O/329/20

IN THE MATTER OF THE TRADE MARKS ACT 1994 (THE "1994 ACT")

UNITED KINGDOM TRADE MARK REGISTRATION NUMBER 3000708 FOR SIMPLEX (DEVICE) IN THE NAME OF NIGLON LIMITED (THE "RESPONDENT") AND CANCELLATION APPLICATION NUMBER 502287 THERETO BY BURN CABLE MANAGEMENT SYSTEMS LIMITED (THE "APPELLANT")

DECISION

INTODUCTION

1. The Appellant appeals from the decision of the hearing officer, Mr Andrew Feldon acting for the Registrar dated 24 October 2019 whereby he dismissed the application made by the Appellant to revoke for non-use the Respondent's registered trade mark number 3000708 (the "Trade Mark") for the device:

(the "Device"),

The application was filed on 5 April 2013, registered on 27 September 2013 in respect of '*electrical conduits and conduit fittings included in class 9*' ("the Goods").

2. The application to revoke the mark was made on 9 October 2018, with effect from 28 September 2018 under section 46(1)(a) of the 1994 Act.

3. The Respondent filed a short witness statement of Mr Simon Hinley accompanied by four exhibits which were said to demonstrate use of the Trade Mark. The hearing officer concluded that this material was sufficient to demonstrate genuine use and refused to revoke it.

THE APPEAL

Alleged errors in the hearing officer's determination

4. The Appellant contends that the hearing officer erred in two main respects:

(i) in the conclusions he reached on the evidence by wrongly relying on what was submitted by the Respondent's representative rather than only the evidence; and

(ii) by failing to apply the law on sufficiency of proof of use to the facts.

Approach

5. As the Appointed Person stated in *Sharif* v. *Jungle Restaurant Ltd* (JUNGLE GRILL) (O-289-20), at [17] ff:

> 17. An appeal against decisions taken by the Registrar is by way of review. Neither surprise at a Hearing Officer's conclusion, nor a belief that he or she has reached the wrong decision suffice to justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer was wrong. See Reef Trade Mark [2003] RPC 5; and Actavis Group PTC v. ICOS Corporation [2019] UKSC 1671 at [78] to [81].
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> 18. Moreover, where the decision below involves the making of a value judgment the decision maker on appeal must be especially cautious about interfering with that judgment on appeal: see most recently Actavis (above) at [80]:
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> > 80. What is a question of principle in this context? An error of principle is not confined to an error as to the law but extends to certain types of error in the application of a legal standard to the facts in an evaluation of those facts. What is the nature of such an evaluative error? In this case we are not concerned with any challenge to the trial judge's conclusions of primary fact but with the correctness of the judge's evaluation of the facts which he has found, in which he weighs a number of different factors against each other. This evaluative process is often a matter of degree upon which different judges can legitimately differ and an appellate court ought not to interfere unless it is satisfied that the judge's conclusion is outside the bounds within which reasonable disagreement is possible: *Assicurazioni Generali SpA v Arab Insurance Group (Practice Note)* [2002] EWCA Civ 1642; [2003] 1 WLR 577, paras 14- 17 per Clarke LJ, a statement which the House of Lords approved in *Datec Electronic Holdings Ltd v United Parcels Service Ltd* [2007] UKHL 23; [2007] 1 WLR 1325, para 46 per Lord Mance.
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> 19. It is necessary to bear these principles in mind on this appeal.

LAW

6. It was agreed below that the relevant principles for a finding of proof of use are set out in the decision of Arnold J (as he then was) in *Walton International Ltd* v. *Verweij Fashion*

BV [2018] EWHC 1608 (Ch); [2018] E.T.M.R. 34, at [115]. They are well-known but in the light of the arguments on appeal, I set them out in full below:

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

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

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; Leno at [29]; *Centrotherm* at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: *Gözze* at [43]-[51].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14] and [22]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial raison d'être of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71]; *Reber* at [29].

