

O-312-05

TRADE MARKS ACT 1994

**THE TRADE MARK 'NEW COVENT GARDEN SOUP CO'
REGISTERED UNDER No. 2037449 IN CLASS 29
IN THE NAME OF THE NEW COVENT GARDEN SOUP COMPANY LTD**

AND

**AN APPLICATION BY COVENT GARDEN MARKET AUTHORITY
UNDER No. 81229
TO REVOKE THE ABOVE TRADE MARK REGISTRATION FOR NON-USE**

Background

1. The trade mark NEW COVENT GARDEN SOUP CO was registered under No. 2037449 with effect from 22 September 1995. The trade mark was entered in Class 29 of the register on 24 May 1996 in respect of:

“Soups and soup preparations”

2. The registration stands in the name of The New Covent Garden Soup Company Limited, (Soup Co) which has owned the trade mark at all times.

3. On 28 March 2003, Covent Garden Market Authority (CGMA) applied to revoke the registration on the grounds:

- “2. (i) that within the period of five years following the date of completion of the registration procedure, the mark the subject of the registration has not been put to genuine use in the United Kingdom, by the proprietor or with its consent, in relation to the goods for which it is registered, and there are no proper reasons for non-use, and/or
- (ii) that any such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use, and/or
- (iii) that no use has in any relevant period been made of a mark differing from the mark as registered under No. 2037449 in elements which do not alter the distinctive character of the mark in the form in which it was registered, and/or
- (iv) that no use has in any relevant period been made of a mark as registered under No. 2037449 throughout the United Kingdom.

3. UK registration No. 2037449 of the trade mark NEW COVENT GARDEN SOUP CO. is dated 22nd September 1995. The date of completion of the registration procedure is 24th May 1996 and consequently registration No. 2037449 is now beyond the period of five years following the date of completion of the registration procedure.

4. The Applicant for Revocation has through its agents caused preliminary enquiries to be made by a reputable Firm of Solicitors into the interests of the Registered Proprietors of registration No. 2037449 in the mark the subject of that registration. Such preliminary investigations conclude that the Registered Proprietors of registration No. 2037449 have made no use of the mark the subject of registration No. 2037449.

5. The Applicant for Revocation therefor requests revocation of the registration under the provisions of s. 46(1) (a) and (b) of the Act and an award of costs in its favour.”

4. Soup Co filed a counterstatement of 2 July 2003 denying the allegations of non-use and asserting that the trade mark had been genuinely used in the UK during the periods identified by CGMA. Soup Co also requested an award of costs.

The Relevant Legal Provisions

5. The material parts of Section 46 of the Trade Marks Act are as follows:

- “46 (1) The registration of a trade mark may be revoked on any of the following grounds -
- (a) that within the period of five years following the date of completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use;
 - (b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use;
- (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.”

6. As no earlier date of revocation is mentioned, I take it that CGMA seeks to have the registration revoked with effect from 26 March 2003 when it signed the application.

7. As a suspension of genuine use for a period of five years is sufficient by itself to found a revocation action, in practice I need only determine the position for the period of five years ending on the date of the application for revocation. The relevant period is therefore 26 March 1998 to 26 March 2003.

Soup Co's Evidence

8. Soup Co's evidence consists of two witness statements by Jeremy Hudson, who is the Finance Director of Daniels Chilled Foods Ltd, the parent company of Soup Co. Mr Hudson states that the registered trade mark has been used, either as registered or in a form which does not alter the distinctive character of the trade mark, on a very substantial scale throughout the relevant period.

9. Soup Co's turnover of soup products for each of the years 1999-2002 was around or in excess of £20m per annum (at ex-factory prices). Substantial amounts have been spent advertising the trade mark. In 1999 alone, Soup Co spent over £1.3m supporting the NEW COVENT GARDEN SOUP CO mark.

