

O-234-11

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO 2240247

IN THE NAME OF

NOVA OF LONDON LIMITED

OF THE TRADE MARK:

LIQUID

IN CLASS 25

AND THE APPLICATION FOR REVOCATION

THERE TO UNDER NO 83689

BY

3857174 CANADA INC

Trade Marks Act 1994

**In the matter of registration no 2240247
in the name of Nova of London Limited
of the trade mark:
LIQUID
in class 25
and the application for revocation
thereto under no 83689
by 3857174 Canada Inc**

1) Section 46 of the Trade Marks Act 1994 (the Act) reads as follows:

“(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 other case the application is made to the registrar, he may at any stage of the proceedings refer 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 existed at an earlier date, that date.”

Section 100 of the Act states:

“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.”

Consequent upon section 100, in revocation for non-use proceedings the onus is upon the registered proprietor to prove that it has made genuine use of a trade mark, or that there are proper reasons for non-use.

2) The application for the registration of the trade mark LIQUID (the trade mark) was filed on 22 July 2000. The registration process was completed on 10 July 2001. The registration is in the name of Nova of London Limited (Nova). The trade mark is registered for:

clothing and headgear; none of the aforementioned goods for use in relation to water sports.

The above goods are in class 25 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

3) On 23 February 2010 3857174 Canada Inc (Canada) filed an application for the revocation of the trade mark under sections 46(1)(a) and (b) of the Act. Under Section 46(1)(a) of the Act, Canada seeks revocation of the registration from 11 July 2006. Under section 46(1)(b) of the Act, Canada claims that there has been no genuine use of the trade mark during the period from 23 February 2005 and 22 February 2010 and seeks revocation from 23 February 2010. Canada states that:

“Exhaustive enquiries have shown no genuine use of the mark in the UK during the relevant period by the proprietor or with his consent in relation to the goods for which the mark is registered.”

Canada states that on 24 November 2009 it notified Nova that it intended to seek revocation of the registration.

4) Nova filed a counterstatement. Nova states that the trade mark was used between 11 July 2001 and 10 July 2006 and between 23 February 2005 and 22 February 2010.

5) Nova states that:

“3. Regarding paragraphs 9, 6 and 11 of the application to revoke: (9) the statement of “further grounds” by the applicant for revocation is misleading since the trade mark agent for said applicant asked me (as agent for the registered proprietor) on 24/11/09 in a hand-delivered letter to supply evidence of use and I sent them a reply that I had documentation to show such use and would forward it upon the identity of the applicant being disclosed to me; (6 and 11) the letter asked for the evidence in relation only to “the last five years” (not to the first five years after registration); and (11) the letter stated only “the registration is vulnerable to revocation on the grounds of non-use” but did not state an intention to seek revocation, and in fact after sending my reply requesting said identity I waited in vain for a response so that I could forward the documentation and did not expect the application for revocation to be made and was surprised to receive it.

4. I therefore request that, regardless of the outcome, costs be awarded against the applicant for revocation.”

6) Both parties filed witness statements. The witness statement filed on behalf of Canada consists of a brief comment upon the evidence of Nova, made by

Canada's trade mark attorney, Ms Ann Wong. As it is not evidence of fact, no further comment will be made about it.

7) A hearing took place on 24 June 2011. Nova was represented by Mr Michael Dean. Canada was represented by Ms Anne Wong of MW Trade Marks Limited.

Evidence for Nova

Witness statement of Ashraf Khan

8) Mr Khan is company director of Leicester Labels Ltd. Leicester Labels Ltd has produced various labels for Nova since 1996, one of which is for the brand LIQUID. An initial order for LIQUID labels was placed in 2001 "and was brought into stock on 12 June 2001 and consisted of 44,400 labels and 33,200 swing tickets all with the mark LIQUID. These were then distributed to various factories mainly in Leicester and Manchester over the years on the instructions of Nova of London whenever they had a production run with the factory for this brand. The complete details of this are in the exhibit hereto marked 'AK 1'". AK 1 is headed "HISTORY OF LIQUID BLUE/BLACK/WHITE LABELS". The exhibit consists of a table which lists a number of undertakings and records the number of labels supplied to those undertakings from 18 June 2001 to 12 April 2010. No labels were supplied in the years 2004, 2008 and 2009. The table indicates that, as of 12 April 2010, 10,000 woven labels were in stock. 44,400 woven labels were initially woven and the figures given show that 34,400 woven labels were distributed. In 2001 3,500 labels were distributed, 2000 in 2002, 2000 in 2003, 1,500 in 2005, 7,150 in 2006, 16,250 in 2007 and 2000 in 2010. Figures for swing tickets show that 3600 were distributed in 2001, 2000 in 2002, 2000 in 2003, 1,500 in 2005, 6,300 in 2006, 16,300 in 2007 and 2000 in 2010. The figures for swing labels show a negative amount of 400 being held. (It is not understood how more labels could have been distributed than existed.) No examples of the labels were furnished with the witness statement. On 11 May 2011 Nova was required, under rule 62(1)(a) of The Trade Mark Rules 2008, to supply an example of the label (see below).

