

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION No. 699058
IN THE NAME OF OMEGA SA (OMEGA AG) (OMEGA LTD)**

**AND IN THE MATTER OF AN APPLICATION FOR REVOCATION No. 81328
BY OMEGA ENGINEERING INC**

**AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON
BY THE REGISTERED PROPRIETOR
AGAINST THE DECISION OF MR D. LANDAU
DATED 11 JANUARY 2005**

DECISION

Background

1. United Kingdom Registered Trade Mark Number 699058 stands in the name of Omega SA (Omega AG) (Omega Ltd). It was entered in the register on 28 November 1951 for all goods included in Class 14. The representation of the mark is as follows:



2. On 27 June 2003, Omega Engineering Inc. applied to revoke the registration on the grounds in section 46(1)(a) and (b) of the Trade Marks Act 1994 ("TMA") that the mark had not been put to genuine use in the United Kingdom for goods in Class 14 except wristwatches and parts and fittings therefor.
3. In their counterstatement filed on 23 October 2003, the registered proprietors claimed genuine use of the mark in relation to precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and chronometric instruments. On 7 December 2004, the registered proprietors partially surrendered goods in the registration. The net effect is that the registered proprietors seek only to maintain the registration in respect of jewellery; horological and chronometric instruments; parts and fittings therefor.
4. The Hearing Officer perceived the issues in dispute to be whether there had been genuine use in relation to clocks and jewellery. He states in his decision (BL O/007/05) that he therefore considered only the evidence relating to clocks and jewellery. He noted that much of the evidence concerned wristwatches for which use was conceded. The registered proprietors complain, inter alia, that the Hearing Officer ignored the use of the mark shown in the evidence for jewellery watches. Moreover, it was clear from the outset that the registered proprietors were defending a wider registration than that contemplated by the Hearing Officer, namely jewellery; horological and chronometric instruments; parts and fittings therefor.

5. One of the contested issues in this case is whether the registered proprietors' evidence showed merely internal use. The registered proprietors are part of the Swatch Group of companies. The parent is The Swatch Group Limited of Switzerland. A sister company of the registered proprietors (i.e. another subsidiary in the Swatch Group) is The Swatch Group (UK) Limited. The latter company was previously called SMH (UK) Limited and before that SSIH (UK) Limited (witness statement for the registered proprietors of John Frederick Moody dated 23 October 2003, witness statement for the applicants of David John Crouch dated 31 August 2004). The registered proprietors' evidence states that The Swatch Group (UK) Limited and other affiliated companies in the Swatch Group use the mark in suit with the registered proprietors' consent and that the registered proprietors' products under the mark are sold in the UK to retailers through The Swatch Group (UK) Limited or other appropriate affiliated company (witness statements of John Frederick Moody dated 23 October 2003 and Christiane Sauser Rupp dated 28 May 2004). A company search exhibited by the applicants (witness statement David John Crouch dated 31 August 2004) describes The Swatch Group (UK) Limited as wholesalers.
6. The Hearing Officer was of the view that the invoices adduced by the registered proprietors to show use of the mark in relation to clocks and jewellery indicated internal use because they were made out to The Swatch Group (UK) Limited or their predecessors in title. The Hearing Officer seems not to have considered these invoices in the light of the vast number of invoices in the registered proprietors' evidence relating to watches and watch parts and fittings for which genuine use of the mark was accepted. I observe by way of preliminary that all of these invoices are also made out to companies that are, or were at the relevant time, within the group of companies headed by The Swatch Group Limited of Switzerland. The companies appearing on those invoices include The Swatch Group (UK) Limited, SMH (UK) Limited and The Swatch Group (Europa) UK (exhibit JFM 15 to the witness statement of John Frederick Moody dated 23 October 2003). In most cases the same "ship to" address in the UK is shown. All the invoices are from the registered proprietors. They all display the mark in suit on the left hand top corner and state the prices in British pounds and Swiss francs. Terms of payment and delivery are given. There are indications that the Hearing Officer was wrongly led to believe that the registered proprietors were the parent company and The Swatch Group (UK) Limited (or its previous incarnations) the subsidiary.
7. The Hearing Officer found that there had been genuine use of the mark for jewellery up to and including 1985. There is no appeal or cross-appeal against that finding. From 1986 up until the date of the application for revocation, the Hearing Officer concluded that no genuine use of the mark had been shown in relation to jewellery. Furthermore, no genuine use of the mark in relation to clocks had been shown at any time. Purporting to apply a decision of mine in another appeal involving the present parties, BL O/393/03, the Hearing Officer allowed the following specification to remain on the register with effect from 1 January 1986:

"Watches and jewel-watches; all being made of precious metals or imitations of precious metals; watches and jewel-watches; parts and fittings for all the aforesaid goods."
8. On 8 February 2005, the registered proprietors filed notice of appeal to an Appointed Person under section 76 of the TMA. The registered proprietors seek to have restored the specification post partial surrender namely, jewellery; horological and chronometric instruments; parts and fittings therefor. At the hearing of the appeal before me, the registered proprietors were represented by Ms. Sofia Arenal, Mewburn Ellis LLP. Mr. David Crouch, Bromhead Johnson appeared on behalf of the applicants. The Hearing Officer referred to the registered proprietors as "Swiss" and the applicants as "US". I shall do the same. Swiss made an application to admit additional evidence on appeal, which I heard as a preliminary issue to the appeal and in the event granted. In order

fully to explain my reasons for granting Swiss's application, it is necessary first to take a closer look at the Hearing Officer's decision.

The Hearing Officer's decision

9. The Hearing Officer set out the relevant statutory provisions in sections 46 of the TMA and 100 of the TMA 1994. I do not intend to repeat them here. He then cited paragraphs 36 – 43 of the judgment of the Court of Justice of the European Communities ("ECJ") in Case C-40/01 *Ansul BV v. Ajax Brandveiliging BV* [2003] ECR I-2439, which is incontrovertibly the leading authority on the meaning of genuine use in Articles 10/12 of Council Directive 89/104/EEC ("the Directive") (implemented in the United Kingdom by section 46 TMA):

- "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 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 that mark and not just internal use by the undertaking concerned. The protection the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial *raison d'être*, which is to create or 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 the 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.

40. Use of the mark may also in certain circumstances be genuine for goods in respect of which it is registered that were sold at one time but are no longer available.
41. That applies, *inter alia*, where the proprietor of the trade mark under which such goods were put on the market sells parts which are integral to the make-up or structure of the goods previously sold, and for which he makes actual use of the same mark under the conditions described in paragraphs 35 to 39 of this judgment. Since the parts are integral to those goods and are sold under the same mark, genuine use of the mark for those parts must be considered to relate to the goods previously sold and to preserve the proprietor's rights in respect of those goods.
42. The same may be true where the proprietor makes actual use of the mark, under the same conditions, for goods and services which, though not integral to the make-up or structure of the goods previously sold, are directly related to those goods and intended to meet the needs of customers of those goods. That may apply to after-sales services, such as the sale of accessories or related parts, or the supply of maintenance and repair services.
43. In the light of the foregoing considerations the reply to the first question must be that Article 12(1) of the Directive must be interpreted as meaning 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 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 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. The fact that a mark is not used for goods newly available on the market but for goods that were sold in the past does not mean that its use is not genuine, if the proprietor makes actual use of the same mark for component parts that are integral to the make-up or structure of such goods, or for goods or services directly connected with the goods previously sold and intended to meet the needs of customers of those goods."