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

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72] and [76]-[77]; *Leno* at [55].

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

GROUNDS OF APPEAL

(i) Evidence of use

7. For the first ground of appeal, it is necessary to consider primarily whether the hearing officer wrongly relied on the submissions of the representative rather than only on the evidence and whether the conclusion that use had been sufficiently proved was open to the hearing officer on the evidence alone.

8. The Appellant refers to four main instances where it is said that the evidence did not support the findings made and the decision improperly relies on what was said by the Respondent's attorney. The alleged lacunae in the evidence are summarised as follows.

(i) First, at §7 of his statement, Mr Hinley refers to Exhibit SH1. This shows conduit boxes and labels bearing the Device. However, the Appellant points out (correctly) that he does not at that point provide any date information about these images or indicate when the mark was first applied to products nor explains how the labels were used.

(ii) Second, at §§8 and 9 of his statement, Mr Hinley refers to seven invoices and seven delivery notes for products sold to what he describes at §10 as 'our distributor in Eire'. However, the Appellant points out that the invoices do not refer to the Device and the delivery notes do use the word 'SIMPLEX'.

(iii) Third, at §10 of his statement, Mr Hinley states that some branded products have been sold 'elsewhere in the UK' (by which it is understood he means 'in the UK') but the Appellant points out that no details have been provided.

(iv) Fourth, at §12 of his statement, Mr Hinley refers to other sellers of electrical conduits and conduit fittings in the United Kingdom, by reference to Exhibit SH4 illustrating in some respects what might have been provided but has not been.

These points were elaborated in oral argument (which took place in a satisfactory manner over video-link on 8 June 2020) and I have reviewed the materials referred to again in the light of the submissions at the hearing.

The hearing officer's references to submissions by the Respondent's representative.

9. The Appellant submitted that the Respondent's Trade Mark attorney overstepped the mark in giving evidence and the hearing officer wrongly relied on the material submitted by the attorney to fill the gaps rather than confining himself to the evidence filed.

The submissions in issue

10. In particular, the Appellant contends that the Respondent's trade mark attorney "spent much of the hearing below giving evidence, rather than making submissions" and has submitted the whole transcript of the hearing below referring, in particular, to the following passages (which are largely reproduced from the Appellant's skeleton argument and Grounds of Appeal):

    (i) page 6 (regarding the nature of the SCSL);

    (ii) page 7 in the first complete paragraph (about the Appellant and its business);

    (iii) the following four paragraphs over on to page 8 (regarding how the Respondent came up with the Goods);

    (iv) page 8 in the second complete paragraph (regarding how the Respondent deals with its customers and its relationship with its distributor in Ireland);

    (v) the next paragraph (regarding the market for the Goods);

    (vi) the next paragraph, flowing on to page 9 (regarding the distribution chain);

    (vii) page 9 in the middle paragraph (regarding the packaging of the Goods);

    (viii) page 10 in the first complete paragraph (regarding the Appellant and its business);

    (ix) the next two paragraphs (regarding the use of the Goods '*all over Ireland*');

    (x) page 12 in the first complete paragraph (regarding the wholesale vs resale value);

    (xi) page 12 in the third complete paragraph (regarding what further evidence Mr Hinley could have given);

    (xii) the next paragraph (regarding why SCSL was founded); and

    (xiii) on page 14, when he attempted to introduce further evidence when asked about costs (regarding to whom the Respondent sells the Goods).

Alleged reliance on these passages by the hearing officer

11. The appellant refers particularly to the following paragraphs of the decision where it is said that the hearing officer impermissibly relied on what was said by the Respondent's representative and not only on the evidence.

12. First, at [18] the hearing officer said that '*Mr Blower stated that the design of moldage and the manufacture and processing involved was quite expensive and not something that could be established quickly*' and that '*Mr Blower claimed that the time and effort required to get the goods at issue ready for market suggested that the use of the mark on the relevant goods could not be argued to be token use*'.

