

O-222-16

IN THE MATTER OF THE TRADE MARKS ACT 1994
AND IN THE MATTER OF UK TRADE MARK APPLICATION NO 2652113 JUMPMAN IN
THE NAME OF NIKE INNOVATE CV
AND IN THE MATTER OF OPPOSITION NO 4400331 THERETO BY INTERMAR
SIMANTO

DECISION

INTRODUCTION AND BACKGROUND

1. This appeal by the opponent from the decision of Mr Oliver Morris acting for the Registrar raises the question of the approach to evaluating genuine use of a Community Trade Mark (“CTM”) where there have been numerically significant sales in a small part of the EU which represent a tiny part of the overall market for goods for which the mark is registered. As Mr Harris, appearing for the opponent, put it, this is fundamentally a case about “small use in a small place”. The central question is what the consequences are of the use being small and geographically highly confined.
2. The basic principles applicable to determine the question of whether there has been use are not in doubt, although certain aspects of them have given rise to debate on this appeal. The application of these principles regularly gives rise to difficulties and has done so here. This tribunal’s view has fluctuated both during the course of the hearing and during preparation of the decision.
3. The underlying reason for the difficulties is a tension between fundamental principles of EU trade mark law. On the one hand, the purpose of a CTM is to provide wide rights throughout the EU and to treat every part of the EU as the same as every other. Equally, traders large and small should be treated the same under the CTM regime which broadly reflects national trade mark principles at Community level. More specifically, those with tiny businesses in (say) Bulgaria, such as the opponent, who may struggle to gain a significant foothold in the EU more widely, must be placed on an equal footing as regards acquisition and preservation of their trade mark rights as clothing giants such as the applicant. That suggests a rather generous approach to holding that use in the Community has been proved and, as the opponent submits a “low bar” to proof of use.
4. On the other hand, another purpose of the law is to ensure that there is proper and sufficient justification for trade mark rights which, if granted and

maintained, can have very wide effects. In this case, for example, registration by the opponent of the term JUMP is said to preclude registration (and possibly use) of the term JUMPMAN for footwear everywhere in the EU. It is equally undesirable for trade mark law to enable those with a tiny business in one small corner of the EU to be able to prevent the use by another, possibly in an equally remote far corner of the EU which may not interfere with the first trader's business in any respect or, in the worst cases, permit the trade mark system to be used for unproductive rent seeking by those who have acquired prior trade mark rights.

5. These desirable aims are not always easy to reconcile and the issue of use of a mark is one area where they come into particular conflict. The enlargement of the EU and the proliferation of registrations and applications has made these issues more acute and, as considered in greater detail below, the guidance from the CJEU has sought to take these matters into account to some extent. Trade mark registration authorities are in a position where they have to apply the general guidance of the CJEU which does not point to a unequivocal answer in any given case and instead requires multifactorial assessments. That provides flexibility to tailor the outcome to the circumstances of individual cases but sacrifices some legal certainty in the process.

THE PRESENT CASE

6. The issue of use here arises in the context of opposition proceedings in which the opponent, which is the proprietor of a CTM JUMP for footwear (among other things) objects to the proposed registration by the applicant of the mark JUMPMAN also for footwear (among other things).
7. The opponent's CTM 2752145 was filed on 25 June 2002 and entered on the register on 2 February 2006 in respect of footwear and socks in class 25. That mark is relied on as the basis for a ground of opposition under section 5(2)(b) of the Trade Marks Act 1994 ("the Act"). Given that the earlier mark completed its registration process more than five years before the publication of the applicant's mark, the use conditions under section 6A of the Act apply. The opponent accordingly made a statement that its mark has been used in relation to "footwear".
8. The applicant for the mark contends that the opponent's JUMP mark forms no proper basis for opposition to its proposed registration because that mark has not satisfied the use requirements under the act during the relevant 5 year period (which in this case was from 2 March 2008 to 1 March 2013). The opponent, in contrast, contends that it has been sufficiently used in the Community for the purposes of the Community Trade Mark Regulation

("CTMR") and that the later JUMPMAN mark should not be registered having regard to it.

9. The hearing officer undertook a careful review of the evidence filed by both opponent and by the applicant and concluded that the opponent had not satisfied the requirements of use, having regard to the relevant principles of EU law. Accordingly, he did not go on to decide the question of whether the marks JUMP and JUMPMAN were sufficiently similar in respect of the relevant goods to preclude registration of the latter by the applicant. The parties were agreed that, if this appeal was allowed, it would be necessary for the case to be remitted for consideration of that issue.

APPROACH TO APPEAL

10. The correct approach to appeals of this kind, which I adopt here, was summarized by Floyd J's (as he then was) in *Galileo International Technology LLC v European Union* [\[2011\] ETMR 22](#) as follows

"11.Such appeals are not by way of a rehearing but are a review. The principles were set out by Robert Walker LJ in *Bessant and others v South Cone Inc* [\[2003\] RPC 5](#), at paragraphs 17 to 30. Robert Walker LJ said at [28]:

"The appellate court should in my view show real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle."

12. At paragraph 29, Robert Walker LJ said this: "The appellate court should not treat a judgment or a written decision as containing an error of principle simply because of its belief that the judgment or decision could have been better expressed."

13. In that case the High Court judge had reversed the decision of a Hearing Officer. The Court of Appeal held that he had been wrong to do so. Robert Walker LJ in dismissing the appeal said this:

"I consider that the Hearing Officer did not err in principle, nor was he clearly wrong."

14. I conclude that, unless I am satisfied that the Hearing Officer made an error of principle, I should be reluctant to interfere. I should interfere if I consider that his decision is clearly wrong, for example if I consider that he has drawn inferences which cannot properly be drawn, or has otherwise reached an unreasonable conclusion. I should not interfere if his decision is one which he was properly entitled to reach on the material

before him.” (see Henry Carr QC in *Healey Sports Cars Switzerland Ltd v Jensen Cars Ltd* [2014] EWHC 24 (Pat)).

FACTS

11. It is convenient to begin with considering the facts which, as summarised by the hearing officer, were not in dispute on this appeal.
12. First, the overall picture that emerges from the evidence was that the opponent is a Turkish business focused on footwear, which had made sales in various EU countries prior to the relevant 5 year use period but which, during the relevant period, had only made sales in Bulgaria (with evidence of some very modest trade sales to Romania). The footwear sold in Bulgaria was sold via a retail outlet in the substantial town of Varna. Photographs of the shop and the display of the shoes bearing the JUMP mark were exhibited in the evidence. The evidence also suggested that there was a focus on Bulgaria, in the light of the catalogue provided.
13. The hearing officer accepted certain criticisms made of the opponent’s evidence of use in the EU and summarized his findings of fact at para. [40] of the decision. The salient parts of this evidence are as follows:
 - i) Prior to the relevant period (in 2005) 53k pairs of footwear were sold to a total of four businesses in Germany, Finland, Spain and Greece.
 - ii) Prior to the relevant period (in 2007) 802 pairs of footwear were sold to a single business in Bulgaria.
 - iii) During the relevant period, 55k pairs of footwear (with an approximate value of \$476k) were sold to a Bulgarian company called Runners.
 - iv) The trade mark JUMP was used in relation to the goods sold.
 - v) The footwear sold was primarily trainers, but some other casual shoes were also sold.
 - vi) The sales in the relevant period were made over the course of the last 16 months of the five year period. Indeed, on the evidence from 2005 to 2012, a period of 7 years, there were no EU sales.
 - vii) Runners sold the JUMP products it purchased to end-consumers through its shop in Varna, Bulgaria. The shop had an area dedicated to JUMP footwear from March 2012 (one year before the end of the

relevant period) displaying JUMP signage. It is not clear what proportion of the goods it obtained from the opponent were sold to end-users. But, given that repeat orders were made, it is reasonable to infer that a good proportion of stock was sold.

viii) Runners sold 170 pairs of the footwear it purchased to a Romanian company in April 2012. What the Romanian company did with them is not clear.

ix) Sales to Runners continued after the relevant period, so too would have Runners' sales through its shops, but in more Bulgarian towns.

x) The opponent produced a Bulgarian language catalogue for its JUMP footwear products in early 2013, three months before the end of the relevant period. There is no evidence as to its circulation.

xi) Earlier catalogues may have been distributed to the opponent's customers (at best, those the opponent supplied directly) but there is no evidence that these were in Bulgarian (or any other EU language).