10. Exhibits JH1 to JH19 to Mr Hudson's witness statement include various examples said to show use of the trade mark during the relevant period. This evidence takes five main forms. These are:

- i) Use of a composite mark consisting of a representation of a soup bowl and spoon surrounded by the words NEW COVENT GARDEN SOUP CO (exhibits JH1, 6, 8, 9, 13, 14, 15, 16, 18 & 19);
- ii) Use of a label mark in which the words NEW COVENT GARDEN SOUP CO are produced across the middle of a label consisting of other distinguishing matter, including the mark described above (exhibits JH2, 3, 9 & 13);
- iii) Use of the word NEW COVENT GARDEN SOUP CO as a completely stand alone mark on the packaging for 2 litre packs of soup (exhibits JH1 & 8);
- iv) Use of NEW COVENT GARDEN SOUP COMPANY (exhibits JH4, 6, 9, 10, 13, 18 & 19);
- v) Use of the words NEW COVENT GARDEN SOUP (exhibits JH7 & 17).

11. Mr Hudson's second witness statement indicates that Soup Co sell around 10% of their soup in 2 litre cartons bearing the trade mark (as described in paragraph 10(iii) above) to wholesalers and caterers in the UK, who sell the product on to food service outlets throughout the country including sandwich bars, restaurants and motorway service stations.

CGMA's Evidence

12. CGMA's evidence consists of two witness statements by Peter Michael Liggins, its General Manager, and Colin Ronald Farey, its Secretary. These statements are essentially critiques of the evidence in Mr Hudson's two witness statements. The criticisms of Soup Co's evidence were rehearsed at the hearing described below. There is no evidence of fact which I need to record here.

The Hearing and the Decision

13. The matter came to be heard on 5 & 6 October 2005 when CGMA was represented by Ms Lindsay Lane of Counsel, instructed by Kilburn and Strode, and Soup Co was represented by Mr Richard Arnold QC, instructed by S.J.Berwin. I indicated during the hearing that the application for revocation would be rejected. These are my reasons for that decision.

Reasons

14. The European Court of Justice has given guidance as to the meaning of "genuine use" in articles 10 and 12 of the Trade Mark Directive (EC/104/89) from which section 46 of the Trade Marks Act 1994 is derived. The ECJ's guidance is contained in cases *Ansul v Ajax* [2003] RPC 40 and *Laboratoires Goemar SA v La Mer Technology Inc.* [2004] ETMR 47. The later case has subsequently been the subject of further judgements by the English High Court: [2005] FSR 29, and the Court of

Appeal: [2005] ETMR 114. For the purposes of this decision it is sufficient for me to note that genuine use:

- i) must be use which is in accordance with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or maintain a market share for those goods or services;
- ii) does not include token or sham use for the sole purpose of preserving a registration;
- iii) can be satisfied by even minimal use when it serves a real commercial purpose.

15. Further, in assessing whether use is genuine, regard must be had to all the relevant facts and circumstances in order to establish whether the commercial use of the mark is real in the course of trade, particularly:

- i) 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 trade mark;
- ii) the nature of the goods or services concerned, the characteristics of the market for those goods and services and the scale and frequency of the use of the mark.

16. There is no real dispute that Soup Co has used the words NEW COVENT GARDEN MARKET SOUP CO during the relevant period, and on a substantial scale. CGMA's real argument is that these words have not been used as an independent trade mark but only as a part of other marks, as a company name, or in few cases, in relation to goods or services other than for which it is registered. It is further argued that Soup Co's remaining claims of use have not been sufficiently substantiated.

17. It is true that the use shown in exhibits JH18 and 19 of NEW COVENT GARDEN SOUP CO (and ...SOUP COMPANY) is use in relation to a trade in printed publications rather than use in relation to soups and soup preparations. It is also arguable that the use of NEW COVENT GARDEN SOUP COMPANY shown in exhibits JH4 and 12 is only use in relation to services connected with the retailing of foodstuffs rather than use in relation to soups and soup preparations as such.

18. There is also room for argument as to whether the uses of NEW COVENT GARDEN SOUP COMPANY shown in exhibits JH6 (in advertising), JH10 (on Soup Co's web site), and JH13 (in newsletters) is use as a company name rather than use as a trade mark.

19. Much of the remaining use shown in evidence is of the composite mark shown below.



20. There is further room for argument as to whether the use of NEW COVENT GARDEN SOUP CO as part of this composite mark is use of the registered mark (as Mr Arnold submitted), or use of the registered mark in a form differing in elements which do not alter the distinctive character of the registered mark (as Mr Hudson originally claimed on behalf of Soup Co), or use of a different mark with additional elements which do alter the distinctive character of the registered mark (as CGMA claims).