13. The Appellant contends that these statements are unsupported by the evidence and amount to new evidence introduced by the submissions.

14. I am not persuaded by this argument. In the passages relied on, the Respondent's representative was doing no more than drawing attention to the nature of the goods in respect of which the mark was said to have been used and developing an argument as to why the modest frequency of sales was nonetheless to be regarded as genuine in this area of trade and not token. This is not impermissible. To the contrary, in order to evaluate whether use is or is not token, some regard must be had to be nature of the goods or services in respect of which it is registered and is said to have been used and whether it is genuine. It is legitimate in that context to take into account whether serious manufacturing steps would have had to be taken to apply the mark in such a case thus pointing away from it being token. It was relevant for the Respondent's representative to point out that the fact that these were goods which needed to be (and were) specially made with the Trade Mark moulded into them made it unlikely that the use was token.

15. Second, at [22], the hearing officer concluded that '*the mark is also displayed on labels for components that have been manufactured and supplied to customers, and which I assume have been applied to packaging*'. The Appellant said that this was wrongly accepting the submissions of the Respondent's representative who had stated that '*this is a genuine packaging label. It is a sticker. It was stuck on boxes that were sent of the products. I can peel it off..".* It is said that there is nothing in the evidence to support this or to explain how the labels depicted in Exhibit SH1 were used (if they were used at all) and the hearing officer was unduly influenced by the submissions made by the Respondent's representative about the labels.

16. I am not persuaded by this point either. The hearing officer was bound to act only on the evidence before him but he was also entitled to draw reasonable and probable inferences

from the evidence. In the passage referred to I do not think he was doing more than that. The Hearing Officer has reasonably inferred from the evidence alone that the labels were likely to have been applied to the packaging of products from the material as a whole (which, in substance, was what the Respondent's representative submitted was a conclusion to be drawn from the evidence).

17. Third, the Appellant contends that the hearing officer was wrong at [22] on the one hand to accept that '*the images and information provided in exhibit SH1 are undated*' but then apparently to accept the fact that there had been use in the period. This is said to have been influenced by the Respondent's representative who said '*we can see that the mark SIMPLEX has been applied to the packaging of the products. Indeed, in the case of the boxes, it has been physically applied cast in, to the boxes themselves*' although there was nothing in the evidence to demonstrate that the goods in the undated images in Exhibit SH1 show the physical goods that were sold and described in the invoices and delivery notes in Exhibits SH2 and SH3

18. Fourth, the hearing officer is said to have repeated his erroneous conclusion that he could be satisfied that the Trade Mark had been applied to packaging prior to the Relevant Date at [23] to [25] despite the absence of evidence saying that the Trade Mark was applied to packaging or confirming that the goods shown in the images at Exhibit SH1 were actually products sold prior to the Relevant Date.

19. The Appellant addressed the third and fourth points together. So do I and, again, I am not persuaded by them. The Respondent's representative had (a) pointed out that the Trade Mark was not merely applied to packaging but moulded-in (b) submitted, in effect, that there was an overwhelming likelihood that the Trade Mark had also been applied to the packaging of the Goods and (c) submitted that the evidence, taken as a whole, adequately dated the sales. The hearing officer was entitled to take those submissions into account. The Appellant's argument here seems to be largely a criticism of the particular wording used by the Respondent's representative in his submissions which, in the context of the points made, is not justified.

20. The hearing officer was alert to the need to base his decision only on the evidence and specifically recorded that he was doing so. In my judgment, neither what was submitted on the Respondent's behalf nor the hearing officer's conclusion on the evidence was inappropriate.

21. I therefore reject the first ground of appeal.

(ii) Allegedly erroneous application of *Walton* factors

22. The second ground of appeal is that, even if the evidence was sufficiently solid, the use proved should not have been treated as warranted in the economic sector in the UK to create a share in the market for the goods, mainly because

    (i) the market concerned was crowded such that a handful of sales to Ireland were insufficient to show genuine use;

    (ii) the limited evidence provided by the Respondent (including the lack of any evidence of any sale in the United Kingdom or any promotional material); and

    (iii) the lack of any evidence of use of the Trade Mark in the United Kingdom.