10. The Hearing Officer's findings in relation to jewellery as from 1 January 1986 were as follows:

"16) In considering what can be described as jewellery I have excluded watches. This is an issue that has already been dealt with in BL O/028/03, another revocation action between the same sides, which was the subject of an appeal in BL O/393/03. The use upon watches that contained jewels was resolved by a specification that described them as jewel-watches. I did not

understand Ms Arenal to be arguing that the use on watches was use on jewellery.

17) In considering the evidence of use I am struck by what is not there. Swiss has furnished numerous invoices. The only ones that contain anything that might be described as jewellery are those for the pins. These invoices are from the parent company to its United Kingdom subsidiary [sic] and so it would seem reasonable that if any other jewellery had been sent to Swatch then there would be an invoice. Other than for pins there is not the slightest indication of use in the United Kingdom of the trade mark since 1985 for what might be described as jewellery. There is the booklet from 2003. However, there is nothing to indicate that this booklet has ever been distributed in the United Kingdom before the date of the application for revocation, or at any time. A booklet that has a clear indication for United States use cannot have a bearing upon the issues before me. It might be that Swiss use the same literature in the United Kingdom. I do not know. The onus is upon Swiss. It would have been easy enough to state when, where and to whom the booklets were distributed. It did not. If there is a trade going on one would expect invoices. There are none. If there was a trade going on one would expect promotion after 1985. Swiss has supplied numerous catalogues. Again I am struck by what is absent from these catalogues since 1985, the absence of any reference to jewellery. I am concerned with genuine use in the United Kingdom. On the basis of the evidence before me I consider that the only goods which might be saved are the pins.

18) Mr Crouch submitted that the invoices represented internal use, being from the parent company to its United Kingdom subsidiary [sic]. Ms Arenal argued that as Swatch was a separate legal entity such use was not internal. I do not find Ms Arenal's argument very attractive. I find it difficult to see that the sending of goods from the parent company to its United Kingdom subsidiary, which acts as agent and distributor, represent external use, that it represents the creation or preservation of an outlet for the goods. I am fortified in my view by the finding of the ECJ in *Peak Holding AB v Axolin-Elinor AB* Case C-16/03. This judgment deals with exhaustion of right. However, it considers what can be considered to be putting onto the market and what cannot and is analogous:

"44 The answer to the first question must therefore be that Article 7(1) of the Directive must be interpreted as meaning that goods bearing a trade mark cannot be regarded as having been on the market in the EEA where the proprietor of the trade mark has imported them into the EEA with a view to selling them there or where he has offered them for sale to consumers in the EEA, in his own shops or those of an associated company, without actually selling them."

I think that the issue must be a judgment on the basis of commercial reality and not on a legal nicety. The matter does not end there, however. In all, there are seven invoices showing pins, covering the period from 28 April 1993 to 21 March 2002. 1250 pins were sent to the United Kingdom. Outside of the invoices the only reference to the pins is in the catalogue "Omega SA Gift Items 1999". It might be considered reasonable to assume that the pins having been sent to the United Kingdom over some period would have appeared in the market. However, there are no invoices to retailers. It might be that the goods were then re-exported to another subsidiary. In *Kabushiki Kaisha Fernandes v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-39/01 the Court of First Instance (CFI) at paragraph 47 held:

"In that regard it must be held that 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 effective and sufficient use of the trade mark on the market concerned."

It seems to me that to assume that the goods were put onto the market is dangerously close to conjecture and supposition. In *Vitakraft-Werke Wührmann & Sohn GmbH & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* Case T-356/02 the CFI commented on the dangers of making suppositions:

"34 In the present case, the catalogues submitted to the Board of Appeal establish neither the fact that they were distributed to a potential Spanish clientele, nor the extent of any distribution, nor the number of sales made of goods protected by the mark. The intervener has provided no indication supported by evidence to enable any useful conclusions to be drawn in that regard. The mere existence of those catalogues could, at most, make it probable or credible that goods protected by the earlier marks were sold or, at least, offered for sale within the relevant territory, but it cannot prove that fact."

[...]

20) The pins present a further problem in relation to their use. Their one appearance outside the invoices is in the "Omega Gift Items 1999" catalogue. No figures for sales of pins are given. As I have noted above, there is no indication that this was ever seen by the public at large. The contents of the catalogue indicates that the goods are for promotional purposes. There is no evidence or indication that Swiss has been maintaining a market in the pins. The pins could simply be worn by staff selling watches or given to customers, like the boxes of chocolates perhaps. There is nothing to indicate that if the pins did make their way out from Swatch that they were other than for promotional purposes; that they were used for anything other than maintaining a market in watches not in pins. There is not one invoice for a sale to a retailer. In considering how to "interpret" the invoices, it is useful, I believe, to take into account that every possible item supplied from parent to subsidiary [sic] seems to be included; for instance, in invoice number 90237503 sets of OMEGA letters and watch stands are included and show a charge. The evidence does not convince me that in relations to pins, there was use that represents a marketing of these goods or intention to market them.

21) I do not consider that applying the *Ansul* judgment that it can be considered that there has been genuine use in relation to pins.

22) I find that the registration should be revoked in respect of all jewellery with effect from 1 January 1986."

11. The Hearing Officer then turned to consider the evidence in relation to clocks. He concluded:

"25) Swiss's clearest and best evidence relates to the CONSTELLATION clocks, where the pictures of the clocks are tied to the actual goods and so one can see the use of the trade mark. By my calculations, in the years 2000 to 2003 (up to 27 June 2003) the invoices show respectively 34, 128, 67 and 72 CONSTELLATION clocks being sent to Swatch in the United Kingdom. Again, all the invoices are what I consider internal invoices, from one part of the company to another. Again virtually all the invoices show prices, however, again this tells me little, as virtually all transactions between the two companies

are given a monetary value. In each of the years 1993, 1995 and 1996 a clock was sent directly to Signs By Design Ltd; the name of the company suggests that its business is one of signage. There is no hint in the invoices of the table clocks referred to by Mr Moody. Certain of the clocks are for exterior use. All of the clocks illustrated show the four griffes which is a design feature of CONSTELLATION watches, which can also be seen from the numerous illustrations of CONSTELLATION watches in the various catalogues. The absences in the evidence are of concern. Swiss has supplied numerous catalogues showing watches, a few showing jewellery and one showing promotional material. No clocks appear in a catalogue. There are no invoices to retailers despite Mr Moody stating that Swatch sells "these clocks e.g. to jewellery retailers throughout the UK". The number of sales of clocks is not great, however, if the trade falls within the requirements of the *Ansul* judgment, this in itself would not represent an impediment to Swiss's case. The form of use shown on the clocks illustrated is use of the trade mark, in my view. I have considered the following in coming to a view as to the position relation to whether the nature of the use satisfies the requirement of the *Ansul* judgment:

- absence of invoices to retailers;
- despite numerous catalogues being displayed absence of clocks in catalogues;
- the CONSTELLATION clocks, which are the only ones to show use of the trade mark, in design and name reflect a long term and successful brand of wristwatch;
- various of the clocks are clearly for external use and so could readily be used by jewellers who retail OMEGA products;
- the number of clocks imported;
- the presence of the clocks on certain invoices with various promotional items.

