1 to 5 of which consist of a list of documents contained within.

11. Mr Clarke gives background information into the operation and development of his company, and the deregulation of the telecommunications market. He explains the actions taken by his company prior to adopting the UNICOM trade mark. He refers to pages 6 to 243 of Exhibit SSC1, which consists of the company documentation that shows use of UNICOM by UUL.

12. Mr Clarke recounts having been contacted by trade mark attorneys acting for Complete Minilab Services Ltd (CMS) regarding his company's use of UNICOM, Pages 250 to 287 of Exhibit SSC1 consists of the resulting correspondence. Mr Clarke refers in particular to a letter dated 18 August 2004 in which it is stated that CMS may not be operating in a competing field and that co-existence may be possible, a letter of 10 February 2005 in which it was stated that CMS did not provide telecom service "*per se*" and a letter of 4 November 2004 in which CMS indicated that it did not propose to take action against UUL. Mr Clarke goes on to refer to the partial assignment of the UNICOM trade mark to Xtec Communications Limited (Xtec) in March 2005, his company being informed about this event in May 2005. A copy of Xtec's 2004 Accounts are provided at pages 288 to 310 of Exhibit SSC1, Mr Clarke drawing attention to the statement that the principal activity of the company is the "purchase and sale of telephone airtime". Mr Clarke goes on to describe Xtec's activities, including under the trade mark U2Call.

13. Mr Clarke recounts a meeting with Ofcom on 24 May 2006, during which he asked about other companies using the trade mark UNICOM, Mr Clarke stating that they were only aware of his company. He provides exhibits such as e-mails and copies of Ofcom's complaints Code of Practice and dispute resolution procedures, and extracts from various websites that provide links to telecom companies.

14. Mr Clarke next refers to correspondence with Xtec's trade mark attorneys, copies of which are at pages 407 and 417 of Exhibit SSC1. He notes the claim that Xtec have made substantial use of the UNICOM trade mark since 1998, and the statement in the Counterstatement that use has also been made through a predecessor in title, Universal Communications (UK) Limited (UCUK) since 1996.

15. Mr Clarke goes on to comment on the Witness Statement and exhibits provided by Sharique Dharas on behalf of Xtec. As submissions it is neither necessary or appropriate that they be summarised. I will, of course, take them fully into account in my determination of this case.

16. Mr Clarke next refers to the examination report issued to UUL in respect of their application to register UNICOM. The report mentions a Community Trade Marks registration in the name of The Virtual Office Group (VOG). Mr Clarke comments on the nature of the services listed, going on to refer to correspondence between VOG and UUL's solicitors which resulted in VOG providing consent to UUL. Mr Clarke concludes his Statement by detailing revised specifications for his company's application and the registration in suit, that he considers would be sufficient to allow the trade marks to co-exist.

17. The other Witness Statements are both dated 9 December 2005, and come from Christopher James Earle, Operations Manager, and Stephen Palmer, Managing Director, of UUL. Both confirm that they have worked for the company since 1995,

and attest to having read the Witness Statement of Simon Clarke which, insofar as it deals with matters within their knowledge and belief, is true and accurate.

Registered proprietors' evidence Rule 31(A)(4)

18. This consists of two Witness Statements. The first is dated 21 April 2006, and comes from David Brian Lutkin, a trade mark attorney.

19. Mr Lutkin recounts his being asked in December 1999, to act as trade mark advisor to Universal Communications (UK) Limited, trading as UNICOM, in particular, to advise on the registrability of UNICOM in relation to pre-paid telecommunications services. He says that he conducted a search that revealed an identical mark covering such services in the name of another company. He says that his clients did not take any action until January 2004, when he was instructed to approach the proprietors of the other registration. Mr Lutkin says that this resulted in the partial assignment of the subject registration to his clients.

20. Mr Lutkin says that it is within his own knowledge (although not how) that the proprietors' predecessors in business had been using the trade mark since as early as December 1999. He provides Exhibit DBL1, which consists of an extract from WHOIS that shows the domain name unicomuk.com to have been created on 20 November 2002, showing the owner to be Xtec Communications. The remainder of Mr Lutkin's statement consists of submissions in relation to part of Mr Clarke's evidence. Exhibits DBL2 and DBL3 consist of a printout of the Ofcom "General Authorisation Regime", an extract from The Communications Act 2003, and a list of contact details for licences obtained from the Ofcom website on 21 April 2006. Mr Lutkin mentions that both UCUK and Xtec are listed as Licensees, but neither noted as being connected to UNICOM.