THE HEARING OFFICER'S EVALUATION OF THE EVIDENCE OF USE

14. The hearing officer set out in his judgment the key principles from the leading cases (which are considered further below) and analysed the facts with regard to them at paragraphs [41] onwards.

“Has there been genuine use in the EU?”

41. This, I think, is the real nub of these proceedings. Based on the above findings of fact, it is clear that the opponent's JUMP footwear products have, literally speaking, been sold in the EU given that Bulgaria is in the EU. The sales, amounting to 55k pairs in the relevant period, do not strike me as a business that is operating on a sham or token level in the sense of merely attempting to preserve the registration. However, it does not follow that all non-sham/token use (in the sense I have described) qualifies as genuine use. Mr Brandreth referred to the judgment of Mr Henry Carr QC (sitting as a Deputy High Court Judge) in the Healy case (2014 EWHC 24 (Pat) which supports that view:

“In my judgment, acts which were not done merely to preserve the rights conferred by the registration may nonetheless be insufficient to constitute use within the meaning of section 46(1)(a). This is clear from the requirement to take all relevant facts and circumstances into account.”

42. Mr Harris considered that the use shown was non-sham commercial use. I accept that, but, again, this is not, in and of itself, the answer. In Case C-141/13 *P Reber Holding GmbH & Co. KG v OHIM, Wedl & Hofmann GmbH* the CJEU stated:

“31 As a first stage, in paragraphs 33 and 37 of the judgment under appeal, the General Court held – having regard to the evidence produced by the appellant – that the actual commercial use of the earlier trade mark ‘Walzertraum’ was undisputed and that there was a certain degree of continuity in its use.

32 However, contrary to the view taken by the appellant, the assessment of the genuine use of an earlier trade mark cannot be limited to the mere finding of a use of the trade mark in the course of trade, since it must also be a genuine use within the meaning of the wording of Article 43(2) of Regulation No 40/94. Furthermore, classification of the use of a trade mark as ‘genuine’ likewise depends on the characteristics of the goods or service concerned on the corresponding market (*Ansul*, EU:C:2003:145, paragraph 39). Accordingly, not every proven commercial use may automatically be deemed to constitute genuine use of the trademark in question.”

43. Mr Harris argued that the Reber case had not altered the state of the law and that the context of use in those proceedings was much smaller than the context of use in the present proceedings. He referred to the decision of Ms Amanda Michaels (sitting as the Appointed Person) in 100% Capri (BL O/357/14) where she stated:

“19. Since then, and indeed since the hearing of the appeal, the CJEU has delivered its judgment in Case C-141/13, *Reber Holding GmbH & Co KG v OHIM*, 17 July 2014. In that case, an application for a CTM was opposed by the proprietor of a national mark which was put to proof of use of the mark. The evidence showed that the earlier mark had been used in relation to hand-made chocolates which had been sold only in one café in a small town in Germany. Sales of some 40-60 kg of chocolates per annum were shown, but given the overall size of the German market for confectionery and the lack of geographical spread of sales, the CJEU upheld the General Court’s finding that there had been no genuine use of the German mark. On the facts of the case, it might be thought that the CJEU had approved the application by the General Court of a stricter

test of genuine use than in the earlier jurisprudence, and in particular *La Mer*, in which the CJEU had held that there was no ‘quantitative threshold’ to pass. However, in *Reber* the CJEU referred at [29] to that earlier jurisprudence, including *Ansul* and *La Mer*, and the need to consider all the circumstances of the case, and so it does not seem to me that the Court intended to diverge from its established approach to the assessment of genuine use.”

44. I do not disagree with Mr Harris’ view that the law has not really changed, however, *Reber* is nevertheless a very good example of commercial use that was neither sham nor token, but nevertheless was not genuine; it is therefore a clarification of the earlier case-law. Neither do I disagree with Mr Harris’ view that the level of use in *Reber* constitutes a smaller scale of use than in the present proceedings, however, again, that does not mean that the opponent’s use is genuine. I must consider all the relevant circumstances relating to the use before the tribunal.

45. The question is whether the use is aimed at maintaining or creating an outlet for the goods or a share in the relevant market. The market in question is the footwear market in the EU. Although geographical spread is just one of the relevant circumstances, the EU perspective cannot be ignored. Otherwise, any use considered as genuine in a single Member State would always qualify as genuine use in the EU simply on account of the Member State being physically located in the EU. Such an approach would fail to recognise the “all relevant circumstances” approach. Mr Brandreth highlighted the judgment in *Onel*, particularly paragraph 54, which states:

“54 Second, whilst it is reasonable to expect that a Community trade mark should be used in a larger area than a national mark, it is not necessary that the mark should be used in an extensive geographic area for the use to be deemed genuine, since such a qualification will depend on the characteristics of the product or service concerned on the corresponding market (see, by analogy, with regard to the scale of the use, *Ansul*, paragraph 39).”

46. He argued that a limited geographical spread was a strong indicator of the use not being genuine. He felt that the only reason why the Court did not expressly say that use in a larger area than a national mark would be required to establish genuine use in the EU was to deal with the possibility that the market for some types of goods would be geographically limited within the EU. He argued that footwear was not

a product whose market was in any way limited. I personally doubt that the Court would ever lay down such a prescriptive rule, but I nevertheless agree that the geographical spread of use, or in this case an absence of it, is an important circumstance. This and other circumstances to bear in mind are that:

i) The footwear market in the EU is manifestly huge and there are no special characteristics to it. These are consumer goods likely to be purchased reasonably frequently by all the population of the EU.

ii) The quantum of sales is manifestly miniscule when compared to the size of the EU footwear market.

iii) The sales lack regularity and frequency, all of them being made in the last 16 months of the relevant period.

iv) The geographical spread is extremely limited, there is just one direct customer in Bulgaria and one indirect customer in Romania. The Bulgarian customer would have sold the footwear to end-users, but the evidence is that this is through just one shop in Varna.

v) The sales to the Romanian customer are exceptionally limited and there is no evidence of sales to end-consumers being made.

vi) The only catalogue in an EU language (Bulgarian) was produced in 2013 (three months before the end of the relevant period) – its level of circulation is not set out.

47. Mr Harris submitted that there is no de minimis level, no bar over which the opponent must leap once he has shown non-sham use. The use must, however, be considered genuine in accordance with the tests the Courts have laid down. I do not consider that the pre-relevant period use (even though it has greater geographical spread within the EU) is of much assistance in establishing genuine use in the EU because it was so long before the activities during the relevant period. Neither do I consider Mr Nahmias' reference to Bulgaria being used as an export base to be helpful, as this is simply not supported by the facts. I have considered whether the use in question is "*warranted in the economic sector concerned as a means of maintaining or creating [EU] market share for the goods or services protected by the mark, the nature of those goods or services, the characteristics of the [EU] market and the scale and frequency of use of the mark*" (per Ansul, paragraph 43, Sunrider v

OHIM, paragraph 70, and the order in *La Mer Technology*, paragraph 27). In my view, the very small scale, very geographically limited use shown, over just 16 months of the relevant 5 year period, is insufficient to constitute real commercial exploitation of the mark in the EU and therefore genuine use. The consequence of this is that the earlier mark cannot be relied upon in these proceedings and the opposition must, therefore, be dismissed.”