23. The hearing officer summarised his findings as follows (omitting footnote):

    "**Genuine Use**
    20. An assessment of genuine use is a global assessment, which includes looking at the evidential picture as a whole, not whether each individual piece of evidence shows use by itself.

    21. I refer back to paragraph 12 above, and the findings in Walton in respect of genuine and actual use of a trade mark. In particular that the use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin. The use must be more than merely token. All of the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including the nature of the goods or services and the characteristics of the market concerned. Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. There is no de minimis rule.

    22. I accept that the images and information provided in exhibit SH1 are undated, however this information must be considered in the round, taking account of all of the evidence as a whole. SH1 shows that the mark at issue is stamped or cast into the relevant goods (conduit boxes are shown as examples). The mark is also displayed on labels for components that have been manufactured and supplied to customers, and which I assume have been applied to packaging. I do not think that it is unreasonable to make that assumption. Whilst labels may be used elsewhere, these items are generally applied to the exterior of packing and packaging to indicate what is within.

    23. The information in exhibits SH2 and SH3 provide evidence of sales of 'SIMPLEX' products during the relevant period, and also shows that the products being sold are the relevant goods, i.e. conduits and conduit fittings. The product code information can be used to establish clearly what certain goods are. These product codes also tally with the codes shown on labels in exhibit SH1. In totality, the evidence provided in these three exhibits is sufficient to demonstrate that the mark is used on both the relevant

goods and the labelling/packaging of those goods. The information in SH2 and SH3 establishes that sales of 'SIMPLEX' products have taken place between May 2017 and July 2018.

24. The applicant has stated that the sales are low in number and have been made to a single undertaking which is based outside the United Kingdom. Whilst this is the case, I note that Section 46(2) of the Act sets out that use of a trade mark in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes. The evidence shows that the mark at issue is cast into the goods and applied to labels which will very likely form a part of the packaging of those goods. The fact that the proprietor has only one customer is not a determinative factor where the level of sales is deemed reasonable and where the particular market may be one in which a consumer then resells the goods purchased, as appears to be the case in this matter. The sales of goods in the period between 2017 and 2018 amounts to £36,200. Whilst this is not a particularly substantial sum, it cannot be dismissed as inconsequential.

25. Whilst the proprietor has not provided any evidence relating to marketing or promotional activities, this does not necessarily detract from the evidence that has been provided, which shows sales of the goods during the relevant period, with the mark at issue clearly displayed on packaging and indeed cast into the products themselves."

24. The Appellant contended that the hearing officer had insufficiently applied the guidance particularly in sub-paragraphs (5) and (6) of *Walton* quoted above. I am not persuaded by these points for the following reasons.

25. First, it is necessary to have regard to the evidence as a whole and to avoid application of a *de minimis* test with respect to volume of sales. The hearing officer did this.

26. It is true that the evidence showed only limited frequency of individual transactions and mainly from the United Kingdom to a distributor in Ireland over a period of a year (§10 of Mr Hinley's statement). However, the total volume of the product sold was reasonably substantial and there is no serious challenge to the evidence that at least some of the goods were embossed with the Trade Mark.

27. Although details are not given of the exact price of the products, the evidence, taken as a whole, suggests that these are articles which are likely to sell wholesale for relatively modest unit prices. As the Appellant points out, Exhibit SH4 suggests that these products are relatively inexpensive components of a kind which are on retail sale in a range of high street and online electrical equipment suppliers across the United Kingdom.

28. The Appellant contends that, given the nature of the products, more and better evidence could be expected of sales, particularly given the absence of promotional material targeted at customers (whether trade or domestic) in the United Kingdom and that the only evidence of use was on sale documents (the sign being only 'SIMPLEX' on delivery notes rather than in logo form). However, although the evidence could have been more complete, there was evidence of regular sales.