21. The final Witness Statement is dated 25 April 2006, and comes from Kerstin Wörner, a German citizen, since 2005 practising as an independent telecommunications consultant. He attests to an excellent knowledge of the English language. The Witness Statement refers to the accompanying exhibits using the letters DW, but the actual exhibits by the letters KW. It is clearly the latter that is correct and I will substitute the letters KW for DW when referring to the exhibits in my summary.

22. Mr Wörner says that Xtec is a client, and that he is helping them develop their European operations, through which he has access to all of their records. He says that he has agreed to make this statement because he has a particular and direct knowledge of the UNICOM business now operated by Xtec that dates back to 1998 when he was engaged by UCUK to create the UNICOM business in Germany. He says that this was modelled on the UNICOM business started in the UK two years previously.

23. Mr Wörner goes on to describe the development of the telecommunications market, and the inception of the "discounted calls" service, with UNICOM offering a pre-paid telecommunication service. He goes on to refer to Exhibit KW1, which consists of a small collection of invoices dating from the period 2000 to 2006. These have the "UNICOM connecting" logo on the top, and refer to a "recharge" service. A welcome letter dating from December 1997 promotes a pre-paid telecom service, and

a fax header sheet relating to a fax transmission from UNICOM UCUK Limited to Mr Wörner of UNICOM Germany on 6 March 1998. The Exhibit also includes examples of forms, letter-headed paper and advertisements/features, all of which either bear the UNICOM logo, or mention UNICOM, but these are either undated, or show use outside of the UK. Mr Wörner mentions a rate card that was not part of the exhibit. This omission was noticed by the registered proprietors shortly before the hearing, and resulted in a request that they be allowed to have the missing document entered as evidence. Mrs Maddox did not object and it was duly admitted. The rate card refers to “going to print” in 1977, and sets out various call charges for pre-paid telephone services. It bears both the Unicom/triangle/Connecting logo, and the word UNICOM solus.

24. Exhibit KW2 consists of a copy of the sale and purchase agreement under which Xtec acquired UCUK. Under this, all assets, including intellectual property and goodwill of the business were transferred to the ownership of Xtec. Mr Wörner concludes his statement by confirming the accuracy of Mr Dharas’ statement relating to the registered proprietors having commenced use of UNICOM in 1996.

25. That concludes my summary of the evidence insofar as it is relevant to these proceedings.

DECISION

26. The relevant statutory provision in relation to an application for a revocation of a registered trade mark can be found in Section 46:

“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) that, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service for which it is registered;

(d) that in consequence of the use made of it by the proprietor or with his consent in relation to the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

(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) 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) An application for revocation may be made by any person, and may be made either to the registrar or to the court, except that-

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) if in any case the application is made to the registrar, he may at any stage of the proceedings refer to the application to the court.

(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 existing at an earlier date, that date."

27. Under the provisions of Section 100 of the Act, the onus of showing that the mark in question has been used within the relevant period, or that there are proper reasons for non-use, rests with the registered proprietors. Section 100 of the Act reads as follows:

"**100.**- If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it."

28. The onus placed upon the registered proprietor is to "show" what use has been made of the mark, which suggests that the evidence required by Rule 31(A) must be more than mere assertion that the mark has been used; it must be actual evidence which shows how the trade mark has been used. See *Carte Bleu* [2002] RPC 31.

29. Section 46(1)(b) refers to “genuine use” having been made of the registered trade mark within specific periods of five years. In the case of subsection (b), the period can be any five years, and not just the five years leading up to the filing of the Application. See *La Mer Technology Inc v Laboratoire Goemar SA*’s trade mark case [2004] WL 2945720.

30. These periods must be considered in relation to the proviso contained within Section 46(3), which reads as follows:

“(3) The registration of a trade mark shall not be revoked on the ground mentioned in subsection (1)(a) or (b) if such use as in 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.”

31. The effect of Section 46(3) is not to extend the five-year period by three months. After a period of inactivity the use must commence after the expiry of the five years specified in the Application, but need not immediately follow, and will end with the Application for Revocation. But if the proprietor commences (or makes preparations) to use the mark after the expiry of the specified five-year period, but within the three months immediately preceding the Application, the use will be disregarded, that is, unless the registered proprietors had been unaware of the potential Application. See *Philosophy Di Alberta Ferretti* [2003] RPC 15.