15. As the opponent rightly said in its skeleton argument, in approaching the assessment of use, the hearing officer thereby set out the standard and uncontroversial tests summarised by Arnold J in *Stichting BDO and others v BDO Unibank, Inc and others* including the reference to use by a single importer in *La Mer*. Nonetheless, I have set out the hearing officer’s reasoning in full since the opponent contends that, in applying the tests, his decision contains several errors of principle and approach and that he failed to take adequate account of certain matters. It is also said that the evaluation was plainly wrong.

ARGUMENTS ON APPEAL

16. It is convenient to take the principal arguments advanced on appeal, which from the summary in the opponent’s skeleton argument. These reflect the Grounds of Appeal albeit somewhat refined and re-ordered. The opponent contends that the hearing officer made numerous errors as follows:
 - a. He proceeded sceptically on the flawed basis that *Reber* (supported in principle by *Healey*) in some way “clarified” the law in such a way that a “small” quantum of otherwise genuine and typical commercially justifiable use was equivalent to symbolic, negligible, insignificant or trivial use, contrary to *La Mer* and *Centrotherm*;
 - b. He did not assess whether the level of use nevertheless served a real commercial purpose (*La Mer*);
 - c. He wrongly took into account market share and size, contrary to *Centrotherm*;
 - d. He wrongly assumed *Leno* required the assessment of the geographical extent of use and the relevant “market” should be made relative to the physical geography of the EU, rather than to the characteristics of the economic market concerned;
 - e. Contrary to *Leno* he was wrongly influenced by a belief that the principles excluded the possibility any use considered as genuine in a single Member State would always qualify as genuine use in the EU simply on account of the Member State being physically located in the EU.

- f. He approached the assessment exclusively by reference to “quantitative” issues, as can be shown by the fact that paragraphs 41-47 are dominated by the application of *Reber* and *Leno*.
 - g. He failed to take account of all relevant qualitative circumstances, such as all the characteristics of the economic market concerned, the nature and history of the Opponent’s business and the fact that the proprietor was an import business with a real commercial justification for its operations, contrary to *La Mer*.
 - h. The Hearing Officer erred in taking into account the opinion evidence of Ms Richardson at WS/CMR paragraph 17.
17. These arguments can be viewed under two broad headings with some overlap between them.
 18. First, whether the extent of use, geographical and otherwise, can feature in the evaluation and if so how. Points a, d and e form a group under this theme. The central issue on these points is whether, even assuming that the use proven in question is genuine (in the sense of not sham) how should the extent of use (volume, value and geographical extent) feature in the evaluation of whether there has been use in the Community for the purpose of Article 15 CTMR?
 19. Second, whether the hearing officer correctly evaluated the extent of use and used the correct standards in doing so. Points b, c, f, g in the above list naturally group together under this general heading. Some of the arguments here are correlates of others. Thus the contention that the hearing officer wrongly evaluated matters by reference to quantitative issues is no different in substance to the contention that he did not take sufficient account of qualitative matters. Those grounds are all, in substance, different ways of attacking the hearing officer’s conclusion that the use which he took to be proven was insufficient. Point h, in the above list is also related to these issues.
 20. Finally, the opponent contends that even if the right factors were taken into account, the hearing officer nonetheless reached a conclusion that was plainly wrong and that this tribunal should take a different view. Some of the points identified above come in under this ground as well.

LAW

21. In order to evaluate these challenges to the hearing officer’s approach, it is necessary to summarise the current state of the law with respect to use of a

CTM, so far as relevant to the present case, and then consider whether the hearing officer's approach diverged from it.

Evaluation of use - *Ansul, La Mer, Reber, Leno*

22. Before turning to the case law it is worth recalling that is fundamental to the nature of a CTM that it is regarded as a unitary right, effective throughout the EU. A CTM provides rights which, both geographically and in other respects, are more extensive than national trade mark rights. One consequence of this is that it restricts the freedom of other traders to use marks which are the same or similar in respect of the same or similar goods throughout the EU, not merely in a single member state. It might therefore be thought that it is equally fundamental to the EU trade mark regime that a registration which provides EU-wide rights against other traders must be justified on an EU-wide basis.
23. Nonetheless, it is no objection to the continued registration of a national trade mark that the mark has only been used in a limited location. If a UK trade mark is registered and has only been used (say) in a single outlet in London, albeit on a commercial scale, the fact that such a registration may bar the use of the same or a similar sign in Lancashire where it has never been used is no reason to prevent its registration. There is no reason, in principle, it is said, why a similar approach should not apply with respect to CTMs on a EU-wide basis. The opponent therefore challenges the extent to which evaluation of the extent of use is relevant to the evaluation once it has been established that there was some use and it was not merely token. Since this is ground well travelled in other cases, I have not undertaken a comprehensive review of the authorities but highlight here the most important passages.

Ansul

24. Turning to the case law, first, in *Ansul*, the CJEU said at paras. [36]-[39] (emphases added):

"36. "Genuine use" must therefore be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark. Such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin.

37. It follows that "genuine use" of the mark entails use of the mark on the market for the goods or services protected by the mark and not just internal use by the undertaking concerned. The protection the mark confers and the consequences of registering in terms of enforceability *vis-a-vis* third parties cannot continue to operate if the mark loses its commercial *raison d'être*, which is to create and preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade mark proprietor or, as envisaged in article 10(3) of the Directive, by a third party with authority to use the mark.

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

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

25. The court was thereby making clear that, while use need not always be quantitatively significant for it to be deemed genuine, the evaluation of whether the commercial exploitation of the mark was “real” could legitimately take account of the significance of the use in the economic sector concerned.

La Mer in the CJEU

26. *Ansul* was followed by a further decision of the CJEU in *La Mer*. The reasoned order of the CJEU in *La Mer*, said (emphasis added):

"20. It follows from those considerations that the preservation by a trade mark proprietor of his rights is predicated on the mark being put to genuine use in the course of trade, on the market for the goods or services for which it was registered in the Member State concerned.

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

22. The question whether use is sufficient to preserve or create market share for those products or services depends on several factors and on a case by case assessment which is for the national court to carry out. The characteristics of those products or services, the frequency or regularity of the use of the mark, whether the mark is used for the purpose of marketing all the identical products or services of the proprietor or merely some of them, or evidence which the proprietor is able to provide, are among the factors which may be taken into account.

23 Similarly, as emerges from paras.[35]-[39] of Ansul set out above, the characteristics of the market concerned, which directly affect the marketing strategy of the proprietor of the mark, may also be taken into account in assessing genuine use of the mark.

24. In addition, use of the mark by a single client which imports the products for which the mark is registered can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor of the mark."

La Mer in the Court of Appeal

27. Those decisions of the CJEU were considered in the judgments of the Court of Appeal in the *La Mer* case [2005] EWCA Civ 978. Both members of the Court of Appeal who gave substantive judgments criticized any attempt to create a quantitative threshold in evaluating use of the national trade mark in issue.