21. Ms Lane relied upon the judgement of the Court of Appeal in *Bud and Budweiser Budbrau Trade Marks* [2003] RPC 25, particularly paragraph 43 of the judgement of Lord Walker of Gestingthorpe, as support for the submission that use of the above mark would be perceived by the relevant class of consumers as use of a trade mark with elements which have a different distinctive character to that of the words NEW COVENT GARDEN SOUP CO alone.

22. Mr Arnold relied upon the judgement of the ECJ in Case C-353/03, *Societe des Produits Nestle SA v Marks UK Ltd*, as support for the proposition that a mark may be used as part of another mark.

23. In my view the average consumer of soups would regard the above mark as a single (albeit composite) trade mark. The composite mark clearly differs in elements compared to the words alone. The relevant question is whether the addition of the other elements results in a mark which alters the distinctive character of the (word only) mark in the form in which it is registered.

24. In the *Bud* case, the application of s46(2) came into issue because certain features of the registered marks had been omitted from the marks used. The omission of a part of a registered mark inevitably gives rise to doubt as to whether the distinctive character of the registered mark has been retained when only some elements of it have been used. In this connection, I would accept CGMA's submission that the use of NEW COVENT GARDEN SOUP (omitting the element 'CO') is use of a mark differing in elements which do affect the distinctive character of the registered word mark. This is because the registered mark brings to mind a particular soup company whereas the variant mark does not.

25. However, the main area of doubt with regard to the use of the composite mark arises in a rather different context in which the whole of the registered mark has been

used a) in form which differs from that in which it is registered (the words being presented in a circular fashion rather than being arranged horizontally), and b) with other elements added to it to form the composite mark.

26. I do not think that it can be seriously argued that arranging the words into a roundel affects their distinctive character. It is possible for the addition of elements to alter the distinctive character of a mark. For example, I do not think that the mark JAMES has the same distinctive character as the mark JAMES & JOHNSON. But in this case I believe that the average consumer of soups would regard the words NEW COVENT GARDEN SOUP CO as having an independent distinctive role within the composite mark. These words have the same distinctive character when they are used as a part of the composite mark as they do when used alone. On that view of the matter, the use of the words as part of the composite mark shown above falls squarely within s46(2).

27. I find support for this approach in the ECJ's judgement in the *Nestle* case cited by Mr Arnold. The *Nestle* case arose as a result of a request from the English Court of Appeal that the ECJ make a preliminary ruling on the meaning of a provision of the Trade Mark Directive. The provision in question was not articles 10 and 12 of the Directive, which provide the basis of section 46 of the Act, but article 3(3) of the Directive, which is the basis for the proviso to section 3(1) of the Act. This provides that a trade mark which lacks the necessary (inherent) distinctive character should not be refused registration if it has acquired such a character through use. The referring court's question was whether such a character could be gained as a result of the use of a trade mark in conjunction with, or as a part of, another trade mark. The ECJ's answer was that it could.

28. This does not necessarily mean that it is possible to sustain the registration of a trade mark as a result of the use of that mark only as a part of another mark, but there is a certain logic in the proposition that if it is possible for a mark to acquire its own distinctive character as a result of its use as part of another mark, then it should also be possible for it to retain that distinctive character, even though it is always used with the other elements of the composite mark. Indeed this appears to have been the view of the Advocate General Kokott, who opined in paragraph 24 of her opinion that:

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

29. The ECJ did not feel it necessary for it to express any view on the interaction between article 3(3) and article 10. I nevertheless regard the answer it gave to the question relating to the meaning of article 3(3) as being supportive of my interpretation of articles 10 and 12, and hence of s46(2) of the Act.

30. The extent and genuineness of the use of the composite mark in relation to soups and soup preparations is not otherwise in dispute. Accordingly, if I am right so far the application for revocation fails on the basis of the proven use of the composite mark.

31. I would reject the application even if I am wrong in finding that the use of the composite mark is sufficient. Exhibits JH1 and JH8 include specimens of the packaging that Mr Hudson says Soup Co used for its 2 litre packs of soup. In his first witness statement he claims that this use occurred between 1998 and 2001. In his second witness statement he says 1998-2002. The exhibits show the words NEW COVENT GARDEN SOUP CO being used as a wholly independent trade mark on the packaging of the product, which also bears other distinguishing marks. Two of the specimens carry a copyright claim dated 2001. Mr Hudson names some of the wholesalers and caterers to whom these soups were sold and he says that around 10% of Soup Co's products were sold in these 2 litre packs during this period(s). Even if the period was the shorter one of the two claimed, that is still a substantial volume of products.