Witness statement of Manjit Singh Deol

9) Mr Deol is director of Top Tech Trading Ltd (Top Tech) of Leicester. Top Tech is a clothing manufacturing company and has been producing garments for Nova since 2002 under the trade marks QED and LIQUID. Mr Deol states that Top Tech produced garments for Nova during the periods 11 July 2001 to 10 July 2006 and 23 February 2005 to 22 February 2010. (Exhibit AK 1 shows labels being sent to Top Tech on 24 February 2005, 17 and 24 March 2006, 13 and 29 March 2007, 13 and 18 April 2007, 1 and 5 May 2007 and 21 November 2007.)

First witness statement of Steve Chawla

10) Mr Chawla is a director of Nova. On 18 June 2001 Leicester Labels Ltd produced 44,400 labels and 33,200 swing labels for Nova and kept these in stock against orders from Nova to despatch them to various garment manufacturers, to be affixed, not more than one of each, to an article of clothing. In the period 11 July 2001 to 10 July 2006 the despatch orders from Nova, Mr Chawla states, totalled 13,000 woven labels and 13,800 swing tickets (the table at AK 1 indicates that the latter figure should be 12,800). Some 13,000 articles of clothing under the brand LIQUID were produced to the order of Nova and sold in this period. In the period 23 February 2005 to 22 February 2010 such despatch orders totalled 32,400 woven labels and 24,1000 swing tickets, the last order being dated 21 November 2007; 32,000 articles of clothing under the trade mark LIQUID were produced to the order of Nova and sold in this period.

11) Nova produces articles of clothing under various trade marks and usually supplies articles of clothing with an "appropriate assortment" of these trade marks to each customer in accordance with what Mr Chawla and the customer perceive "to be the appropriate mix taking into account current fashion and preferences in trade marks and the relevant buying public for that customer at the that time". Often a customer will visit one of Nova's showrooms and there and then "select an appropriate mix of items and trade marks which will then be invoiced simply as a number of items of each particular style and price in the order without any breakdown according to trade mark".

Witness statement of Vijay Kalsi

12) Mr Kalsi is managing director of a company in Norway; owing to the quality of the facsimile of the witness statement, the name of the company is not clearly legible. Mr Kalsi's company has been buying goods from Nova under the trade marks QED and LIQUID since 1999. Mr Kalsi states:

"3. I have been asked by Nova to confirm that the Company have bought styles in ladies' clothing under this specific brand LIQUID between 11.07.2001 to 10.07.2006. I can definitely confirm that the Company bought many garments during this period under mentioned label LIQUID.

4. I have been further asked to confirm the Company's like procurement of clothing between 23.02.2006 to 22.02.2010. We can again confirm that during this period we bought from Nova many garments under the label LIQUID."

Witness statement of Mohammad Faruk Munshi

13) Mr Munshi is managing director of Trendy Clothing UK Ltd (Trendy) of Leicester. Trendy has been producing garments for Nova since 2009 under the

trade marks QED and LIQUID. Trendy produced garments for Nova under the trade mark LIQUID during the period from 23 February 2005 to 22 February 2010.

Witness statement of Michael Dean

14) Mr Dean is a trade mark attorney. His statement primarily deals with the matters referred to in paragraph 5. He exhibits a letter from Ms Wong and his response to it. The rest of the statement consists of submissions.