28. At paras. [31]-[32], Mummery LJ said that the effect of Blackburne J's judgment (which had held that use had not been established) was

“to erect a quantitative and qualitative test for market use and market share which was not set by the Court of Justice in its rulings”

and that

“[t]he modest amount of the quantities involved and the more restricted nature of the import market did not prevent the use of the mark on the goods from being genuine use on the market. The Court of Justice made it clear that, provided the use was neither token nor internal, imports by a single importer could suffice for determining whether there was genuine use of the mark on the market”.

29. Neuberger LJ, as he then was, said that paras. [37]-[39] of *Ansul* did not impose “an additional requirement of substantial, or even significant, use.” He continued:

“45. The notion that the use of the trademark must be substantial or significant before it qualifies as "genuine" seems to me to run into two difficulties in any event. The first is that it does not involve attributing the word "genuine" its natural meaning, although this point of course potentially substantially weakened by the fact that the equivalent word used in the text in Article 10 in other languages may carry with it a slightly different meaning.

46. Secondly, once one imposes a requirement of significance or substantiality, it becomes potentially difficult, time-consuming, and expensive to decide whether, in any particular case, that requirement is satisfied. In this connection, Mr Tritton made a fair point when he suggested that the introduction of a test of significant use could lead to detailed arguments about the precise nature and extent of the market in which a particular trademark is to be used, as well as a detailed enquiry in many cases as to the precise nature and extent of the use of the particular mark over the relevant 5 year period. I do not regard that as a particularly desirable outcome.

47. Although the use of the instant mark within the jurisdiction can be said to be close to exiguous, I do not think it could be characterised as *de minimis*. Even if it could be so characterised, I do not consider that that concept would be a useful or helpful one to invoke or apply, even if it had not been effectively ruled out by the European Court”.

30. Had matters rested there and had those observations concerned a CTM as opposed to a national trade mark, I would have considered that the decision of the hearing officer in the present case may have been open to criticism on the basis that it appeared to take into account both quantitative considerations and considerations of geographical extent, and that is erroneously proceed on the basis that use which was not token may nonetheless not be sufficient to establish genuine use of a CTM.
31. However, since the decisions in *La Mer* and *Ansul* there have been a number of important decisions of the CJEU specifically relating to CTMs which, in my judgment, have taken the position somewhat further particularly with respect to evaluation of use of such marks. Of these, the most significant are perhaps *Reber* and *Leno*. It is convenient to consider these in turn together with some of the commentary on them in the more recent authorities.

Reber

32. *Reber Holdings GmbH & Co KG v. OHIM* C-141/13P was an appeal to the CJEU from the decision of the General Court by which the General Court dismissed the action for annulment of the Decision of the Fourth Board of Appeal of OHIM in opposition proceedings.
33. The heart of the issue in that case was whether the Fourth Board of Appeal had been correct to conclude that the very small amounts of pralines sold by the appellant through its shop in the resort town of Bad Reichenhall were sufficient to satisfy the use requirements for its CTM “Walzer Traum” registered inter alia for chocolates. That mark was, as in the present case, being relied on to prevent registration by a third party of a mark for its own different goods (in that case, largely coffee). The Opposition Division of OHIM held that there had been sufficient use. However, the Board of Appeal held there had not been and that view of the Board of Appeal was upheld up to the CJEU.
34. The Board of Appeal held, in particular, that in view of the nature of the goods and, even taking into account that they were hand made chocolates, the quantities sold were not sufficient to provide a genuine guarantee of the German chocolate and praline market with the result that the use of the earlier trade mark had only marginal local significance.
35. Among the arguments advanced were points similar to those raised on this appeal. In particular, it was said that it was only necessary to verify the genuineness of use and that the evaluation of significance should have been undertaken by reference to the category of hand-made pralines, not

chocolates in general (of which the appellant's pralines occupied a tiny fraction).

36. The CJEU said at para. [32], in a passage referred to by the hearing officer in the present case, that the assessment of genuine use of an earlier trade mark “cannot be limited to a mere finding of use of a trade mark in the course of trade, since it must also be genuine use within the meaning of the wording of Article 43(2) of Regulation No 40/94” and that “not every proven commercial use may automatically be deemed to constitute genuine use of the trade mark in question”.
37. The CJEU approved at para. [33] the overall assessment undertaken by the General Court taking into account among other things the volume of sales of the goods protected by the trade mark, the nature and characteristics of those goods and the geographical coverage of the use of the trade mark. The Board of Appeal (and the Court of Justice) were unimpressed by the argument that the use had been held to justify registration of other German national marks.
38. That decision was followed by the General Court in *Nanzeen Investments Ltd v. OHIM* Case T-250/13. That case was under further appeal at the time of the hearing in this case and judgment of the CJEU was published in March 2016. The case (Case C-252/15 P) afforded an opportunity for the CJEU to review and, if appropriate, refine the principles in *Reber* but it declined to do so. Instead, it restated them and gave implicit further support to the overall approach to evaluation undertaken in *Reber*.
39. Two points merit comment. First, like the General Court, the CJEU judgment reiterated the principles set out, inter alia, in *Reber* as follows:

“56 It should be recalled that, as the General Court stated correctly in paragraphs 25 and 26 of the judgment under appeal, there is genuine use of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark. When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark in the course of trade is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of

the mark (judgment in *Reber Holding v OHIM*, C-141/13 P, EU:C:2014:2089, paragraph 29 and the case-law cited).”

40. Second, the CJEU did not call into question the approach taken by the General Court in its evaluation of the evidence of use in the context of the market. To the contrary, it said:

“63 Next, the appellant also misreads the judgment under appeal when it complains that the General Court laid down the principle that, in a market of a significant size, a small quantity of goods cannot be sufficient to establish genuine use of the mark under which those goods are registered. The General Court did not in any way lay down such a principle, but merely noted, in paragraphs 35 and 51 of the judgment under appeal, a series of facts that suggested, in its view, that the use of the mark at issue could not be regarded as sufficient, in the economic sector concerned, to be deemed genuine. Such findings of fact — save where the facts are distorted, which has not been alleged in the present case — fall within the appraisal to be made by the General Court alone and, accordingly, cannot be contested in the present appeal.”

41. The overall tenor of that judgment is that the approach taken by the Board of Appeal, the General Court, the CJEU in *Reber* and the General Court in *Naazneen* were not open to serious question and that they amounted to an explanation of how the principles established in the earlier case law should be applied to CTMs. To that extent, I do not accept the opponent’s criticism of the manner in which the hearing officer characterized *Reber*.

Leno

42. *Leno Merken BV v Hagelkruis Beheer BV* [2012] EUECJ C-149/11 was a reference from the Hoge Rad decided in December 2012. By that stage the CJEU was exhibiting an increased degree of sensitivity to the need to balance the various competing requirements of trade mark law of the kind outline above. A number of points from that judgment merit comment.

43. First, the reference took place against the background of an uncertainty as to the impact of certain statements by the relevant legislative authorities concerning the concept of use. Thus, the CJEU said:

“23 The referring court is unsure, however, of the importance of Joint Statement No 10 regarding Article 15 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994, L 11, p. 1), entered in the minutes of the meeting of the Council of the European Union at which Regulation No 40/94 was adopted (published

in the Official Journal of OHIM, 1996, p. 613; the “Joint Statement”), according to which “[t]he Council and the Commission consider that use which is genuine within the meaning of Article 15 in one country constitutes genuine use in the Community”.