32. In her submissions Mrs Maddox argued that as the registered proprietors had not relied upon the “preparations for commencement or resumption of use” provision of Section 46(3) in their Counterstatement, any evidence falling within the three months prior to the application must be disregarded. She also asserted that from 9 May 2005 the registered proprietor, who at that time were CMS (UK) Ltd, were aware of the threat of possible proceedings to revoke the registration. That aside, there is no suggestion that if the evidence shows use by the registered proprietors earlier than this, it was a result of them becoming aware of a possible revocation action. It therefore seems to me that, subject to the proviso contained in Section 46(3), if the registered proprietors have made “eligible” use of the mark within the second of the five year periods specified, or thereafter up to 9 May 2005, the date on which they may have become aware of the impending application, this will be sufficient to defeat all attacks, either by having shown use within the alleged period of non-use, or, if after 16 December 2002, by virtue of the provisions of Section 46(3).

33. The Act refers to “genuine use” having been made of the trade mark but does not set out what constitutes use that is genuine. In Case C-40/01, *Ansul BV v Ajax Brandbeveiliging BV* [2003] RPC 40 the European Court of Justice answered the question in the following terms:

“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 by enabling him, without any possibility of confusion, to distinguish the product or service from others that have another origin.”

34. The *Ansul* decision stated genuine use 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. Such use must be in relation to goods or services that are already on the market, or about to be marketed and or for which preparations are underway to secure customers, for example, by means of advertising. The *Bud Trade Mark* case [2002] RPC 38 at paragraphs 41 and 42 gives some useful, albeit limited guidance on advertising.

35. The assessment of whether there has been genuine use must take into account all of the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, and may include giving consideration, *inter alia*, to the nature of the goods or services at issue, the characteristics of the market concerned, and the scale and frequency of use; the use need not always be “quantitatively significant” for it to be deemed genuine.

36. In the *Police* trade mark case [2004] RPC 35, the Appointed Person considered that the *Ansul* judgement did not limit the factors to be taken into account in establishing whether use was genuine only to the three areas specifically mentioned. The judgement had stated that all facts and circumstances relevant to establishing whether there had been real commercial exploitation should be included in the equation, and that the size of a proprietor’s undertaking may be relevant.

37. Further guidance on the scale and frequency of use can be found in the *La Mer Technology Inc* case. This is the decision of a resumed appeal hearing following a reference to the ECJ on various questions relating to the meaning of “genuine use”. In his decision Blackburne J stated:

“31. Whether in any given case the proven use amounts to genuine use (“whether the commercial exploitation of the mark is real” as paragraph 38 of *Ansul* puts it) will depend on all of the facts and circumstances relevant to establishing such a state of affairs, including the characteristics of the market concerned and of the products or services in question, and the frequency or regularity of use of the mark. Even minimal use will be sufficient if, in the market concerned, the proven use is considered sufficient to preserve or create a market share for the goods or services protected by it. Thus, the sale or offering for sale (in, say, a trade magazine) of a single exceedingly costly and highly unusual item carrying the mark in a specialised market, for example a very large and complex piece of earth-moving equipment, may very well be considered by itself to be sufficient in the market for such equipment to preserve or create a market share for items of that kind which carry the mark whereas the sale of a low priced everyday product in a widespread market, for example a single jar of face cream bearing the mark or the exposure for sale of, say, half a dozen such jars for sale on a shop shelf, would almost certainly

not be. It would be irrelevant to this conclusion that, in the latter example, the purpose of the proprietor of the mark (or of some third-party acting with the proprietor's consent) when offering the jar of cream for sale was to create a share in the market for face cream sold in jars bearing the mark.”

38. Mr Justice Blackburne referred back to the decision of Jacob J in the earlier part of the appeal:

“15. Jacob J himself ventured an answer to those questions. At paragraph 29 of his judgment [2002] FSR 51 at 29) he said this:

"I take the view that provided there is nothing artificial about a transaction under a mark, then it will amount to "genuine" use. There is no lower limit of "negligible". However, the smaller the amount of use, the more carefully must it be proved, and the more important will it be for the trade mark owner to demonstrate that the use was not merely "colourable" or "token", that is to say done with the ulterior motive of validating the registration. Where the use is not actually on the goods or the packaging (for instance it is in advertisement) then one must further enquire whether that advertisement was really directed at customers here. ...