29. Second, the Appellant contends that the evidence does not support a finding that there has been use in the United Kingdom and that the inference made by the hearing officer that the labels were affixed in the United Kingdom for export purposes was unsustainable.

30. Again, in my view, the hearing officer was entitled, on the basis of the evidence provided, to reach the conclusion he did as to the probability that such labels had been affixed on goods for export. The hearing officer took account of the impact of Section 46(2) of the 1994 Act which he was entitled to do, with respect to goods marked for export.

31. Moreover, in the case of a manufacturer which sells to a distributor, it is likely that the frequency of sales will be relatively low and the total number of customers will be low compared with retail sales. A manufacturing trade mark proprietor should not be treated as having failed to prove sufficient use simply because it does not have a wide spread of trade customers or sells larger volumes to them only infrequently. Nor do I consider that the fact that there was no evidence of marketing material is relevant. Again, such marketing material is less to be expected from a wholesale supplier of products of this kind. The Appellant's complaint amounts to saying that the nature of Respondent's trade is dissimilar to that of certain retailers of the goods in question where more frequent sales and more marketing might be expected.

32. Third, the Appellant contends that the hearing officer should have concluded that the only evidence of use of a sign approximating the Trade Mark prior to the Relevant Date was on the delivery notes and that this was use of the word 'SIMPLEX', not the device as registered and accordingly, no use should have been found.

33. While the point may have had some merit if the delivery notes were taken in isolation, they must be seen as part of the evidence as a whole. This included evidence from the

Respondent, which was not challenged by cross-examination or any contrary evidence that the Respondent had

(i) set up a specific part of its business to make and sell SIMPLEX branded goods in 2013;

(ii) designed and manufactured articles with the Trade Mark moulded into them;

(iii) had labels printed with the Trade Mark prominently displayed; and

(iv) sold at least 10s of thousands of products during the period under consideration.

34. In the light of that material, I accept the Respondent's submission that a fair reading of the evidence and exhibits as a whole would lead to the conclusion that the labels had been applied to the packaging of the goods, that the goods in the photographs were the goods referred to in the invoices; and that the Trade Mark had been applied to packaging. At the lowest, there was ample material upon which the hearing officer could base the conclusions I have set out above.

35. It would, in any event, not be justifiable to interfere with a hearing officer's multi-factorial evaluation that use had been proved unless it fell outside the range of reasonable evaluations based on the evidence as a whole which, in this case, it does not.

36. It is important in cases of this kind not to confuse the requirement that a proprietor of a mark must prove use with sufficiently solid evidence with an obligation to prove use beyond reasonable doubt. Moreover, in cases of this kind, reasonable inferences based on rational commercial logic are legitimate. That is particularly so where there is (a) no attempt to counter the proprietor's evidence by cross-examination or by contrary evidence showing that what had been said in the proprietor's evidence is implausible or that reasonable inferences from it are unwarranted and/or (b) no alternative explanation is put forward as to what a trade mark proprietor is likely to have done other than using the mark in the manner alleged.

37. For these reasons, the second ground of appeal is not made out.

OVERALL CONCLUSION

38. The appeal must be dismissed.

COSTS

39. Since the appeal has failed the Appellant should pay scale costs. The hearing officer made an award of £800 below in respect of preparing for and attending the hearing. The arguments deployed on appeal were commendably brief, both written and oral, but the Respondent's preparation would have required revisiting the transcript of the hearing below in some detail.

40. It would therefore be appropriate to make a composite award, including considering the Grounds of Appeal, preparing the skeleton argument and attending the remote hearing in the sum of **£700** to be added to the total award of costs below of £1300.

DANIEL ALEXANDER QC

APPOINTED PERSON

18 June 2020

Representation

Mr Jamie Muir Wood for the Appellant

Mr Timothy Blower of IP-Active.com Limited for the Respondent