44. It was doubtless thought by some that this joint statement would put the matter beyond doubt, since it was there said that proof of use in one country was sufficient to constitute genuine use in the Community. If that approach were accepted, on one view there would be no need for any form of assessment (quantitative or qualitative) of the use in question in the context of the Community as a whole: once it had been established that the use would satisfy the requirements of registration of a national mark (i.e. was genuine and non-token) it would automatically satisfy the requirements of use for a CTM.
45. However, the CJEU did not take that course and was un-persuaded of the value for interpretation of the law of reliance on this material. Instead, it drew attention to the similarities but also to the differences between national trade marks and CTMs with respect to their territorial scope. In particular, the court said:

“30 The Court has also stated that the territorial scope of the use is only one of several factors to be taken into account in the determination of whether that use is genuine or not (see *Sunrider v OHIM*, paragraph 76).

31 That interpretation may be applied by analogy to Community trade marks since, in requiring that the trade mark be put to genuine use, Directive 2008/95 and Regulation No 207/2009 pursue the same objective.

32 Indeed, it follows both from recital 9 to the directive and from recital 10 to the regulation that the European Union legislature intended to make the preservation of the rights connected to the trade mark conditional upon it actually being used. As the Advocate General has pointed out in points 30 and 32 of her Opinion, a Community trade mark which is not used could obstruct competition by limiting the range of signs which can be registered as trade marks by others and by denying competitors the opportunity to use that trade mark or a similar one when putting onto the internal market goods or services which are identical or similar to those covered by the mark in question. Consequently, non-use of a Community trade mark also risks restricting the free movement of goods and services.

33 Account must none the less be taken, when applying by analogy to

Community trade marks the case-law cited in paragraph 29 of this judgment, of the difference between the territorial extent of the protection conferred on national trade marks and that of the protection afforded to Community marks, a difference which is in any event apparent from the wording of the provisions relating to the requirement for genuine use which apply to those two types of marks respectively.

34 Thus, on the one hand, Article 15(1) of Regulation No 207/2009 provides that, “[i]f, within a period of five years following registration, the proprietor has not put the Community trade mark to genuine use in the Community in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use”. On the other, Article 10 of Directive 2008/95 lays down in essence the same rule in respect of national trade marks, whilst providing that they must have been put to genuine use “in the Member State”.

35 That difference between the two sets of trade mark rules as regards the territorial scope of “genuine use” is also emphasised by Article 42(3) of Regulation No 207/2009. That provides that the rule set out in paragraph 2 of Article 42 - namely that where notice of opposition has been given, the applicant for a Community trade mark may require proof that the earlier Community trade mark has been put to genuine use in the Community - is also applicable to earlier national trade marks “by substituting use in the Member State in which the earlier national trade mark is protected for use in the Community”.

36 It should, however, be observed that, as is apparent from the case-law referred to in paragraph 30 of this judgment, the territorial scope of the use is not a separate condition for genuine use but one of the factors determining genuine use, which must be included in the overall analysis and examined at the same time as other such factors. In that regard, the phrase “in the Community” is intended to define the geographical market serving as the reference point for all consideration of whether a Community trade mark has been put to genuine use.”

46. The court was thereby highlighting the importance of viewing the question of whether there had been use or non-use of a CTM in particular from an EU perspective.

47. The court declined to lay down prescriptive guidance as to exactly how much use (in terms of volume or geographical extent) would be required but explained that the national authorities were required to undertake an evaluation which took account of those matters albeit not focusing on national boundaries or use in a particular member state. Thus, the court said (emphasis added):

“50 Whilst there is admittedly some justification for thinking that a Community trade mark should - because it enjoys more extensive territorial protection than a national trade mark - be used in a larger area than the territory of a single Member State in order for the use to be regarded as “genuine use”, it cannot be ruled out that, in certain circumstances, the market for the goods or services for which a Community trade mark has been registered is in fact restricted to the territory of a single Member State. In such a case, use of the Community trade mark on that territory might satisfy the conditions both for genuine use of a Community trade mark and for genuine use of a national trade mark.

51 As the Advocate General has observed in point 63 of her Opinion, it is only where a national court finds that, when account is taken of all the facts of the case, use in a Member State was insufficient to constitute genuine use in the Community, that it may still be possible to convert the Community trade mark into a national trade mark, applying the exception in Article 112(2)(a) of Regulation No 207/2009.

52 Some of the interested persons to have submitted observations to the Court also maintain that, even if the borders of the Member States within the internal market are disregarded, the condition of genuine use of a Community trade mark requires that the trade mark should be used in a substantial part of the Community, which may correspond to the territory of a Member State. They argue that such a condition follows, by analogy, from Case C-375/97 *General Motors* [1999] ECR I-5421, paragraph 28, Case C-328/06 *Nieto Nuño* [2007] ECR I-10093, paragraph 17, and Case C-301/07 *PAGO International* [2009] ECR I-9429, paragraph 27).

53 That argument cannot be accepted. First, the cases in question concern the interpretation of provisions relating to the extended protection conferred on trade marks that have a reputation or are well known in the Community or in the Member State in which they have been registered. However, the requirement for genuine use, which could result in an opposition being rejected or even in the trade mark being

revoked, as provided for in particular in Article 51 of Regulation No 207/2009, pursues a different objective from those provisions.

54 Second, whilst it is reasonable to expect that a Community trade mark should be used in a larger area than a national mark, it is not necessary that the mark should be used in an extensive geographic area for the use to be deemed genuine, since such a qualification will depend on the characteristics of the product or service concerned on the corresponding market (see, by analogy, with regard to the scale of the use, *Ansul*, paragraph 39).

55 Since the assessment of whether the use of the trade mark is genuine is carried out by reference to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark serves to create or maintain market shares for the goods or services for which it was registered, it is impossible to determine a priori, and in the abstract, what territorial scope should be chosen in order to determine whether the use of the mark is genuine or not. A *de minimis* rule, which would not allow the national court to appraise all the circumstances of the dispute before it, cannot therefore be laid down (see, by analogy, the order in *La Mer Technology*, paragraphs 25 and 27, and the judgment in *Sunrider v OHIM*, paragraphs 72 and 77).

56 With regard to the use of the Community trade mark at issue in the main proceedings, the Court does not have the factual information necessary to enable it to provide the referring court with more specific guidance as to whether or not there is genuine use of that trade mark. As can be seen from the foregoing considerations, it is for the referring court to assess whether the mark in question is used in accordance with its essential function and for the purpose of creating or maintaining market share for the goods or services protected. That assessment must have regard to all the facts and circumstances relevant to the main proceedings, including the characteristics of the market concerned, the nature of the goods or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity.

57 The answer to the questions referred is therefore that Article 15(1) of Regulation No 207/2009 must be interpreted as meaning that the territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to “genuine use in the Community” within the meaning of that provision.

58 A Community trade mark is put to “genuine use” within the meaning of Article 15(1) of Regulation No 207/2009 when it is used in accordance with its essential function and for the purpose of maintaining or creating market share within the Community for the goods or services covered by it. It is for the referring court to assess whether the conditions are met in the main proceedings, taking account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity.”

48. It is clear from this guidance that there is no rule of law which says that genuine use proven only within the territory of a single member state can never be regarded as sufficient to satisfy the requirements of use of a CTM. Equally, there is no rule of law which says that proof of use which would suffice to justify continued registration of a national trade mark will always justify continued registration of a CTM. That is so even though the use in question would, ex hypothesi, fall to be regarded as genuine, “real” use in that member state in question. The CJEU was, in these passages, de-emphasizing the role of national boundaries but was not thereby suggesting that it was unnecessary to evaluate the geographical extent of use under the CTMR to determine the ultimate question of whether there had been use in the EU.