On the basis of the evidence before me, taking a global appreciation, I do not believe that Swiss has been trying to establish or maintain a market for clocks. Taking into account the core business of Swiss, watches, and all other factors I come to the conclusion that the clocks are used to promote Swiss's watches and to identify OMEGA stockists; they are not used for establishing or maintaining a market for watches [sic – clocks?] per se. If Swiss had provided documented evidence of sales to jewellery retailers the outcome would have been different. This would have, as a matter of fact, established the maintenance of a market, if not necessarily a large one, and would have pulled Swiss within the requirements of the *Ansul* judgment. In my view, Swiss has signally failed to **show** the nature of any claimed trade in clocks in the United Kingdom.

26) I find that Swiss has failed to establish any genuine use of the trade mark in relation to clocks and that the registration should be revoked for such goods with effect from 6 December 1960."

The additional evidence sought to be admitted

12. The additional evidence Swiss wished to have admitted into the appeal comprised a second witness statement of Petra Hlavacek dated 1 February 2005 and a witness statement of Bettina Irene Devereux dated 21 July 2005.
13. Ms Hlavacek is a member of the legal department of The Swatch Group Limited, Switzerland where she has worked since 2000. She looks after the trade mark portfolios of some of the companies within the Swatch Group and, in particular, the trade mark portfolio of Swiss. She refers to paragraph 17 of the Hearing Officer's

decision when he says in relation to a booklet showing O OMEGA jewellery and bearing the legend "Printed in Switzerland © OMEGA 2003 – 5400/0203/3336976 **US**":

"A booklet that has a clear indication for United States use cannot have a bearing upon the issues before me. It might be that Swiss use the same literature in the United Kingdom. I do not know. The onus is upon Swiss."

Ms. Hlavacek confirms that the letters "US" appearing on the codes for Swiss's printed material means that the material is for English-speaking countries and not just the United States of America. She understands that Ms. Arenal conveyed such information to the Hearing Officer at the hearing below. She exhibits two of Swiss's brochures for timepieces under the mark (© OMEGA 2001 and © OMEGA 2003) (PH-A1) both of which have the letters "US" in their codes. She confirms that these brochures were distributed to a range of English-speaking countries including the United Kingdom, the United States, Australia, Canada, Ireland and New Zealand. Ms. Hlavacek observes that Swiss have relied on invoices that relate to sales from Swiss to other affiliated companies of The Swatch Group Limited in other countries, e.g. the United Kingdom, in legal proceedings in the United Kingdom and before OHIM. Such invoices have been accepted as genuine use of Swiss's trade marks.

14. Ms. Devereux is the Finance Director and Company Secretary of Swatch Group (UK) Limited, positions she has occupied since 1994. As such, she has a good overview of her company's business. She makes her statement from her own knowledge and from the company's records. She explains that in the past months she has had serious health issues and only returned to full-time work on 4 July 2005. She has done her best to collate the additional evidence quickly but delays have been inevitable not least because the company's archives are located elsewhere and older papers have been destroyed. Ms. Devereux refers to the witness statement of her colleague Mr. Moody in the proceedings dated 23 October 2003. (Mr. Moody is the Quality Control and Training Supervisor of the Swatch Group (UK) Limited.) Ms. Devereux confirms Mr. Moody's statements at paragraph 13 of his witness statement that: "Over the years, Omega SA [Swiss] have sold clocks of various kinds under the trade mark ? OMEGA via the appropriate affiliated company in the UK. These include table clocks and wall clocks ..." and in paragraph 14 "... My company sells these clocks e.g. to jewellery retailers throughout the UK."
15. Ms. Devereux exhibits a printout showing Swatch Group (UK) Limited transactions relating to clocks in the period November 1997 to March 2003 (BID1). She says that this includes not only ? OMEGA clocks but also OMEGA CONSTELLATION clocks¹. Ms. Devereux explains that ? OMEGA branded clocks are bought by Swatch Group (UK) Limited from Swiss. Her company places orders with Swiss, Swiss send the products and invoice her company. Swatch Group (UK) Limited then invoices the ultimate purchaser e.g. a jeweller. She refers to exhibit BID4, which contains, inter alia, some copy invoices to jewellers in the period for the supply of clocks. Ms. Devereux further explains that sometimes her company does not recoup the full cost of a clock from a venue or outlet with which her company is seeking to establish a commercial relationship. Thus, her company's turnover in relation to clocks in the period November 1997 to March 2003 amounted to around £265,000 (BID1) of which onward sales came to around £23,000. Ms. Devereux adds that accounting systems, by convention, reflect sales as a negative amount, or credit in the books of account.
16. Returning to BID 1, Ms. Devereux says the printout shows sales of clocks to a range of purchasers – jewellers, hotels and sports venues. She identifies a number of sample purchasers from the printout by name, date and price. Ms. Devereux refers to the

¹ Following the hearing of the appeal in Trade Mark No. 699058, I heard a further appeal in Trade Mark No. 723200 OMEGA CONSTELLATION. In her witness statement of 21 July 2005, Ms. Devereux refers to her making a separate witness statement in relation to OMEGA CONSTELLATION clocks.

pictures providing examples of the type of clocks sold by Swatch Group (UK) Limited that were exhibited to Mr. Moody's witness statement at JFM10. She re-exhibits these pictures at BID7. She also exhibits at BID2 photographs of a clock in situ from July 2001 to date at Forest Hills (near Leicester) golf course. The pictures show the mark in suit clearly displayed on the clock mount and the clock itself. Ms. Devereux names other golf courses to whom clocks have been supplied and also Southampton football club. She adds that sometimes the clocks are incorporated into scoreboards and she exhibits at BID3 such a scoreboard at Sheffield installed in 1990/91, which again clearly displays the mark in suit under the clock face. At BID5, Ms. Devereux exhibits pictures of ? OMEGA digital display clocks at Cowes, 2000 and 2001 and a ? OMEGA Start Clock at a horse event held in Blenheim Palace in 1999/2000.