Second witness statement of Steve Chawla

15) Mr Chawla begins by stating that he wishes to correct some errors in his first statement. He states that in the period 11 July 2001 to 10 July 2006 despatch orders from Nova totalled 14,500 woven labels and swing tickets, the last such order being 24 March 2007. Mr Chawla states that 14,500 articles of clothing under the trade mark LIQUID were then produced by order of Nova and that all the garments were marked with the trade mark LIQUID by way of labels and swing tickets and that these garments were sold in this period in the United Kingdom or by way of export from the United Kingdom to third party customers. In the period 23 February 2005 to 22 February 2010, such despatch orders from Nova totalled 24,900 woven labels and 23,300 swing tickets, the last such order being 21 November 2007. Mr Chawla states that in relation to these despatch orders 24,900 articles of clothing under the trade mark LIQUID were produced to the order of Nova and that the garments were marked with the trade mark LIQUID by means of the labels and swing tickets and that these garments were sold in this period in the United Kingdom or by way of export from the United Kingdom to third party customers.

16) The garment manufacturers used by Nova for garments bearing LIQUID labels and swing tickets were and continue to be based in the United Kingdom. Mr Chawla states that the garments referred to above are only some of the garments marked with the trade mark LIQUID and produced to the order of Nova in the two time periods at issue. Some United Kingdom manufacturers would accept an order from Nova to provide garments with LIQUID labels/swing tickets and manufacture the labels with the word LIQUID themselves. Mr Chawla states that he cannot locate any documentary proof of those orders which did not use labels from Leicester Labels. Mr Chawla states:

“By way of clarification I would also explain that some 60% or more of the business of Nova, in relation to the use of the trade mark NOVA, has always operated such that garments are only manufactured once a third party customer has placed an order for such garments. The remaining 40% has been used for stock kept at Nova’s showrooms for cash-and-carry customers. The amount of stock held by Nova at any one time would only amount to a few hundred of each garment, which were kept for

a few days to a few months. In the vast majority of cases, I did not keep stock that was over 6 months old.”

17) Nova sold all, or nearly all, of the garments manufactured by Top Tech, as per the statement of Mr Deol, to arm’s length customers either in the United Kingdom or by way of export. The vast majority of the garments marked with the trade mark LIQUID, manufactured by Top Tech, were sold a few weeks or months after their manufacture.

18) All of the garments mentioned by Mr Kalsi were bought from Nova in the United Kingdom and then exported.

19) The garments produced by Trendy, as per the statement of Mr Munshi, were sold by Nova to arm’s length customers in the United Kingdom or abroad. Mr Chawla states that Mr Munshi has been supplying Nova with garments since 2007 and not 2009 as per the latter’s statement. Mr Chawla believes that 2009 was written as the result of a typographical error. The table exhibited at AK 1 shows labels being despatched to Trendy on 22 January 2007 (no other despatch to Trendy of labels is shown).

20) In around 60% of the sales of garments marked with the trade mark, the customer visited one or other of Nova’s showrooms, in London or Manchester. Garments bearing the trade mark were on show at the showrooms both between 11 July 2001 and 10 July 2006 and between 23 February 2005 and 22 February 2010. Mr Chawla states that he is unable to locate any documentary proof of orders relating to sales of goods bearing the trade mark.

21) Mr Chawla states that garments bearing the trade mark between 11 July 2001 and 10 July 2006 and between 23 February 2005 and 22 February 2010 included “knitwear, jumpers, dresses, T-shirts, shirts, fashion tops, skirts, trousers, leggings, jackets and vests, all for ladies and children, and this mix of garments produced bearing the mark LIQUID was sold throughout a large part of each of the two periods in question”. Examples of customers to whom garments bearing the trade mark were sold in the material periods are Mr John Gill of Risky in London and Nath Brothers of Portadown.

Invoking of rule 62(1)(a) of The Trade Mark Rules 2008

22) Having reviewed the evidence, on 11 May 2011 I wrote to the registered proprietor in the following terms:

“I have been reviewing the case prior to the hearing set for 24 June 2011.

I have noted that no examples of the trade mark as used have been exhibited. However, as per the evidence of Mr Khan, Leicester Labels Ltd hold 10,000 woven labels.

Under rule 62(1)(a) of The Trade Mark Rules 2008, I require one label to be sent to the registrar and one label to be sent to the applicant.

The required documentation should be received within two weeks of the date of this letter, that is on or before 25 May 2011.

A copy of this letter goes to MW Trade Marks Limited.”