London Taxi Company

49. After the hearing of this appeal, it came to my attention that the High Court was also due to review the law in this area in early 2016. Although neither party invited me to do so, it seemed appropriate to defer delivering this decision until the outcome of that decision was known in that case. This decision did not change the law in this area but summarized its effect with particular clarity.
50. Arnold J’s judgment in *The London Taxi Corporation Ltd (t/a The London Taxi Company) v Frazer-Nash Research Ltd & Anor* [2016] EWHC 52 (Ch) said the following on this issue:

“227. *The law with respect to genuine use in the Community.* Whereas a national mark needs only to have been used in the Member State in question, in the case of a Community trade mark there must be genuine use of the mark “in the Community”. In this regard, the Court of Justice has laid down additional principles to those summarised above [as to which in this decision, see below] which I would summarise as follows:

(9) The territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to genuine use in the Community: *Leno* at [44], [57].

(10) While it is reasonable to expect that a Community trade mark should be used in a larger area than a national trade mark, it is not necessary that the mark should be used in an extensive geographical area for the use to be deemed genuine, since this depends on the characteristics of the goods or services and the market for them: *Leno* at [50], [54]-[55].

(11) It cannot be ruled out that, in certain circumstances, the market for the goods or services in question is in fact restricted to the territory of a single Member State, and in such a case use of the Community trade mark in that territory might satisfy the conditions for genuine use of a Community trade mark: *Leno* at [50].

228. Since the decision of the Court of Justice in *Leno* there have been a number of decisions of OHIM Boards of Appeal, the General Court and national courts with respect to the question of the geographical extent of the use required for genuine use in the Community. It does not seem to me that a clear picture has yet emerged as to how the broad principles laid down in *Leno* are to be applied. It is sufficient for present purposes to refer by way of illustration to two cases which I am aware have attracted comment.

229. In Case T-278/13 *Now Wireless Ltd v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:T:2015:57] the General Court upheld at [47] the finding of the Board of Appeal that there had been genuine use of the contested mark in relation to the services in issue in London and the Thames Valley. On that basis, the General Court dismissed the applicant's challenge to the Board of Appeal's conclusion that there had been genuine use of the mark in the Community. At first blush, this appears to be a decision to the effect that use in rather less than the whole of one Member State is sufficient to constitute genuine use in the Community. On closer examination, however, it appears that the applicant's argument was not that use within London and the Thames Valley was not sufficient to constitute genuine use in the Community, but rather that the Board of Appeal was wrong to find that the mark had been used in those areas, and that it should have found that the mark had only been used in parts of London: see [42] and [54]-[58]. This stance may have been due to the fact that the applicant was based in Guildford, and thus a finding which still left open the

possibility of conversion of the Community trade mark to a national trade mark may not have sufficed for its purposes.

230. In *The Sofa Workshop Ltd v Sofaworks Ltd* [\[2015\] EWHC 1773 \(IPEC\)](#), [\[2015\] ETMR 37](#) at [25] His Honour Judge Hacon interpreted *Leno* as establishing that "genuine use in the Community will in general require use in more than one Member State" but "an exception to that general requirement arises where the market for the relevant goods or services is restricted to the territory of a single Member State". On this basis, he went on to hold at [33]-[40] that extensive use of the trade mark in the UK, and one sale in Denmark, was not sufficient to amount to genuine use in the Community. As I understand it, this decision is presently under appeal and it would therefore be inappropriate for me to comment on the merits of the decision. All I will say is that, while I find the thrust of Judge Hacon's analysis of *Leno* persuasive, I would not myself express the applicable principles in terms of a general rule and an exception to that general rule. Rather, I would prefer to say that the assessment is a multi-factorial one which includes the geographical extent of the use."

51. Although I too have reservations in commenting on the *Sofa Workshop* decision for the same reasons as given in that judgment, I also prefer Arnold J's account of *Leno* to the formulation in the *Sofa Workshop* case.
52. First, the formulation in *London Taxi Company* accords well with the general approach of the CJEU in this area, which has not hitherto been to lay down particularly prescriptive guidance stating that a given factor, geographical or otherwise, is to be regarded as decisive or even of particular weight.
53. Second, the term "multifactorial assessment" is apt to describe the approach the CJEU has laid down in this area.
54. Third, the formulation fits well with the summary of the approach provided by the General Court in *TVR Automotive v OHMI - TVR Italia (TVR ITALIA)* [\[2015\] EUECJ T-398/13](#) in a judgment published shortly before the hearing of the present appeal. In that case, the General Court said:

"44. According to settled case-law, there is 'genuine use' of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark. When assessing

whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether there is real commercial exploitation of the mark in the course of trade, particularly the usages regarded as warranted in the economic sector concerned as a means of maintaining or creating market share for the goods or services protected by the mark, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark (judgments of 11 May 2006 in *Sunrider v OHIM*, C-416/04 P, ECR, [EU:C:2006:310](#), paragraph 70; 19 December 2012 in *Leno Merken*, C-149/11, ECR, [EU:C:2012:816](#), paragraph 29; and 17 July 2014 in *Reber Holding v OHIM*, C-141/13 P, [EU:C:2014:2089](#), paragraph 29). However, the analysis of whether use of an earlier trade mark is genuine cannot be confined merely to establishing that that mark has been used in the course of trade, since the use must also be genuine, in accordance with the wording of Article 42(2) of Regulation No 207/2009. Moreover, whether a mark is deemed to have been put to ‘genuine use’ will depend on the characteristics of the goods or service concerned on the corresponding market. Not all proven commercial exploitation can therefore automatically be deemed genuine use of the mark in question (see, to that effect, judgment in *Reber Holding v OHIM*, [EU:C:2014:2089](#), paragraph 32).

45. The case-law has further established that it is apparent from Article 42(2) and (3) of Regulation No 207/2009, read in the light of recital 10 in the preamble to that regulation and Rule 22(3) of Regulation No 2868/95, that the *ratio legis* of the provision requiring that the earlier mark must have been put to genuine use if it is to be capable of being used in opposition to a Community trade mark application is to restrict the number of conflicts between two marks, unless there is a good commercial justification for the lack of genuine use of the earlier mark deriving from an actual function of the mark on the market. However, the purpose of those provisions is not to assess commercial success or to review the economic strategy of an undertaking, nor is it intended to restrict trade mark protection to the case where large scale commercial use has been made of the marks (judgment of 8 July 2004 in *Sunrider v OHIM — Espada for Caba (VITAFRUIT)*, T-203/02, ECR, [EU:T:2004:225](#), paragraph 38 and the case-law cited).

46. As regards the extent of the use made of the earlier mark, account must be taken, in particular, of the commercial volume of all the acts of use, on the one hand, and the duration of the period in which those acts of use occurred, and the frequency of those acts, on the other. Furthermore, in examining whether use of the earlier mark is genuine, an overall assessment must be made taking account of all the relevant

factors specific to the particular case. That assessment implies a certain interdependence between the factors taken into account. Thus, a low volume of goods marketed under that trade mark may be compensated for by a high intensity or a certain consistency over time of the use of that trade mark or vice versa. Lastly, genuine use of a trade mark cannot be proved by means of probabilities or suppositions, but must be demonstrated by solid and objective evidence of actual and sufficient use of the trade mark on the market concerned (judgments in *Sunrider v OHIM — Espadafor Caba (VITAFRUIT)*, cited in paragraph 45 above, ECR, EU:T:2004:225, paragraphs 41 and 42, and of 8 July 2004 in *MFE Marienfelde v OHIM — Vétoquinol (HIPOVITON)*, T-334/01, ECR, EU:T:2004:223, paragraphs 35 and 36).”