Nor do I think that the absence of a de minimis rule significantly affects the policy behind the legislation. Yes, marks must be used within the relevant period, but there seems no reason to make a trader who has actually made some small, but proper, use of his mark, lose it. Only if his use is in essence a pretence at trade should he do so. And of course, if he has only made limited use of his mark it is likely that the use will be only for a limited part of his specification of services. If he has a wider specification, that can and should be cut back to just those goods for which he has made use ..."

39. The registered proprietors claim use of UNICOM in the UK dating from 1996, upon, or in relation to telecommunications services. This use is stated to have initially been by Universal Communications Limited (UCL), a predecessor in title, from whom they say they acquired the mark and the goodwill vested in it in 2000. Since this acquisition the mark is said to have been used by a division of the registered proprietors company. Apart from the reference in the brochure at SD2, there is no documentary evidence that supports the claim to use of UNICOM since 1996, although Mr Wörner does provide corroboration. The stated total turnover for UNICOM services provided in the UK is given as being approximately £16 million, with turnover since 2000 being approximately £9.4 million “to date”, which if taken at their face supports the view that there has been significant use. That said, the evidence relating to use of UNICOM is rather thin and what there is often shows it to be used in a logo form with a “triangle device” and the word “connecting”.

40. The “typical introductory letter” (Exhibit SD1) describes the registered proprietors services in terms of a pre-paid account for telecommunications services. The letter is dated 27 November 2002, but contains no addressee details so is clearly not an example of one that has actually been sent to a customer. Apart from saying that it is

sent to all new residential customers, Mr Dharas does not say how many, or to whom these letters have been sent, but if taken with the later reference to UNICOM having over 1 million customers (brochure at Exhibit SD2) it would seem that a significant number may have reached UK consumers, but this does not place the use at any point in time. The UNICOM name appears in the top right-hand corner, placed over a triangular device and above the word “connecting”, and on the bottom in plain case above an address in London.

41. The letter is accompanied by a “...a promotional “5 minutes free” card for use with such an account. This also shows the UNICOM name over the “triangular” device but without the word “connecting”. The card relates to a telecommunications service, and an indication that this service is provided by, or in relation to “Residential and Business Account Services”. The reverse states that the offer is valid until 31 December 2002.

42. I have already mentioned that Exhibit SD2 includes a brochure that refers to UNICOM having over 1 million customers, and that it refers to UNICOM having been established in 1996. The remaining part of this Exhibit consists of a registration form for UNICOM services. Both bear the “UNICOM connecting” logo and refer to UNICOM in the text. The service is stated as the provision of “...voice communications services...routed across UNICOMS digital network...”.

43. Exhibit SD3 consists of a small collection of invoices dating from 5 December 2001 to 31 December 2002. These bear the “UNICOM connecting” logo and show the customers to be in the UK. The invoices refer to the service provided as “recharge” which from Exhibit SD4 I understand to be a reference to making a further payment to an existing account.

44. Exhibit SD4 consists of a selection of flyers, leaflets and rate cards that Mr Dharas says have been widely circulated to existing and potential UNICOM customers. Mr Dharas explains that these date from 2002 “but are typical of the output over all the years of use of the trade mark.”. The literature bears the UNICOM logo but none show a date by which to place them in time. Mr Dharas refers to his company having also advertised and promoted UNICOM by placing advertisements on television, radio and in printed publications, with expenditure in the years 2001 to 2005 (to the date of his Statement), ranging from £16,999.59 rising year on year to £290,676.23. Exhibit SD5 is stated to be a collection of invoices and advertising schedules relating to expenditure on promotional activities. Most mention UNICOM as part of the corporate name or as the client, but not as being the subject matter of the advertisement. There is a copy of an advertisement endorsed as having been placed in the 3 November 2003 edition of India Today UK Edition. This shows the UNICOM logo with the legend “Connecting people around the world”, and UNICOM used within the body of the advertisement, promoting a “UNICOM RESIDENTIAL ACCOUNT SERVICE”.

45. Mr Kerstin Wörner, an independent telecommunications consultant states that he had been engaged by Universal Communications (UK) Limited to expand the business into Germany. Universal Communications is the predecessor in title to the UNICOM business, which they sold to Xtec by means of a Sale Agreement on 1 October 2000 (Exhibit KW2). The Agreement states that the sale included the

intellectual property and goodwill, specifically mentioning that it included exclusive use of the UNICOM name. Mr Wörner states that the account of the history of the business, the turnover and marketing figures are accurate, confirming that use of UNICOM in relation to telecommunications services commenced in 1996 as claimed. There was no challenge to the veracity of Mr Wörner's evidence or any request for cross examination.