23) Rule 62 states (inter alia):

“62.—(1) Except where the Act or these Rules otherwise provide, the registrar may give such directions as to the management of any proceedings as the registrar thinks fit, and in particular may—

- (a) require a document, information or evidence to be filed within such period as the registrar may specify;
- (b) require a translation of any document;
- (c) require a party or a party’s legal representative to attend a hearing;
- (d) hold a hearing by telephone or by using any other method of direct oral communication;
- (e) allow a statement of case to be amended;
- (f) stay the whole, or any part, of the proceedings either generally or until a specified date or event;
- (g) consolidate proceedings;
- (h) direct that part of any proceedings be dealt with as separate proceedings;
- (i) exclude any evidence which the registrar considers to be inadmissible.

(2) The registrar may control the evidence by giving directions as to—

- (a) the issues on which evidence is required; and
- (b) the way in which the evidence is to be placed before the registrar.

(3) When the registrar gives directions under any provision of these Rules, the registrar may—

- (a) make them subject to conditions; and
- (b) specify the consequences of failure to comply with the directions or a condition.”

The rule gives the registrar wide powers in deciding the nature of the evidence that can and/or is to be filed in the proceedings. At the same time, the registrar cannot use those powers to become a protagonist in inter partes proceedings, even if only obliquely. Ms Wong objects to the particular use of the power under rule 62(1)(a). Ms Wong characterises the “request” for a label as assisting Nova. For the requirement itself to be seen as assisting Nova it would have been necessary to have known of the nature of the label beforehand. As the nature of the label was not known, the request was neutral. The presentation of a label might assist Nova, equally it could damage the case of Nova, if the label did not show the trade mark as registered in a form differing in elements which do not

alter the distinctive character of the mark in the form in which it was registered. Consequently, it is not considered that the requirement was assisting Nova; even if the fulfilment of the requirement might assist Nova. The two matters are to be distinguished: the requirement and the fulfilment of the requirement, the latter of which was an unknown quantity. Ms Wong also submitted that Nova had had plenty of time to file evidence and had been professionally represented throughout the proceedings. If Nova had “chosen” not to file examples of labels, it should not be for the tribunal to fill in the hole in the evidence.

24) Nova had stated in evidence that 10,000 labels were held, so it was a fact before the tribunal that the labels existed. In such circumstances, taking into account the powers of the registrar under rule 62(1)(a), it is not unreasonable for the tribunal to wish to actually see the labels. It is accepted that the use of rule 62 should not be such that the tribunal compromises its position as a dispassionate and objective decision maker, use of the rule must be circumspect and careful.

25) On 20 May 2011 a letter was received from Mr Dean which gave examples of labels used by Nova. Mr Dean supplied a label and swing ticket, as used to about a year before the date of the letter; and a label and swing ticket which were used from 6 January 2010.

26) Subsequent to this a further witness statement was furnished by Mr Chawla. As an exhibit to this witness statement Mr Chawla includes a picture of one of the labels that had been attached to the letter of Mr Dean. Mr Chawla confirms that it represents one of the 10,000 labels remaining from the original stock of 44,400.

27) It is considered that the powers of the registrar were exercised reasonably and properly and that the labels furnished as a result of the requirement are to be taken into account. The last witness statement of Mr Chawla simply brings one of the labels into the proceeding in the form of formal evidence and so this witness statement is accepted into the proceedings.

Decision

28) A convenient summary of the criteria relating to genuine use was given by the General Court (GC) in *Anheuser-Busch Inc v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-191/07*:

“99 In interpreting the concept of genuine use, account should be taken of the fact that the ratio legis of the requirement that the earlier mark must have been put to genuine use if it is to be capable of being used in opposition to a trade mark application is to restrict the number of conflicts between two marks, in so far as there is no sound economic reason resulting from an actual function of the mark on the market (Case T-174/01 *Goulbourn v OHIM – Redcats (Silk Cocoon)* [2003]

ECR II-789, paragraph 38). However, the purpose of the provision 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 (Case T-203/02 Sunrider v OHIM – Espadafor Caba (VITAFRUIT) [2004] ECR II-2811, paragraph 38, and judgment of 8 November 2007 in Case T-169/06 Charlott v OHIM – Charlo (Charlott France Entre Luxe et Tradition), not published in the ECR, paragraph 33).