32. CGMA's response to this evidence is to point out that the packaging of the product contains other marks too, which I think is irrelevant, and that there is no documentary evidence to support the claim that such sales occurred. There was no request to cross examine Mr Hudson on his evidence. Mr Hudson's evidence on this point could have been more detailed and better supported, and its credibility is partly undermined by the inconsistency in dates referred to above. If it were the only relevant evidence of use, I would have faced a difficult decision in deciding whether it was sufficiently probative and credible to serve as evidence of genuine use of the registered mark. Fortunately, it was not.

33. Exhibit JH2 consists of copies of 13 delivery notes and invoices, all of which date from the relevant period. Each carries a representation of a label mark (which is in fact registered as a trade mark under No 2148924). The composite mark shown above is included near the top of the label mark. The words NEW COVENT GARDEN SOUP CO are superimposed in large font right across the middle of the label, and extend out either side of it. Exhibit JH9 consists of a CD containing copies of two television commercials Soup Co ran on ITV Meridian in November 1998 and on ITV LWT in January 2000. These commercials show Soup Co's product with the words NEW COVENT GARDEN SOUP CO superimposed over a label mark on the packaging of the product. The use is similar to that shown on the invoices and delivery notes in exhibit JH2.

34. CGMA's response to this evidence is that the mark shown differs in elements altering the distinctive character of the word only mark and, in the case of the TV adverts, that they were only shown twice.

35. The first point is misconceived. In my view, this evidence clearly shows use of NEW COVENT GARDEN SOUP CO as an independent trade mark and in the form in which it was registered. I am clear that that is how it would be viewed by an average consumer. The fact that it is superimposed over another of Soup Co's trade marks is neither here nor there. As to the second point, I do not understand how the fact that TV adverts were only shown twice detracts from the claim that they show genuine use of the registered mark within the relevant period.

36. I therefore concluded during the course of the hearing that the totality of Soup Co's evidence was plainly sufficient to establish genuine use of the registered mark during the relevant period, and that is why I reached the decision I gave at the time.

Costs

37. Mr Arnold asks for an award of costs in Soup Co's favour above that of the usual scale. He says that this is justified for the following reasons. Firstly, CGMA did not give Soup Co the opportunity of demonstrating use of the registered mark before applying for its revocation. Secondly, the application was hopeless, known by CGMA to be hopeless, and therefore represented an abuse of the Registry's process.

38. I do not regard the first point as being a sufficient reason, of itself, to award costs above the usual scale.

39. There is more substance in the second submission. Mr Arnold pointed out that in his evidence in a related opposition, Mr Farey for CGMA gave evidence in a witness statement dated 27 November 2003 to the effect that Soup Co had not used the words NEW COVENT GARDEN alone, but only with the words SOUP COMPANY or SOUP CO. Mr Arnold relies upon this as evidence that CGMA put forward a claim (that Soup Co had not used NEW COVENT GARDEN SOUP CO) that it knew to be untrue.

40. I have given this matter careful thought before deciding that I should not make an award of costs above the usual scale rates. It is clear from the evidence that CGMA's attack on the registration was in reality based around a claim that NEW COVENT GARDEN SOUP CO had only ever been used in conjunction with, or as a part of, other marks. The reference in the *Nestle* case shows that this point of law is the subject of some uncertainty. I believe that CGMA was unwise to pursue this application after receiving the evidence in Mr Hudson's first witness statement. But I do not think I can find that CGMA's claim was so obviously unfounded that pursuing it represented an abuse of process. I will therefore make an award of costs within the Registrar's usual scale.

41. I order CGMA to pay Soup Co the sum of £1700 as a contribution towards its costs. In arriving at this sum I have taken into account that Soup Co filed two relatively substantial pieces of evidence, but that the costs associated with the hearing were limited because the case was heard together with two other actions between the parties, to which the majority of the submissions were directed. Unless there is an appeal, the above sum must be paid within 7 days of the end of the period allowed for the filing of an appeal.

Dated this 24th day of November 2005

**ALLAN JAMES
For the Registrar
the Comptroller-General**