17. Ms. Devereux explains that sometimes the clocks are delivered directly by Signs by Design, a third party contractor whom Swatch Company (UK) Limited employ to install and maintain clocks including ? OMEGA branded clocks. Ms. Devereux refers to exhibit BID13, which contains, inter alia, a list of maintained clocks provided by Signs by Design on 6 December 2004. Ms. Devereux also identifies by invoice numbers listed on exhibit BID1 (re-exhibited highlighted at BID6) maintenance and repair services provided by Signs by Design (with the cost) to various organisations in the period 1999 – 2001.
18. Ms. Devereux then turns to the pictures of clocks exhibited to her and Mr. Moody's witness statement. She comments that in her witness statement/exhibits [indeed both witness statements and exhibits] reference is made to different types of clock – indoor, outdoor, mother, golf and Centralino clocks. She observes that all these are sold under the mark in suit. She runs through exactly what is meant by these clock terms. Mr. Moody had exhibited pictures of indoor and outdoor clocks under the mark. She exhibits at BID9 a mother clock, which is sold under the ? OMEGA brand and the sub-brand, Centralino and at BID11 a golf clock in a stand that was sold under the mark in the period 1998-2000. Ms. Devereux goes on to tie up reference numbers on the pictures of the clocks exhibited to her and Mr. Moody's witness statements to the invoices between Swiss and Swatch Group (UK) Limited exhibited at JFM11 to Mr. Moody's witness statement (re-exhibited at BID10 and 12). (I note that the Hearing Officer discounted references in the invoices exhibited at JFM11 to mother clocks and golf clocks on the ground that there was no evidence of actual use of the trade mark on mother clocks or golf clocks notwithstanding the fact that the invoices concerned were all sent out under the ? OMEGA mark.)
19. Ms. Devereux acknowledges that the sale of clocks is not her company's primary business. Nevertheless, her company does sell clocks and this was included as one of the annual objectives of her company's sales managers during the period 1998-2003. She exhibits at BID13 copies of correspondence in that period relating to such sales. Included is correspondence dated 2004, which Ms. Devereux appreciates is after the relevant date but in her view shows her company's ongoing commitment to the sale of clocks.
20. Ms. Devereux concludes her statement by dealing with the relationship between Swiss and The Swatch Group (UK) Limited, i.e., that they are both subsidiary companies of The Swatch Group Limited, Switzerland. She remarks that Swiss and The Swatch Group (UK) Limited are totally separate legal entities with different personnel and that transactions between the companies are all at arm's length.

The application to introduce further evidence

21. Both parties were agreed as to the applicable principles. The *Ladd v. Marshall* [1954] 1 WLR 1489 at 1491 criteria are basic to the exercise of the discretion of an Appointed Person to admit fresh evidence on appeal but other factors such as those set out by Laddie J. in *Hunt-Wesson Inc's Trade Mark Application (SWISS MISS)* [1996] RPC

233 at 242 may be relevant (*LABEL ROUGE Trade Mark* [2003] FSR 13, *DU PONT Trade Mark* [2004] FSR 15).

22. The three conditions stated by Denning L.J in *Ladd v. Marshall* are:

"... first, it must be shown that the evidence could not have been obtained with reasonable diligence for use at the trial; secondly, the evidence must be such that, if given, it would probably have an important influence on the result of the case, although it need not be decisive; third, the evidence must be such as is presumably to be believed, or in other words, it must be apparently credible, though it need not be incontrovertible".

The additional *SWISS MISS* factors are, the nature of the trade mark, the nature of the objections to it, whether or not the other side will be significantly prejudiced by the admission of the new evidence in a way that cannot be compensated, e.g., by an order of costs, the desirability of avoiding multiplicity of proceedings and the public interest concerned.

23. The dispute between the parties revolves around the first of the *Ladd v. Marshall* criteria and any delay in bringing forward the additional evidence. The further evidence for the most part addresses the issue of onward sales and confirms the relationship of Swiss to other companies within The Swatch Group Limited. It is clearly significant to the case in view of the Hearing Officer's decision, although the outcome of the appeal may prove that it is not decisive. No challenge has been made to the apparent credibility of the fresh evidence and I have been given no reason to doubt the integrity of either Ms. Hlavacek or Ms. Devereux whose averments are (as with Swiss's other witnesses) supported by statements of truth.

24. US have sympathy with Ms. Devereux's illness but say someone else could have provided the evidence and in any event the onus was on Swiss to prove genuine use of the mark and the evidence should have been put to the Hearing Officer. US observe that much of the further evidence was foreshadowed in the witness statement of John Frederick Moody dated 23 October 2003 and was therefore available at the time of the hearing. Swiss's main argument is that the Hearing Officer wrongly interpreted Swiss's evidence as showing merely internal use. Swiss could not have anticipated the actions of the Hearing Officer before the hearing. As registered proprietors Swiss are under a burden of discharging a civil and not a criminal burden of proof. This they had done. They were not under an obligation to provide the best ever evidence of use available to them.

25. The Hearing Officer's understanding of the ECJ's judgment in *Ansul* and his interpretation of Swiss's evidence, inter alia, in relation to clocks and jewellery are issues that are central to Swiss's appeal. Suffice it to say in connection with the present application, that I do not believe it obvious from the ECJ's judgment in *Ansul*² that sales on the retail market as opposed to, e.g., the wholesale market are a prerequisite to proving genuine use of a mark for the purposes of Articles 10/12 of the Directive or section 46 of the TMA. Nor do I believe it deducible from *Ansul* that transactions in trade marked products between companies in the same group must necessarily be classed as internal. Rather according to *Ansul*, it all depends upon the circumstances of the case.

26. Ms. Arenal argued that invoices such as those adduced by Swiss in the present case have been accepted in prior legal proceedings in the United Kingdom and before OHIM as genuine use of the mark in suit. Ms. Hlavacek makes a similar observation in her witness statement dated 1 February 2005. I was given no further details and obviously

² Or indeed the ECJ's Order in Case C-259/02, *La Mer Technology Inc. v. Laboratoires Goemar SA* [2004] FSR 785.

cannot comment. However, as I remarked earlier, I am struck by the fact that a vast number of copy invoices submitted by Swiss in the present case to evidence sales in the United Kingdom of "watches, other jewellery, bracelets and cases made of precious metals, particularly gold from 1988 to 2003" under the ? OMEGA mark are similarly made out to companies which are or were within the Swatch Group, in particular, The Swatch Group (UK) Limited and SMH (UK) Limited (exhibit JFM 15 to the witness statement of John Frederick Moody dated 23 October 2003). The Hearing Officer seemingly ignored these invoices as relating only to wristwatches for which genuine use of the mark in the United Kingdom was accepted. A question on appeal is whether the Hearing Officer was correct to do so. Moreover, the invoices went unchallenged by US (witness statement of David John Crouch dated 31 August 2004 challenging only the 1996/7 invoices relating to clocks exhibited to the witness statement of Christiane Sauser Rupp dated 28 May 2004 at CSR1). At the very least, these invoices provide a context for the distribution in the United Kingdom of Swiss's products under the mark as described by both Mr. Moody and Ms. Sauser Rupp in their respective witness statements. I should also mention that the brochures exhibited to Ms. Hlavacek's second witness statement mirror the products and advertising shown in the International Collection brochures from the mid 1990s to 2003 exhibited at JFM6 to the witness statement of John Frederick Moody dated 23 October 2003. Mr. Moody explains that the brochures "are representative of some of the products displayed and sold in the UK to date".