100 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 registration (Case C-234/06 P Il Ponte Finanziaria v OHIM [2007] ECR I-7333, paragraph 72; see also, by analogy, Case C-40/01 Ansul [2003] ECR I-2439, paragraph 43). In that regard, the condition of genuine use of the mark requires that the mark, as protected on the relevant territory, be used publicly and externally (Silk Cocoon, paragraph 99 above, paragraph 39; VITAFRUIT, paragraph 99 above, paragraph 39; Charlott France Entre Luxe et Tradition, paragraph 99 above, paragraph 34; see also, by analogy, Ansul, paragraph 37).

101 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 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 (VITAFRUIT, paragraph 99 above, paragraph 40; Charlott France Entre Luxe et Tradition, paragraph 99, paragraph 35; see also, by analogy, Ansul, paragraph 100, paragraph 43).

102 As to the extent of the use to which the earlier trade mark has been put, account must be taken, in particular, of the commercial volume of the overall use, as well as of the length of the period during which the mark was used and the frequency of use (VITAFRUIT, paragraph 99 above, paragraph 41, and Charlott France Entre Luxe et Tradition, paragraph 99 above, paragraph 36).

103 The question whether use is sufficient to maintain or create market share for the goods or services protected by the mark thus depends on several factors and on a case-by-case assessment. The characteristics of those goods and services, the frequency or regularity of the use of the trade mark, whether the mark is used for the purpose of marketing all the

identical goods or services of the proprietor or merely some of them, or evidence of use which the proprietor is able to provide, are among the factors which may be taken into account (Case C-416/04 P *Sunrider v OHIM* [2006] ECR I-4237, paragraph 71).

104 To examine whether an earlier trade mark has been put to genuine use, an overall assessment must be carried out, which takes into account all the relevant factors of the particular case (*VITAFRUIT*, paragraph 99 above, paragraph 42; *Charlott France Entre Luxe et Tradition*, paragraph 99 above, paragraph 37; see also, by analogy, *Ansul*, paragraph 100 above, paragraph 39).

105 Moreover, the Court of First Instance has held that genuine use of a trade mark could not be proved by means of probabilities or suppositions, but had to be demonstrated by solid and objective evidence of effective and sufficient use of the trade mark on the market concerned (Case T-39/01 *Kabushiki Kaisha Fernandes v OHIM – Harrison (HIWATT)* [2002] ECR II-5233, paragraph 47).”

29) In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T- 325/06 the GC stated:

“32 To examine whether an earlier trade mark has been put to genuine use, an overall assessment must be carried out, which takes into account all the relevant factors of the particular case. That assessment entails a degree of interdependence between the factors taken into account. Thus, the fact that commercial volume achieved under the mark was not high may be offset by the fact that use of the mark was extensive or very regular, and vice versa. In addition, the turnover and the volume of sales of the product under the earlier trade mark cannot be assessed in absolute terms but must be looked at in relation to other relevant factors, such as the volume of business, production or marketing capacity or the degree of diversification of the undertaking using the trade mark and the characteristics of the products or services on the relevant market. As a result, the Court has stated that use of the earlier mark need not always be quantitatively significant in order to be deemed genuine. Even minimal use can therefore be sufficient to be deemed genuine, provided that it is viewed as warranted in the economic sector concerned in order to maintain or create a share in the market for the goods or services protected by the mark (*VITAFRUIT*, paragraph 27 above, paragraph 42, and *LA MER*, paragraph 26 above, paragraph 57; see, by analogy, *Ansul*, paragraph 24 above, paragraph 39, and the order in Case C-259/02 *La Mer Technology* [2004] ECR I-1159, paragraph 21).”

There is, therefore, no de minimis level of use to establish genuine use (also see inter alia *Sonia Rykiel création et diffusion de modèles v Office for Harmonization*

in the Internal Market (Trade Marks and Designs) (OHIM) Case T-131/06 and The Sunrider Corp v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case C-416/04 P). In Ajax Brandbeveiliging BV v Ansul BV Case C-40/01 the Court of Justice of the European Union (CJEU) held that it is necessary to establish whether the 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 the goods or services at issue, the characteristics of the market and the scale and frequency of use of the mark”. In Il Ponte Finanziaria SpA v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case C-234/06 P the CJEU stated:

“73 The question whether use is sufficient to maintain or create market share for the goods or services protected by the mark thus depends on several factors and on a case-by-case assessment. The frequency or regularity of the use of the trade mark is one of the factors which may be taken into account (see *Sunrider v OHIM*, paragraph 71; see also, to that effect, *La Mer Technology*, paragraph 22).”