55. Although differently expressed and focusing on somewhat different issues, that summary, in so far as it deals with general principles, also accords well with Arnold J’s summary of the more general principles in the *London Taxi Corporation* case where he said in the passages preceding those cited above:

“219. I would now summarise the principles for the assessment of whether there has been genuine use of a trade mark established by the case law of the Court of Justice, which also includes Case C-442/07 *Verein Radetsky-Order v Bunderversvereinigung Kamaradschaft 'Feldmarschall Radetsky'* [2008] ECR I-9223 and Case C-609/11 *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR 7, as follows:

(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Centrotherm* at [71]; *Leno* at [29].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Centrotherm* at [71]; *Leno* at [29].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does

not suffice: *Ansul* at [37]; *Verein* at [14]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34]; *Leno* at [29]-[30], [56].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].”

56. The hearing officer used the earlier summary of principles in the *Stichting BDO* case which, in turn, referred to the summary by Ms Anna Carboni sitting as the Appointed Person in *SAINT AMBROEUS TM*. Since then, the references to the *Reber* and *Leno* have been included. The approach taken by the hearing officer was to consider those references separately which

amounted to the same thing. I consider that the aggregate summary in the *London Taxi* case is now the most helpful one.

57. Neither of the recent summaries of the current law suggest that an element of quantitative or geographical evaluation is to be ruled out, provided that it is directed to establishing whether or not there was genuine use in the Community. Neither suggest that, in an appropriate case, where what is really in issue is the significance of the use in the market context in the Community rather than whether the small amount of use is genuine, it is wrong to focus on the issues raised by *Reber* and *Leno* and devote particular attention to the analyses they require.
58. Moreover, in its summary in *TVR* the General Court drew attention to the fact that the assessment involved considering the interdependence between the factors taken into account and that a low volume of goods marketed under that trade mark may be compensated for by a high intensity or a certain consistency over time of the use of that trade mark or vice versa.
59. It follows that the hearing officer's decision cannot be criticised for making an assessment which has appropriate regard to the geographical extent of the use.
60. The opponent further submitted that, in *Leno*, the court had only required that the proprietor be present on the market in the EU and that such was all that was required to sustain the registration. I am not satisfied, for the reasons, given above, that this is what the CJEU was saying. Rather, it was saying that the geographical extent of use should in appropriate cases be taken into account in evaluating the extent of use.
61. In the light of such an approach, I do not think that a hearing officer can be criticised for concluding that in the context of the specification in question there is no sufficient use "in the Community" as required by the CTMR, if (as here) there has been both a low volume of sales (by reasonable standards) which has been confined in effect to a single shop in a single town in a single member state of the Community over a relatively short part of the relevant period (with some exiguous trade sales elsewhere of uncertain ultimate destination). That is, of course, not to say that, in appropriate cases, in certain markets, in other contexts, such may be considered sufficient. All depends on the particular facts of a case.
62. Finally, and more generally on this issue, with respect to Arnold J he was, in my view right to say that that a clear picture has yet to emerge as to how the broad principles laid down in *Leno* are to be applied. I would venture to add that the same is true with respect to the principles laid down in *Reber*.

For example, issues are likely to remain as how to treat the use by small (e.g.) bespoke businesses with (say) a limited geographical catchment but (say) EU wide ambitions – an issue which was debated at the hearing in this case with a view to testing the boundaries of the law.

63. It suffices to say for the present appeal that the hearing officer undertook a multifactorial assessment and took into account the factors which these (and other) cases required him to take into account. In my judgment, the hearing officer did not fall into error in the manner contended for by the opponent in these respects. He was, in this case, entitled to have regard both to the very amount of use and to its limited geographical location in determining whether there had been use “in the Community” for the purpose of the relevant provisions of the CTMR.
64. For those reasons I reject these arguments advanced on appeal (identified above as a, d and e).

THE HEARING OFFICER’S EVALUATION OF THE USE (arguments b, c, f, g and h)

65. I now turn to the grounds of appeal, which focus on the hearing officer’s evaluation of the evidence. In the light of what has been said above, they can be addressed relatively briefly since a number of the points are addressed by the analysis of the legal principles. It is convenient to deal with them in turn.

The hearing officer did not assess whether the level of use nevertheless served a real commercial purpose (La Mer)

66. The opponent contends that the hearing officer erred in that he did not assess whether the level of use served a real commercial purpose.
67. I am not persuaded by this criticism.
68. First, the hearing officer found, having reviewed the evidence, that the opponent’s JUMP footwear products had been sold in the EU, given that Bulgaria is in the EU and that the sales, amounting to 55k pairs in the relevant period, did not strike him as a business that was operating on a sham or token level in the sense of merely attempting to preserve the registration. To that extent, he held that the level did serve a real commercial purpose albeit of limited volume and geographical extent.

69. In my judgment, the hearing officer was not rejecting the claim of use on the basis that there was no legitimate commercial purpose. Indeed, as I read his evaluation as a whole, he was accepting the legitimacy of the commercial purpose but questioning the sufficiency of the use when taken in commercial and geographical context. The hearing officer properly took this matter into account but did not regard it as conclusive.

The hearing officer wrongly took into account market share and size, contrary to Centrotherm

70. I am not persuaded by this criticism either. It is clear from *Centrotherm Systemtechnik GmbH v. OHIM* Case C-609/11P and other cases such as *Sunrider* which are summarised in the *TVR* decision above, that it is no part of a tribunal's role when assessing use to make an evaluation of the commercial success of an enterprise (see *Centrotherm* at [72]).

71. However, in order to make the evaluation of the nature of the use in question and its significance it is necessary to have some regard to the context in which use takes place. There are some markets in which sales are so infrequent that an order for a product every few years might be regarded as significant. There are other kinds of goods which, in terms of the volume and value of sales naturally to be expected are so large, that much larger volumes would need to be sold for the use to be regarded as significant. In my judgment, the hearing officer took that into account and was entitled to do so. *Centrotherm* and the well-known other authorities which preclude a general commercial evaluation do not rule out that kind of general assessment. Indeed, it is difficult to think of a way of evaluating the extent and significance of use save by reference to some standard for comparison. Unless the law requires tribunals to hold that, provided it is not a sham, use of a CTM must be regarded as proven if there is some use, no matter how small, those assessing use will have to set some reference points for evaluation. In my judgment, the approach taken by the hearing officer was not unreasonable for the present case, given the nature of the market and the fairly broad nature of the registration in question for "footwear".

72. Nor, in my judgment, did the hearing officer's approach amount to restricting trademark protection to the case where there has been large scale commercial use of the marks in question. To do so would be inappropriate in the light of the case law. The relevant registration authorities are obliged to treat all undertakings, large or small, in the same way and, in particular, not to impose, directly or indirectly unduly onerous use requirements that only larger undertakings (or those more likely to be able to establish widespread trade are likely to be able to fulfil). However, the hearing officer's approach did not do this. To the contrary, he adopted a sensitive

and nuanced approach to the evaluation of the evidence of use in its commercial and geographical context. In doing so, I do not consider that he fell into error.

The hearing officer approached the assessment exclusively by reference to “quantitative” issues

73. The opponent contends that the hearing officer wrongly approached the issue exclusively by reference to quantitative issues and points to the fact that paragraphs [41]-[47] are dominated by the application of *Reber* and *Leno*.
74. Again, I am not persuaded that this is what the hearing officer did.
75. First, for the reasons given above, where the issue for the tribunal focuses on the extent of use, it will be necessary to consider the approaches in *Reber* and *Leno*. The hearing officer’s reference to these decisions was therefore inevitable.
76. Second, the decision does not purport to approach the evaluation taking only quantitative matters into account and, in the paragraphs I have quoted above, the hearing officer took into account a range of matters in making the overall evaluation. Those were qualitative and quantitative factors.
77. That said, the real question in the hearing officer’s mind, as I read the decision was whether, having regard to the guidance from the CJEU in *Reber* and *Leno*, it was appropriate to hold that there had been use for the purpose of the CTMR even though it was of such a modest nature in quantitative and geographical terms.