27. In my view, the fact that much of Ms. Devereux's evidence repeats what is contained in the evidence of Mr. Moody and to a lesser extent the evidence of Ms. Sauser Rupp militates in the present case in favour of the admission of the further evidence rather than against it. Thus, for example, Mr. Moody had already explained the relationship between the relevant companies. He had explained that his company The Swatch Group (UK) Limited (formerly SSIH (UK) Limited and SMH (UK) Limited) and others in the Swatch Group use the mark in suit with Swiss's consent and sell ? OMEGA products in the UK. He had explained that certain copy invoices made out to his company by Swiss under the mark (JFM 11) concerned clocks sold in the United Kingdom and that his company sold those clocks "e.g. to jewellery retailers throughout the UK". A list of official jewellery retailers was exhibited at JFM8. Ms. Sauser Rupp, legal counsel to The Swatch Group Limited, Switzerland confirms Mr. Moody's latter statements by reference to some of the said invoices and also the pictures of clocks exhibited by Mr. Moody at JFM 10. Both Mr. Moody and Ms. Sauser Rupp state that the content of their respective witness statements come from their own knowledge and their respective companies' records to which they have access. It is true that Ms. Devereux provides additional evidence of onward sales in the United Kingdom and also explains the role played by Signs by Design. Otherwise she helpfully ties the reference numbers on pictures of clocks to copy invoices under the mark that were in any event contained with descriptions in Mr. Moody's evidence at JFM11.
28. All the above points persuaded me that on the *Ladd v. Marshall* criteria Swiss's further evidence should be admitted on appeal. The actual delay in providing the second part of the evidence was explicable by Ms. Devereux's health problems. I accept Ms. Arenal's point that Ms. Devereux, because of her senior roles within The Swatch Group (UK) Limited, was considered to be the correct person to give the further evidence and that once the choice had been made it was difficult to revert to another.
29. Moving to the additional factors set out by Laddie J. in *SWISS MISS*, the parties agreed that no pertinent issues were raised by the nature of the mark or the objections made to it. Mr. Crouch argued that US would suffer prejudice because they make "tiny apparatus" that falls within Class 9 but might be caught by Class 14 and which US wished to sell under their OMEGA mark. I believe that goes to the heart of the actual appeal. The objective of non-use proceedings is accurately to reflect the genuine use that a proprietor makes of its mark and not unduly or unfairly to restrict the scope of a proprietor's exclusive trade mark right. I believe that Ms. Arenal is right when she says

that any relevant loss suffered by US can be compensated for in costs. US's criticisms of Swiss's application go not to the potential significance of the further evidence but to the perceived delays.

30. Ms. Arenal acknowledges that avoidance of a multiplicity of proceedings is not directly relevant either. However, she comments that excessive reduction of Registration No. 699058 could lead to an increase in opposition and passing off proceedings so as to fully protect Swiss's actual interests in Class 14 goods under the ? OMEGA mark in the United Kingdom. The public interest in non-use cases is stated in Recital 8 of the Preamble to the Directive:

"Whereas in order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation ..."

The corollary is that the register accurately should reflect the extent of those marks in actual use.

31. Taking all the relevant factors into account, I believe that the overriding objective is best achieved in this case by permitting Swiss to introduce their additional evidence into the appeal.

The grounds of appeal

32. Swiss contest the Hearing Officer's decision to the extent that it found:
- (a) sales from Swiss to SMH (UK) Limited and Swatch Group (UK) Limited are internal and therefore invoices relating to those sales from Switzerland to the United Kingdom do not constitute evidence of genuine use of the trade mark for goods mentioned in those invoices;
 - (b) Swiss have not shown genuine use of the trade mark ? OMEGA in relation to clocks;
 - (c) Swiss have not shown genuine use of the trade mark ? OMEGA in relation to jewellery;
 - (d) Swiss's watches which are made of precious metals and/or set with precious stones are not a type of jewellery;
 - (e) use of the mark ? OMEGA in relation to a range of timepieces was not sufficient to maintain a claim to "horological and chronometric instruments; parts and fittings therefor";
 - (f) brochures marked with the code US only relate to the United States market.

Swiss further appeal against the Hearing Officer's award of costs in US's favour and seek an award of costs in their favour in respect of the proceedings below and the appeal.

33. The parties accept that the appeal is by way of review and that I should only interfere with the decision of the Hearing Officer if he has made an error of principle (*REEF Trade Mark* [2003] RPC 101 at 109 – 110, Robert Walker L.J.).

La Mer Technology Inc. v. Laboratoires Goemar SA

34. On the same day as the hearing of this appeal, the Court of Appeal gave judgment in *La Mer Technology Inc. v. Laboratoires Goemar SA* [2005] EWCA Civ 978, 29 July 2005. I invited the parties to make further submissions in writing on the basis of that judgment and postponed the writing of my decision accordingly. Both parties claim that the Court of Appeal judgment supports their respective positions.
35. The brief facts of *La Mer* were that during the relevant five year period of alleged non-use, the French proprietor of United Kingdom Trade Mark LABORATOIRE DE LA MER sold five separate small consignments of the registered goods, cosmetics containing marine products in Class 3, under the mark to an agent based in Scotland. The agent ceased to trade and there was no evidence that the goods ever reached an end user. Following the dismissal of revocation proceedings in the Registry, Jacob J., as he then was, on appeal referred questions to the ECJ ([2002] FSR 51). The ECJ responded by reasoned Order³ having formed the view that the answers to the referred questions could be gained from the ECJ's previous ruling in *Ansul*. However the ECJ in *La Mer* confirmed that (paragraph 24): "use of a 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 has a genuine commercial justification for the proprietor of the mark."
36. *La Mer* returned to the High Court ([2005] FSR 668) where Blackburne J. decided that the proprietors had failed to establish genuine use of LABORATOIRE DE LA MER for the goods in question during the relevant five year period. He held that genuine use of the mark required that it come to the attention of the end-users and consumers; that the acts of importation by an independent importer into the United Kingdom of goods bearing the mark did not by themselves amount to genuine use of the mark; and that the proven use by the registered proprietor during the relevant period was insufficient to create a market share in the goods.
37. The Court of Appeal thought otherwise and reversed the decision of Blackburne J. Mummery L. J. concluded:
- "32. Blackburne J. interpreted and applied the rulings of the Court of Justice as placing considerably more importance on the market in which the mark comes to the attention of *consumers and end users* of the goods that I think they in fact do. ... The Court of Justice did not rule that the retail or end user market is the only relevant market on which a trade mark is used for the purpose of determining whether use of the mark is genuine.
33. Trade marks are not only used on the market in which goods bearing the mark are sold to consumers and end users. A market exists in which goods bearing the mark are sold by foreign manufacturers to importers in the United Kingdom. The goods bearing the *La Mer* mark were sold by Goëmar and bought by Health Scope Direct on that market in arm's length transactions. The modest amount of the quantities involved and the more restricted nature of the import market did not prevent the use of the mark 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.
34. There was some discussion at the hearing about the extent to which Goëmar was entitled to rely on its intention, purpose or motivation in the sales of the goods bearing the mark to Health Scope Direct. I do not find such factors of much assistance in deciding whether there has been genuine use. I

³ Under Article 104(3) its Rules of Procedure, [2004] FSR 785.

do not understand the Court of Justice to hold that subjective factors of that kind are relevant to genuine use. What matters are the objective circumstances in which the goods bearing the mark came to be in the United Kingdom. The presence of the goods was explained, as Dr. Trott found, by the UK importer buying and the French manufacturer selling quantities of the goods bearing the mark. The buying and selling of goods involving a foreign manufacturer and a UK importer is evidence of an economic market of some description for the goods delivered to the importer. The mark registered for the goods was used on *that* market. That was sufficient use for it to be genuine use on the market and in *that* market the mark was being used in accordance with its essential function. The use was real, though modest and did not cease to be real and genuine because the extinction of the importer as the single customer in the United Kingdom prevented the onward sale of the goods into, and the use of the mark further down, the supply chain in the retail market, in which the mark would come to the attention of consumers and end users."