30) Ms Wong strongly criticised the evidence of Nova for, inter alia, its lack of supporting objective supporting material and specificity. Owing to this she considered that little weight should be given to the witness statements made on behalf of Nova. She submitted that there was no supporting evidence in relation to the table exhibited at AK1. Ms Wong commented on the absence of any “paper- trail” eg the absence of invoices, e-mails and letters. She submitted that, owing to the absence of supporting “objective” evidence, the evidence could be categorised as assertion. In considering the evidence of Nova the comments of Mr Richard Arnold QC, sitting as the appointed person in *Tripp Limited v Pan World Brands Limited* BL O/161/07 are pertinent:

“33. *Phipson on Evidence* (16th ed) states at paragraph 12-12:

In general a party is required to challenge in cross-examination the evidence of any witness of the opposing party if he wishes to submit to the court that the evidence should not be accepted on that point. The rule applies in civil cases as it does in criminal. In general the CPR does not alter that position.

This rule [sic] serves the important function of giving the witness the opportunity of explaining any contradiction or alleged problem with his evidence. If a party has decided not to cross-examine on a particular important point, he will be in difficulty in submitting that the evidence should be rejected.

However the rule is not an inflexible one...

34. The authority cited in support of this statement of the law is the decision of the House of Lords in *Browne v Dunn* (1894) 6 R 67. The relevant passages from the speeches are set out in the judgment of Hunt

J in *Allied Pastoral Holdings v Federal Commissioner of Taxation* (1983) 44 ALR 607, the material parts of which are quoted in the judgment of the Court of Appeal in *Markem Corp v Zipher Ltd* [205] EWCA Civ 267, [2005] RPC 31 at [59]-[60].

35. In my judgment the learned editors of *Phipson* are correct to say that the rule is not an inflexible one. There are at least two well-established exceptions to it. The first is that, as the speech of Lord Herschell LC in *Browne v Dunn* makes clear, it may not be necessary to cross-examine on a point if the witness has been given full notice of it before making his statement. As I pointed out in *BRUTT Trade Marks* [2007] RPC 19 at [23], this may be significant in registry proceedings where evidence is given sequentially. The second is that a court is not obliged to accept a witness's evidence in the absence of cross-examination if it is obviously incredible: see *National Westminster Bank plc v Daniel* [1993] 1 WLR 1453.

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

31) At no stage in the proceedings has Canada challenged the evidence; it has not requested cross-examination, it has not sought disclosure of any documents. The business model of Nova is explained: a purchaser chooses a garment or garments that it wants, it also chooses one of Nova's trade marks to be used on the garments, Nova arranges for the manufacture of the garment by a third party and has the appropriate labels sent to the manufacturer, the garments are then sent to Nova for distribution. Witness statements are furnished by persons from the label producer, manufacturers of the goods, a customer and from Mr Chawla of Nova. Consequently, the interconnection between the various undertakings is shown in evidential form. Ms Wong criticised the table at AK1 as not being supported by primary evidence. Mr Khan was not challenged on his evidence, the table must be accepted at face value. (Ms Wong also commented upon the relationship between Leicester Labels Ltd and Nova. Mr Khan's evidence would not have any purpose if there was not such a relationship.) It is surprising that no invoices or other financial records have been submitted; Nova must have issued invoices for the goods that it was selling and certain of them must, for tax and accounting requirements, still be extant. It is not only invoices from Nova that are absent but invoices from the manufacturers to Nova that are absent. In my experience it is normal for invoices from clothing manufacturers to give details of the products being produced and the trade mark being used in relation to them.

This absence is surprising but it does not make the evidence of the witnesses for Nova incredible.

32) The labels under rule 62(1)(a) show use of the trade mark that is clearly a LIQUID trade mark. There is a slight stylisation of the letter D and a device above the line of the I rather than a dot. The use is in a form(s) which does not alter the distinctive character of the trade mark in the form in which it was registered.

33) The totality of the evidence of Nova shows that the trade mark has been used in relation to clothing of some description during the material periods. However, the absence of specificity of the nature of the use gives rise to problems as to concluding what a fair specification would be. In *Laboratories Goemar SA's Trade Mark* [2002] ETMR 34 Jacob J stated:

“9 In the present cases, use was not proved well. Those concerned with proof of use should read their proposed evidence with a critical eye, to ensure that use is actually proved, and for the goods or services of the mark in question. All the ‘t’s should be crossed and all the ‘i’s dotted. In the present cases there was a difference between the total sales figures and relevant sales. Mr Mellor, for the applicants for revocation, told me that sorting out the wheat from the chaff involved a lot of work. In the end, however, he accepts that some very small potentially relevant sales under the marks were proved.”