The hearing officer failed to take account of all relevant qualitative circumstances, such as all the characteristics of the economic market concerned

78. Under this head, it is said by the opponent that the hearing officer did not take account of all of the relevant qualitative circumstances. I do not accept this criticism.
79. The hearing officer had recorded the various aspects of the opponent’s business in [40] of the decision including the earlier attempts at sales in other EU countries. However, the question for the hearing officer was whether the use shown in the period in question satisfied the requirements of the CTMR not whether the earlier use may have shown an earlier desire to attempt to trade more broadly.

80. It is also submitted on behalf of the opponent that the hearing officer left out of account the nature and history of the opponent's business and the fact that the proprietor was an import business with a real commercial justification for its operations and that to do so was contrary to *La Mer*.
81. Again, I do not think this criticism is justified. The hearing officer took those matters into account in the passage to which I have referred albeit as indicated in the previous paragraph, he was entitled not to give the earlier trading particular weight in the evaluation he made. Indeed, if anything, the fact that there had been an earlier trading history in other EU countries made it more questionable why the use during the period should have been treated as satisfying the requirements of the law. As was submitted by the applicant at the hearing, the opponents had not, in the specific period in question, directed themselves to the EU in terms of creating or preserving a market in the EU. Their business directed at a single importer with a single shop in a town in one country of the EU for part of the period.
82. Nor do I think it is right to say that the hearing officer failed to consider the use in its entirety. He evaluated the whole of the use, giving indications of the quantitative comparator he was applying in so doing.

The hearing officer erred in taking into account the opinion evidence of Ms Richardson at WS/CMR paragraph 17

83. I am not persuaded by this argument and it was not heavily pressed at the hearing of the appeal. The paragraph expressing an opinion was struck out and I am not satisfied that the hearing officer placed reliance on any impermissible material in the light of that.
84. If he was entitled to make the evaluation he did make at all, in my judgment he was entitled to have regard to factual material of the kind set out in Ms Richardson's evidence in doing so. That factual material was appropriate to place the sales made into their EU-wide market context. The broader point as to whether this kind of evaluation was permissible at all is addressed above.
85. I am not persuaded that the hearing officer fell into error in drawing attention to the nature of the sales in general or using the term "miniscule" to describe them when evaluating them against the background of the economic market in footwear.

Conclusion on evaluation of use

86. For those reasons, in my judgment, the hearing officer was entitled to approach the evaluation in the manner that he did.

Plainly wrong?

87. The remaining question on this appeal is whether, notwithstanding that the hearing officer undertook the evaluation required by the case law, the result he reached was plainly wrong. The opponent contends that the hearing officer could not have reasonably concluded that the evidence did not demonstrate the existence of a business that was real, effective and commercial. The opponent contends that his decision was affected by his erroneous approach to the case law and some of the points made under other heads of appeal come into the opponent's argument here.
88. First, the opponent rightly draws attention to the fact that the CTM system is to be open to all businesses of all kinds and sizes. Against that background, even small use should count and it is said that the hearing officer failed to bear that point adequately in mind. Moreover, it is said that the decision involves an arbitrary evaluation that 55,000 shoes are insufficient in the context of the geographically localized sales.
89. Second, the opponent contends that the evaluation must have wrongly brought in an implicit *de minimis* requirement and that, even with such a requirement, the volume of goods sold would far exceed it. The opponent contends that the hearing officer was clearly wrong in not giving dominant weight to the fact that there had been significant sales to an importer in the EU in Bulgaria as well as other small sales to a distributor Romania which he ought to have taken into account.
90. Third, the opponent draws attention to the fact that the use proven in this case (or very similar use) was accepted by OHIM as sufficient use in two cases (Opposition B2125105 JUMP/JumpSweat – decision of 16 May 2014 and Opposition B2233272 JUMP/Jump[logo]Fashion – decision of 24 July 2014). As I read those decisions, although the evidence was similar, the nature of the arguments was in some respects different to those advanced before the hearing officer and on this appeal. Moreover, as noted above, it is not uncommon for there to be differences in the evaluation by the Opposition Divisions and the Boards of Appeal just as there are sometimes differences between different instances in this country on these matters.
91. Fourth, the opponent points to other cases decided by the Registrar in which lower volumes of sales were accepted as sufficient for genuine use and that this case is inconsistent with the approach indicated in those decisions. However, in the cases cited, the facts were different as was the market

context and there were multiple sales in multiple countries in the EU. I am not persuaded that these assist.

Discussion

92. Although this point (clearly wrong) was not pressed particularly heavily at the hearing, it is in some respects the hardest question. That is because, while the hearing officer applied the correct principles and undertook a multifactorial evaluation in which he gave the limited nature of sales in volume and geography dominant weight he nonetheless reached a decision which might be regarded as, in effect, setting too high a bar for maintaining registration of a CTM for small traders in the EU to be able easily to meet. It might be said that he gave sufficient attention to the volumes of sales of the goods, albeit in a limited location.
93. In my judgment, this case is towards one end of the spectrum. Although reasonable tribunals may differ as to the ultimate disposition with facts such as these, I do not think that the hearing officer can be said to be clearly wrong in this case. Moreover, this tribunal must guard against any temptation to perform a re-evaluation simply because it considers that others may have reached a different result. The multifactorial assessment required in cases of this kind is one for which particular caution should be exercised before interfering with it on appeal.
94. Further, if one steps back from the detail of the arguments and considers whether, taking all the matters into account, the hearing officer's decision was a rational one, in the light of the evidence and the approach to the law articulated above, in my judgment it was. There was tiny proven use in the context of the economic market as a whole in a single shop in a single mall in a single town in one EU state. I do not think it is an irrational conclusion, having regard to case law, to consider that this did not satisfy the requirements of the CTMR.
95. That reflects the recognition, which underlies some of the case law relating to CTMs, of a need for some degree of proportionality (or at least an absence of gross disproportionality) between the territorial and substantive scope of rights in question and the activities a right owner has done to justify them, particularly bearing in mind that, in the case of trade marks, a proprietor is given 5 years in which to support its retention of the right. That is a general proposition recognized in every branch of intellectual property law and in other areas of commercial regulation.

96. Moreover, in a case of this kind, a trader is not left without remedy or potential rights. It can apply for national trade mark registrations or it can rely on local laws of unfair competition or similar to preserve the support the local market it may have established. While that is clearly not a solution in every case, decisions of the CJEU have also recognized that a CTM is only one of the instruments in the arsenal of EU and national laws for protecting undertakings' goodwill and the interests of the public.

OVERALL CONCLUSION

97. Despite the excellent written and oral arguments advanced by Mr Harris on behalf of the opponent, this appeal must be dismissed.

COSTS

98. Neither side made detailed submissions on costs. The hearing officer awarded £600 costs in respect of attending the hearing below. It is likely that the preparation for this appeal involved a similar amount of work and, in my judgment, it would be appropriate for the opponent to pay the respondent £600 in respect of the costs of this appeal, making a total of £2500 in respect of the proceedings here and before the hearing officer.

DANIEL ALEXANDER

Appointed Person

18th April 2016

Representation

Mr Philip Harris instructed by Rouse IP Limited for the opponent/appellant

Mr Benet Brandreth instructed by Charles Russell for the applicant/respondent