38. Neuberger L.J. responded to the applicant for revocation's argument that genuine use must be (a) substantial or significant, and/or (b) communicated to end-users as follows:

"42. Although the four paragraphs in *Ansul* are not entirely easy to analyse in all respects, I do not think that they justify the imposition of either requirement. So far as the second sentence of paragraph [36] is concerned, it does no more than summarise the fundamental purpose of a trademark, thereby explaining why token or internal use is insufficient to amount to "genuine use". That point is then expanded in paragraph [37]. Paragraph [38], and the first sentence of paragraph [39], are in my view concerned with giving guidance to domestic tribunals when they are called upon to decide, in a particular case, whether the use of a trademark is genuine or whether it is internal or token. They do not, to my mind, impose an additional requirement of substantial, or even significant use ...

43. Subject to one point, I believe that what was said by the Court of Justice in paragraphs [20] to [24] in *La Mer*... supports this conclusion. In particular, in paragraph [21] it is made clear that "minimal use" will not of itself disqualify the use from being "genuine".

44. It is true that in paragraph [22] in *La Mer*, the Court of Justice suggested that the question was "whether use is sufficient to preserve or create market share", which, at least at first sight, might suggest that in order to be genuine, the use of the mark must be such as to achieve a significant market share. However, it seems to me that such a reading is plainly inconsistent with what was said elsewhere by the court in *Ansul* and in *La Mer* itself. Furthermore, as Mr. Tritton points out, the words "sufficient to preserve or create market share" are perfectly capable of being read as meaning use which is sufficient for the purpose of preserving or creating market share. In the light of the observations of the Court of Justice in *Ansul* and elsewhere in *La Mer*, I consider that that would indeed be the correct reading of those words.

[...]

48. I turn to the suggestion, which appears to have found favour with the Judge, that in order to be "genuine", the use of the mark has to be such as to be communicated to the ultimate consumers of the goods to which it is used. Although it has some attraction, I can see no warrant for such a requirement, whether in the words of the directive, the jurisprudence of the European Court, or in principle. Of course, the more limited the use of the mark in terms of the person or persons to whom it is communicated, the more doubtful any tribunal may be as to whether the use is genuine as opposed to token. However, once

the mark is communicated to a third party in such a way as can be said to be "consistent with the essential function of a trademark" as explained in paragraphs [36] and [37] of the judgment in *Ansul*, it appears to me that genuine use for the purpose of the directive will be established.

49. A wholesale purchaser of goods bearing a particular trademark will, at least on the face of it, be relying upon the mark as a badge of origin just as much as a consumer who purchases such goods from a wholesaler. The fact that the wholesaler may be attracted by the mark because he believes that the consumer will be attracted by the mark does not call into question the fact that the mark is performing its essential function as between the producer and the wholesaler."

39. Finally, dealing with the Judge's suggestion that the use relied upon in the instant case was effectively internal, Neuberger L.J. said (paragraph 51):

"As Mummery L.J. has explained, the use of the mark relevant for present purposes related to five separate occasions, and in relation to a small quantity of goods. However, that does not assist on the question of whether or not the use was internal. The essential point is that the occasion was a transaction between the proprietor of the mark as seller of the goods, which were sold and shipped pursuant to an arm's length apparently bona fide sale, to an independent wholesaler in this country. Such a sale cannot, in my view, be characterised as a transaction internal to the proprietor's organisation."

40. US written submissions emphasise the references to internal use by the registered proprietor not being genuine use (Mummery and Neuberger L.L.J.) and to the agent in *La Mer* being an independent wholesaler (Neuberger L.J). Swiss on the other hand concentrate on the observations in both judgments regarding arm's length transactions and the absence of any requirement for sales to end-users.

Internal use

41. Swiss complain that the Hearing Officer wrongly characterised the sales between Swiss on the one hand and SMH (UK) Limited and Swatch Group (UK) Limited on the other hand as internal so that the invoices relating to such sales did not constitute evidence of genuine use. Swiss's criticism that the Hearing Officer mistook the nature of the relationship between the companies to be that of parent (Swiss) and subsidiary (SMH (UK) Limited and Swatch Group (UK) Limited) is clearly justified.
42. The Hearing Officer relied on paragraph 44 of the judgment of the ECJ in Case C-16/03, *Peak Holding AB v. Axolin-Elinor AB* [2005] ETMR 306 as support for his finding of internal use:

"The answer to the first question must therefore be that Article 7(1) of the Directive must be interpreted as meaning that goods bearing a trade mark cannot be regarded as having been on the market in the EEA where the proprietor of the trade mark has imported them into the EEA with a view to selling them there or where he has offered them for sale to consumers in the EEA, in his own shops or those of an associated company, without actually selling them."

Ms. Arenal comments that *Peak Holding* concerns exhaustion of trade mark rights under article 7(1) of the Directive and not genuine use. Be that as it may, it is important to read paragraph 44 of *Peak Holding* in the context of the ECJ's judgment as a whole, in particular, paragraphs 39 to 42, where the Court says (emphasis added):

- “39. In the present case, it is not disputed that, where he sells goods bearing his trade mark to a third party in the EEA, the proprietor puts those goods on the market within the meaning of Article 7(1) of the Directive.
- 40. A sale which allows the proprietor *to realise the economic value of his trade mark* exhausts the exclusive rights conferred by the Directive, more particularly the right to prohibit the acquiring third party from reselling the goods.
- 41. On the other hand, where the proprietor imports his goods with a view to selling them in the EEA or offers them for sale in the EEA, he does not put them on the market within the meaning of Article 7(1) of the Directive.
- 42. Such acts do not transfer to third parties the right to dispose of the goods bearing the trade mark. They do not allow the proprietor to realise the economic value of the trade mark...”.

The Court does not say that only sales on the retail market are relevant. Instead each case must be examined to determine whether the sale in question allows the proprietor to realise the economic value of his trade mark. If it does then the proprietor’s exclusive rights in the trade mark are exhausted.