In this case it is not that the t’s have not been crossed and the i’s dotted, it is more that these letters have been removed from the alphabet. Mr Kalsi states that he has purchased “styles in ladies’ clothing”. Ladies’ clothing obviously encompasses the full range of clothing for women and so is of little assistance in ascertaining the nature of the goods that he has purchased. Mr Chawla states:

“6. I further clarify that the garments manufactured for, and sold by Nova in the UK or exported by Nova from the UK in the two periods in question (all bearing the mark LIQUID by virtue of swing tickets and labels marked with mark LIQUID) including knitwear, jumpers, dresses, T-shirts, shirts, fashion tops, skirts, trousers, leggings, jackets and vests, all for ladies and children, and this mix of garments produced bearing the mark LIQUID was sold throughout a large part of each of the two periods in question”.

It is not clear from this what goods were sold in each of the periods, there is no clear indication as to this matter. As Mr Chawla has, apparently, no written records in relation to the trade mark his statement as to what was sold and when must to a great extent be a matter of a guess; especially as owing to Nova’s business model the same goods could be sold under different trade marks, depending on the desire of the purchaser. His statement also gives no idea as to the scale of each of the items sold. The nature of the business would allow for a

small number of a particular type of item to have been sold. It could be, for example, that virtually all of the goods sold were dresses and that the sales of other garments was of such a nature that the use could not be considered to be maintaining or creating a market that is warranted in the economic sector. In relation to the reference to children, there is no indication as to the gender of the children. Clothing is invariably linked to gender and descriptions of the nature of the use will need to take into this account. There is no indication as to whether the garments have been sold for one or both genders; although it is presumed that certain gender specific items such as dresses would only be for females. As noted above there is no clarity either as to what goods were sold in what periods. So it could be that all of one particular type(s) of clothing were sold in one of the material periods but not the other.

34) As Ms Wong submitted Nova has had several bites at the cherry in these proceedings, including filing additional evidence. However, again as Ms Wong submitted, its evidence lacks specificity and detail. Although the facts in the statements on behalf of Nova cannot be considered incredible, the absence of all primary documentation such as invoices to and from Nova does verge on the incredible.

35) The GC in *Reckitt Benckiser (España), SL v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-126/03 held:

“42 The Court observes that the purpose of the requirement that the earlier mark must have been put to genuine use is to limit the likelihood of conflict between two marks by protecting only trade marks which have actually been used, in so far as there is no sound economic reason for them not having been used. That interpretation is borne out by the ninth recital in the preamble to Regulation No 40/94, which expressly refers to that objective (see, to that effect, *Silk Cocoon*, cited at paragraph 27 above, paragraph 38). However, the purpose of Article 43(2) and (3) of Regulation No 40/94 is not to assess commercial success or to review the economic strategy of an undertaking, nor is it to restrict trade-mark protection to the case where large-scale commercial use has been made of the marks (Case T-334/01 *MFE Marienfelde v OHIM – Vétoquinol (HIPOVITON)* [2004] ECR II-0000, paragraph 32, and Case T-203/02 *Sunrider v OHIM – Espadafor Caba (VITAFRUIT)* [2004] ECR II-0000, paragraph 38).

43 Therefore, the objective pursued by the requirement is not so much to determine precisely the extent of the protection afforded to the earlier trade mark by reference to the actual goods or services using the mark at a given time as to ensure more generally that the earlier mark was actually used for the goods or services in respect of which it was registered.

44 With that in mind, it is necessary to interpret the last sentence of Article 43(2) of Regulation No 40/94 and Article 43(3), which applies Article 43(2) to earlier national marks, as seeking to prevent a trade mark which has been used in relation to part of the goods or services for which it is registered being afforded extensive protection merely because it has been registered for a wide range of goods or services. Thus, when those provisions are applied, it is necessary to take account of the breadth of the categories of goods or services for which the earlier mark was registered, in particular the extent to which the categories concerned are described in general terms for registration purposes, and to do this in the light of the goods or services in respect of which genuine use has, of necessity, actually been established.