46. On my assessment the evidence provides confirmation of the registered proprietors' having used UNICOM, primarily in the form of a logo, and to a lesser extent on its own during the five year periods specified in the application, and thereafter. For the record I consider the use of UNICOM with the triangle device and the word "connecting" to come within the provisions of Section 46(2) as being use of a trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered. In the judgement of the Court of Appeal in *Bud and Budweiser Budbrau Trade Marks* [2003] RPC 25, Sir Martin Nourse accepted the position that in assessing the distinctiveness of the mark as registered, the Registrar will necessarily have to view the matter through the eyes of the average consumer, and taking into account the dominance of the elements, must decide whether the differences in the used version of the mark detract from, or add anything to the distinctive character. In the decision in *New Covent Garden Soup Company Ltd v Covent Garden Authority* BL O/312/05, the Hearing Officer considered whether use of a composite mark incorporating the words NEW COVENT GARDEN SOUP CO constituted use of the words alone. Having determined that the average consumer of the relevant goods, in this case soup, would regard the mark as a single, composite trade mark differing in elements to the words alone, he first contrasted the position in this case with that of the *Bud* case, stating:

"24. In the *Bud* case, the application of s46(2) came into issue because certain features of the registered marks had been omitted from the marks used. The omission of a part of a registered mark inevitably gives rise to doubt as to whether the distinctive character of the registered mark has been retained when only some elements of it have been used."

47. He then went on to pose the question of whether the addition of the other elements altered the distinctive character of the mark in the form in which it is registered:

"25. However, the main area of doubt with regard to the use of the composite mark arises in a rather different context in which the whole of the registered mark has been used a) in form which differs from that in which it is registered...and b) with other elements added to it to form the composite mark.

26. ...It is possible for the addition of elements to alter the distinctive character of a mark. For example, I do not think that the mark JAMES has the same distinctive character as the mark JAMES & JOHNSON. But in this case I believe that the average consumer of soups would regard the words NEW COVENT GARDEN SOUP CO as having an independent distinctive role within the composite mark. These words have the same distinctive character when they are used as a part of the composite mark as they do when used

alone. On that view of the matter, the use of the words as part of the composite mark shown above falls squarely within s46(2).”

48. The Hearing Officer found support for his conclusions in Case C-353/03, *Société des Produits Nestlé SA v Mars UK Ltd*, In this the ECJ had been asked to make a preliminary ruling on the meaning of Article 3(3) of the Directive, which is the basis for the proviso to section 3(1) of the Act. This allows for registration of a trade mark that lacks the necessary (inherent) distinctive character if it has acquired such a character through use. The referring court’s question was whether such a character could be gained as a result of the use of a trade mark in conjunction with, or as a part of, another trade mark. The ECJ’s answer was that it could. Accepting that this did not necessarily mean it is possible to sustain a trade mark registration through use of that mark as a part of another mark, he considered there to be “a certain logic in the proposition that if it is possible for a mark to acquire its own distinctive character as a result of its use as part of another mark, then it should also be possible for it to retain that distinctive character, even though it is always used with the other elements of the composite mark.” He considered this to have been the view of the Advocate General Kokott, who in paragraph 24 of her opinion in the *Nestlé* case stated:

“Structurally it would surely be wrong to recognise use for the acquisition of distinctive character but not to allow it to suffice in order to prevent loss of trade mark protection. Indeed, it is not precluded that use of a mark as part of another mark may also suffice in the context of Article 10. Under Article 10(2)(a) it also constitutes use if the trade mark is used in a form differing in elements which do not alter the distinctive character of the mark in the form in which it is registered. Use of a sign as part of a principal mark also comes within that definition.”

49. To my mind the combined effect of *Bud* and *Nestlé* means that having assessed the distinctiveness of the used mark, I must decide whether any differences in the used form detract from, or add anything to the distinctive character of the mark as registered, both inherent and in the likely perception of the consumer of the goods in question. I must also take account of the contribution that it makes as an element of the composite mark

50. In the UNICOM composite mark the “triangle” device is, and is likely to be regarded by the consumer as nothing more than a background or embellishment. There can be little doubt that the word “connecting” is a direct reference to the nature of the service being provided, and is unlikely to be seen as anything other than this by the relevant consumer. To my mind the word UNICOM is the dominant and distinctive element, and is the means by which the consumer of the services in question will refer to the mark.