- 43. The ECJ in *Ansul* does not expand on what it means by internal use except in contradistinction to genuine use, which it defines as use consistent with the essential function of a trade mark, i.e., to guarantee the identity of the origin of 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. However, Advocate General Colomer in his Opinion, dated 2 July 2002, makes the following observations at paragraph 57 (emphasis by A.G. Colomer):

“On the other hand, *private use that does not extend beyond the internal province of the proprietor's undertaking does not count*, in so far as it is not directed at securing a place in the market. Preparations for the marketing of goods or services do not, therefore, constitute sufficient or effective use, nor does getting them shop-ready or storing them where they do not leave the undertaking's premises”.

In a footnote to this passage, A.G. Colomer refers to C. Fernández-Novoa, *Derecho de marcas*, pub. Montecorvo. S. A. Madrid, 1990, pp. 253 and 254, where the author adds the exclusive sale of goods bearing the mark to employees in the undertaking's stores as internal use.

- 44. Again in *Ansul*, this time of course in the context of revocation for non-use, the ECJ emphasises the need to take into account all the circumstances of the case in order to judge whether the commercial exploitation of a mark is real, including the nature of the products in question, the characteristics of the relevant market and the scale and frequency of use (paragraphs 38 and 39).
- 45. The Hearing Officer was clearly influenced in his findings of no genuine use in relation to clocks and jewellery by the lack of documented evidence of sales to retailers, i.e., invoices. The Hearing Officer comments in relation to jewellery pins, that there is no indication that they were communicated to the public. The Court of Appeal confirmed in *La Mer* that there is nothing in the Directive or in the jurisprudence of the ECJ to signify that qualifying use must either take place on the retail market or be communicated to end-users. The Hearing Officer mistook the nature of the relationship between Swiss and other affiliated companies in the Swatch Group. It

may be that the Hearing Officer also incorrectly believed Mr. Moody to be an employee of Swiss rather than Swatch Group (UK) Limited⁴. The Hearing Officer acknowledges that he has not considered a large amount of the registered proprietors' evidence because in his view that was relevant only to wristwatches for which genuine use was accepted by US. I believe that the Hearing Officer not only made factual errors in his findings of internal use but also erred in law in his concentration on the retail market and his failure to take into account all the circumstances of the case. In particular, he failed to take into account the evidence relating to watches, which, in my judgment, not only goes to the width of any permissible specification but also provides an important backdrop against which to assess the genuineness of any disputed use. There is justification in the first ground of appeal and I turn to consider the evidence afresh.

Clocks

46. Here I must of course take into account the additional evidence I permitted Swiss to adduce on appeal. Mr. Moody in his witness statement dated 23 October 2003 provided evidence in the form of photographs (JFM10) and invoices (JFM11) of steady sales from Swiss in Switzerland to Swatch Group (UK) Limited (or its predecessors in title) in the United Kingdom of various types of clocks over the period 1993 – 2003. He states that Swatch Group (UK) Limited sells these clocks, e.g., to jewellery retailers throughout the United Kingdom. Ms. Sauser Rupp in her witness statement dated 28 May 2004 gives evidence to similar effect except that the invoices she exhibits span only the period 1996/1997 (CSR1). The invoices invariably bear the O OMEGA mark and the mark is also shown on the faces of the clocks. The prices are stated on the invoices in Swiss Francs and British Pounds with terms of payment and delivery. Somewhat anachronistically in view of his conclusions, the Hearing Officer found that the use shown of the O OMEGA mark constituted trade mark use. Ms. Devereux provides evidence of onward sales by her company of clocks under the mark in the United Kingdom to jewellers, hotels, golf clubs and other sporting event venues albeit sometimes at a discount. She also gives details of maintenance and repair services supplied in connection with O OMEGA clocks. Ms. Devereux confirms that all transactions between Swatch Group (UK) Limited and Swiss are at arm's length and that her company pays the same price for a clock from Swiss as any other company would. In the circumstances, I am satisfied that the use shown by Swiss in relation to clocks under the O OMEGA mark in the United Kingdom is in accordance with the essential function of a trade mark, i.e., to guarantee to the consumer or end-user the origin of O OMEGA clocks for the purpose of creating or preserving an outlet for those clocks as distinct from clocks of other undertakings.
47. US argue that the use is in any event token since the mark is used on clocks to promote Swiss's watches. US point to the fact, which was also taken into account by the Hearing Officer, that certain of the clocks incorporate design features from Swiss's "Constellation" range of watches namely, claws or griffes clamping the bezel to the case at the 9 o'clock and 3 o'clock positions. As I observed sitting as the Appointed Person in *Tesco Stores Ltd's Trade Mark Applications* [2005] RPC 361 at 373, it is no objection that a trade mark serves a promotional or advertising function as well as performing its essential function of guaranteeing origin in relation to the goods or services at hand (*Case C-206/01, Arsenal Football Club v. Matthew Reed* [2002] ECR I-10273 (ECJ), *Case C-517/99, Merz v. Krell GmbH* [2001] ECR I-6959 (ECJ), *Daimler Chrysler AG v. Alavi* [2001] RPC 42 and see, *Kerly's Law of Trade Marks and Trade Names*, 14th Edition, paragraphs 10-061 – 10-062). The sale of clocks may well be a secondary market (as Ms. Devereux candidly admits). Nevertheless it is a market and Swiss are not alone in pursuing such business methods. The fact that O OMEGA is

⁴ Mr. Moody says in his witness statement of 11 January 2005: "My company sells O OMEGA branded products in the UK" and "My company sells these clocks e.g. to jewellery retailers throughout the UK", which is reported by the Hearing Officer as: "Mr. Moody states that Swiss sells these clocks to jewellery retailers in the United Kingdom".

also promoting Swiss's watches does not prevent the mark performing a dual function in relation to clocks, nor does it per se render the use non-genuine.

49. Swiss have succeeded in proving genuine use of the O OMEGA mark in relation to clocks.

Horological and chronometric instruments

50. Swiss seek to maintain their registration inter alia for horological and chronometric instruments. The authorities on partial revocation for non-use were recently reviewed by Mr. Geoffrey Hobbs Q.C. sitting as the Appointed Person in *WISI Trade Mark*, BL O/251/05. The objective is to arrive at a fair specification of goods and/or services having regard to the use made of the mark and the way in which the relevant public would perceive the use (*Decon Laboratories Ltd v. Fred Baker Scientific Ltd* [2001] RPC 293, *Thomson Holidays Ltd v. Norwegian Cruise Line Ltd* [2003] RPC 586 (CA), *West (t/a Eastenders) v. Fuller Smith & Turner Plc* [2003] FSR 44 (CA)). Legal certainty demands that goods and services are identified and defined in a positive way (*Case C-363/99, Koninklijke KPN Nederland NV v. Benelux Merkenbureau (POSTKANTOOR)* [2004] ETMR 57(ECJ)). But pernicky descriptions, e.g. three-holed razor blades imported from Venezuela or polish for metals consisting of cotton impregnated with a polishing agent (magic cotton), are to be avoided (*ANIMAL Trade Mark* [2004] FSR 383, *Case T-126/03, Reckitt Benckiser (España) SL v. OHIM*, 14 July 2005, CFI).