45 It follows from the provisions cited above that, if a trade mark has been registered for a category of goods or services which is sufficiently broad for it to be possible to identify within it a number of sub-categories capable of being viewed independently, proof that the mark has been put to genuine use in relation to a part of those goods or services affords protection, in opposition proceedings, only for the sub-category or sub-categories relating to which the goods or services for which the trade mark has actually been used actually belong. However, if a trade mark has been registered for goods or services defined so precisely and narrowly that it is not possible to make any significant sub-divisions within the category concerned, then the proof of genuine use of the mark for the goods or services necessarily covers the entire category for the purposes of the opposition.

46 Although the principle of partial use operates to ensure that trade marks which have not been used for a given category of goods are not rendered unavailable, it must not, however, result in the proprietor of the earlier trade mark being stripped of all protection for goods which, although not strictly identical to those in respect of which he has succeeded in proving genuine use, are not in essence different from them and belong to a single group which cannot be divided other than in an arbitrary manner. The Court observes in that regard that in practice it is impossible for the proprietor of a trade mark to prove that the mark has been used for all conceivable variations of the goods concerned by the registration. Consequently, the concept of 'part of the goods or services' cannot be taken to mean all the commercial variations of similar goods or services but merely goods or services which are sufficiently distinct to constitute coherent categories or sub-categories.

36) In order to arrive at an appropriate category or sub-category it is necessary to know what was sold, when it was sold and the volume of the sales. To come to the decision requires some specificity of information. In this case it is not possible to come to any conclusion as to these matters owing to the lack of detail

and specificity. The unchallenged witness statements on behalf of Nova establish that it has sold clothing in the material periods but the extreme lacunae in the evidence does not allow for the enquiry to go any further. It cannot be established what was sold, when.

37) Nova has had every opportunity to furnish evidence that would allow for a non-speculative view to be taken as to the scale of use and the period of use in relation to the garments referred to in the evidence. It has failed to furnish this evidence. There has been use of the trade mark in respect of some form(s) of clothing since registration; however, owing to the inadequacies of the evidence it is not possible to ascertain the exact nature of the use and in relation to what goods it can be accepted that there has been genuine use. **Consequently, the registration must be revoked under section 46(1)(a) of the Act. The registration is revoked in its entirety from 11 July 2006.**

COSTS

38) Canada, having been successful, is entitled to a contribution towards its costs. On 22 March 2011 an interlocutory hearing was held in relation to a request by Nova to file additional evidence. The additional evidence was allowed into the proceedings. The hearing officer wrote to the parties advising that he considered that Nova should make a contribution towards the costs of Canada in relation to the hearing. He wrote that costs arising from the interlocutory hearing would be dealt with at the conclusion of the proceedings. Having read the letter of the hearing officer and the note he made re the hearing, £500 will be awarded to Canada in respect of the hearing.

39) Mr Dean has made much of Canada not clearly stating that it intended to apply for the revocation of the registration, although writing to Nova commenting that it did not consider that there had not been use of the trade mark. At the hearing he submitted that if the representatives of Canada had advised by whom they were instructed, the evidence of use would have been sent to them and there might not have been any need for a hearing and by implication proceedings. Ms Wong's presence demonstrates that this would not have been the case, as even with the additional evidence, Canada did not consider that genuine use had been established. Mr Dean also commented that if Canada had really made extensive enquiries it would have found use of the trade mark. Taking into account the nature of the evidence of Nova, and in particular the lacunae in the evidence, it is difficult to see how Canada could have found use of the trade mark, however diligent the research. There is no evidence of use from websites, catalogues, trade shows, trade publications and the like. Mr Chawla could not furnish any evidence that was not specifically drawn up for these proceedings. As Nova defended the action and Canada has succeeded, it is not possible to see any reason not to award costs on the normal scale to Canada.

40) The witness statement of Ms Wong contains no evidence of fact and is minimal in its comments; no sum will be awarded for the filing of this statement.

41) Costs are awarded upon the following basis:

Official fee:	£200
Preparing a statement and considering the statement of Nova:	£400
Considering the evidence of Nova:	£250
Interlocutory hearing:	£500
Preparation for and attendance at hearing:	£500
Total:	£1,850

Nova of London Limited is ordered to pay 3857174 Canada Inc the sum of £1,850. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 30th day of June 2011

**David Landau
For the Registrar
the Comptroller-General**