51. Turning to the extent for which use has been shown. The evidence shows the registered proprietors to have used the mark in relation to telephone services, essentially offering voice communication over a telephone network by means of a pre-paid account. This is clearly not the full extent of the registered specification, and under the provisions of Section 46(5) I must consider the extent to which the mark can remain on the register.

52. When considering partial revocation of a mark, the starting point is for the court to find as a fact what use had been made of the trade mark. In *Decon Laboratories Ltd v Fred Baker Scientific Ltd* [2001] RPC 293 it was stated that because of the rights conferred by Section 10(2) of the Trade Marks Act 1994, fairness to the proprietor did not require a wide specification of goods or services. This was approved in *Thomson Holidays Ltd v. Norwegian Cruise Lines Ltd* [2003] RPC 32. In the *Thomson* case Aldous L.J conducted a useful critique of recent case law relating to revocation and referring to the *Decon* case said:

“30 Pumfrey J. was, I believe, correct that the starting point must be for the court to find as a fact what use has been made of the trade mark. The next task is to decide how the goods or services should be described. For example, if the trade mark has only been used in relation to a specific variety of apples, say Cox’s Orange Pippins, should the registration be for fruit, apples, eating apples, or Cox’s Orange Pippins?”

53. This approach was cited with approval in *West (T/A Eastenders) v Fuller Smith & Turner plc* [2003] FSR 44, stating that the aim is to arrive at “a fair description which would be used by the average consumer for the products in which the mark has been used by the proprietor”. He went on to say:

“31 In my view that task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use ... Thus, the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use.”

54. The specification stands as follows:

Telecommunications, facsimile, telex, telephone, telegram, message collection and transmission services; information and advisory services, all relating to telecommunications.

55. Quite clearly, the general term “Telecommunications” goes much wider than the service for which use has been shown, and is neither a fair or accurate reflection of that use, or how the consumer would regard it. To my mind the use falls squarely within the term “telephone services” and in that expression alone. The question, therefore, is whether that description “...reflects the circumstances of the particular trade and the way that the public would perceive the use...”.

56. In my assessment of the evidence I stated the use to be in respect of telephone services, essentially offering voice communication over a telephone network by means of a pre-paid account. I am aware that in the mobile telephony market a distinction is drawn between contracts where a fixed sum is paid each month, and pay-as-you-go services where the user pays a sum up-front and tops up the account as required, but in the main both options are available from service providers. The same is not generally the case with telephone services provided by landlines, which is the case here. With landlines a line rental is paid and call charges are billed at an agreed interval. The only difference between this, and the service provided by the registered

proprietors is that instead of being billed, the consumer pays money on account; the service is still accessed in the same way as the usual telephone network, but using an additional code.

57. Whilst I accept that there are providers who have a presence in both mobile and landline telephone services, on my understanding of the market these are distinct areas of the telecommunications industry, and this is how the public would perceive them. I consider that any revision to the specification should reflect this distinction. I do not consider that this need extends to qualifying the services as either “pre-paid” or being for “voice communication.

58. Mr Clarke for the applicants recounts a contact from the trade mark attorneys acting for Complete Minilab Services Ltd (CMS), a predecessor in title to the registered proprietors, regarding his company’s use of UNICOM, during which it was stated that CMS did not provide telecom services “*per se*”. That statement reflects that company’s view of its business and cannot be used as hostage for use against the registered proprietors in this case. Reference is also made to of Xtec’s 2004 Accounts which contain the statement that the principal activity of the company is the “purchase and sale of telephone airtime”. That may well be the case, but on the jurisprudence I have cited I do not consider that this alters my view of what constitutes a fair and recognisable subset of services for which the mark has been used. I therefore determine that the specification should be revoked in respect of all services other than “Telephone services provided via a landline”.

59. In summary, I find that the application for revocation succeeds in part, and that the registration should be revoked so as to reduce the specifications to read:

Telephone services provided via a landline

The applicants sought revocation in respect of the registration in its entirety, only seeking partial revocation in the alternative. The registered proprietors effectively sought to defend if not the whole, then certainly a significant part of that whole of the registration. Both have succeeded in part. In these circumstances I do not consider it appropriate to make an award of costs.

Dated this 5th day of July 2007

**Mike Foley
For the Registrar
The Comptroller-General**