51. *The Oxford English Reference Dictionary* provides the following definitions:

- (a) **Horology, adj. horological** - the art of measuring time or making clocks, watches, etc.; the study of this.
- (b) **Chronometry, adj. chronometric** – the science of accurate time-measurement.

52. I have found that Swiss have shown genuine use for clocks. It is conceded that there has been genuine use of the mark in relation to wristwatches. The Hearing Officer did not take into account Swiss's evidence relating to watches and parts and fittings therefor. Had he done so, he would have uncovered numerous references in the exhibited catalogues and invoices to various types of timepieces sold under the mark in the United Kingdom including chronometers and chronographs. For example, the front cover of the International Collection 2000 brochure advertises the O OMEGA *Seamaster Professional CHRONOMETER 300m/1000ft.* and the International Collection 2003 shows Anna Kournikova's choice as the O OMEGA CONSTELLATION Quadra Chronograph (witness statement of John Frederick Moody dated 23 October 2003, exhibit JFM6). Ms. Arenal referred me to the case of *ANIMAL Trade Mark*, supra., where a registration for horological instruments was allowed to remain on the basis of use for watches and chronographs. Mr. Crouch responded that horological instruments was agreed between the parties in *ANIMAL Trade Mark* and also the term covers hands for clocks, pendulums and sundials. I believe that Swiss has shown genuine use of the mark on the main items that the public would perceive as falling within the description horological and chronometric instruments and that this is a fair specification having regard to the use that has been made.

Jewellery

53. There is obviously some difference of opinion surrounding my decision as the Appointed Person in BL O/393/03. In that case involving another registration belonging to Swiss in Class 14, the matter in dispute was Swiss's claim to retain the specification for jewellery. It was accepted that Swiss had shown genuine use of the mark in suit for watches. I considered the issue to be not so much whether watches,

particularly watches encrusted with precious stones, could be classed as jewellery (a wide term encompassing several items) but what was a fair specification bearing in mind that Swiss had only shown use in relation to watches. Swiss's own use in advertising and on invoices as well as dictionary definitions indicated that the relevant public would refer to watches encrusted with precious stones as jewellery watches or jewel-watches. I therefore incorporated the latter term into the specification allowed. With hindsight, I should have categorically stated that a significant proportion of the relevant buying public would, in my view, perceive a watch with precious stones adorning the face and/or bracelet as an item of jewellery as well as being a timepiece. That perception might also extend to dress watches. Trade marks law/practice is well used to accommodating goods and services that fall within two or more descriptions, e.g., a T-shirt is a T-shirt as well as being an item of clothing. In the present case, Swiss maintain, and did so before the Registrar, that use of the trade mark in relation to heavily jewelled watches and/or watches made of precious metals is use in relation to jewellery. I believe that the Hearing Officer was wrong to exclude watches from his determination of use of the mark in relation to jewellery. In my judgment, Swiss have succeeded in proving genuine use for jewellery watches.

54. Swiss challenge the Hearing Officer's findings of internal and promotional uses of the O OMEGA mark in relation to pins. Here the evidence comprised the witness statement of John Frederick Moody dated 23 October 2003 exhibiting copies of Swiss's gift catalogue 1999 (JFM12), invoices from Swiss to SMH (UK) Limited dated 28 April 1993 and 29 January 1996 referring respectively, inter alia, to 100 "EPINGLES OMEGA" and 200 "TIE PIN'S" (JFM13), and order confirmations for a range of gift items including 750 "OMEGA PINS" from Swiss to Swatch Group (UK) Limited dated 11 February 2000, 29 January 2001 and 6 June 2001 (JFM14). In fact there is also a copy invoice from Swiss to Swatch Group (UK) Limited dated 24 October 2000 itemising 200 "OMEGA PINS" exhibited at JFM11. Again, these copy invoices/order confirmations are in similar form to the watch/watch parts invoices, i.e., they bear the mark in suit in the top left hand corner, give prices in Swiss Francs and British Pounds and state terms of payment/delivery. The gift catalogue includes items such as leather purses, backpacks and briefcases, leather golf bags and pouches, leather jewellery cases and pouches, pens and pens/pencil cases, clothing. Each item bears the mark in suit. The pins are gold plated with the OMEGA logo mounted on the top. Ms. Arenal submitted that the UK consumer would refer to these as brooches but I believe the more apt description would be (as indicated in one of the order confirmations) tie or lapel pin. The witness statement of David John Crouch dated 2 March 2004 exhibits at DJC-R2 a witness statement of Mr. Peter W. Peterson dated 11 April 2002, which in turn exhibits extracts from a deposition taken from Christiane Sauser Rupp for the purpose of US proceedings in June 2001 referring to the sale of gift items by Swiss. Ms. Sauser Rupp confirms in her witness statement of 28 May 2004 that these gift items are sold under the mark in suit and re-exhibits the relevant pages of her deposition at CSR2. Finally there is the further evidence of Bettina Irene Devereux dated 21 July 2001 stating that all transactions between Swiss and Swatch Group (UK) Limited are at arm's-length.
55. In the context of the evidence as a whole, I believe that Swiss has succeeded in showing genuine use of the mark in suit in the United Kingdom for pins. Clearly the sale of pins is an accessory to Swiss's main business of selling timepieces. Nevertheless such sales have enabled Swiss to realise the economic value of the O OMEGA mark in relation to the pins in question.
56. There remains the issue of exhibit JFM9 to the witness statement of John Frederick Moody dated 23 October 2003 – the "O OMEGA Bijoux" booklet which bears a copyright legend for 2003 and the code "US". The booklet shows use of the O OMEGA mark in relation to a range of jewellery including rings, bracelets, necklaces and earrings. However, despite the additional evidence of Petra Hlavacek there is nothing to indicate that this brochure has ever been distributed in the United Kingdom. I find

that Swiss has failed to show genuine use of the mark in the United Kingdom for jewellery other than jewellery watches and pins. Taking into account the relevant authorities on partial revocation for non-use I do not believe a specification for the broad term “jewellery” is justified by the use made.

Conclusion

57. In my judgement, an appropriate specification for the use made is:

“Jewellery watches and pins; horological and chronometric instruments; parts and fittings therefor”.

Since there is no appeal against the Hearing Officer’s decision that Swiss had shown genuine use of the mark in the United Kingdom for jewellery at large up until 31 December 1985, the above specification takes effect from 1 January 1986. Before 1 January 1986, the specification covered jewellery.

58. Both parties have enjoyed a measure of success on appeal. In the circumstances I believe the fair course is to order that each party should bear their own costs of the application for revocation and the appeal. As for the application to introduce fresh evidence on appeal, the additional evidence was submitted shortly before the hearing. US are entitled to a contribution towards their costs of having to respond to the application on short notice. Accordingly, I order that Swiss pay to US the sum of £750.00 within seven days of being notified of my decision in this appeal.

Professor Ruth Annand, 17 October 2005

Ms. Sofia Arenal, Mewburn Ellis LLP appeared on behalf of Omega SA (Omega AG) (Omega Ltd).

Mr. David Crouch, Bromhead Johnson appeared on behalf of Omega Engineering Inc.