

O-365-06

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 82231
BY BEIERSDORF AG FOR REVOCATION OF
REGISTRATION NO 2112631 STANDING IN THE
NAME OF STATESTRONG LIMITED**

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BACKGROUND

1. Trade Mark No 2112631, ULTRAGLIDE, is registered in respect of

Cleaning, polishing scouring and abrasive preparations, creams, waxes, lotions, powders, oils, pastes, aerosols, solutions, liquids, solids and mousses; stain removers. (Class 3).

The registration stands in the name of Statestrong Limited.

2. On 1 August 2005 Beiersdorf AG applied for revocation of this registration claiming non use and no proper reasons for non-use within the terms of Section 46(1)(a) and 46(1)(b) of the Act. The amended statement of grounds refers to two alternative dates from which the applicant wants the revocation to take effect. These are 9 May 2002 and 27 June 2005.

3. The registered proprietor filed a counterstatement. It admits that the mark has not been put to genuine use within the period of five years following the date of completion of the registration procedure (the Section 46(1)(a) period) but relies in defence on the provisions of Section 46(3) of the Act. It claims that use commenced at least as early as 27 April 2005 and that on this basis the registration should not be revoked under the provisions of Section 46(1)(b). The counterstatement concluded with the following:

“With respect to the date of filing of the application for revocation, we submit that the deemed date of the filing should be the date on which the form TM26(N) was actually accepted into the proceedings and not the date on which the Applicant sent the form to the Trade Mark Registry. This is because of the material change to the date identified in the Form TM26(N). It is further submitted that this deemed date of filing should be taken as the date from which the three month period provided under Section 46(3) of the Trade Marks Act 1994 should be calculated.”

4. The ‘material change’ referred to arose as follows. Question 6 on the Form TM26(N) - the applicable form for a non-use revocation action - invites an applicant who is basing his case on Section 46(1)(b) to say within what five year period the mark was not used. In answer to that question the applicant indicated “an uninterrupted period of 5 years up to 27 June 2005”.

5. Question 7 on the Form invites the applicant to say from what date it wants revocation to take effect. In answer to this question the applicant originally indicated 1 August 2005.

6. It seems that the Registry intervened to challenge the consistency of these answers on the original TM26(N) with the result that the answer to Question 7 was changed with the agreement of the instructing attorney from 1 August 2005 to 9 May 2002 and 27 June 2005, these being the claimed operative dates for the purposes of Section 46(1)(a) and 46(1)(b) respectively.

7. Noting the above-quoted observations on the question of dates in the registered proprietor's counterstatement, the Registry's casework examiner wrote on 13 December 2005 saying "... you are advised that the amendment to box 7 of the form was only made as it did not correspond with the information in box 6. This does not affect the validity of the filing date which remains as 1 August 2005".

8. That explanation was not challenged by the registered proprietor either at the time or subsequently. Consequently, I take the amended dates as being the starting point for my decision.

9. Both sides have filed evidence. Neither side has asked to be heard. Written submissions have been received from Martin R Chinnery on behalf of the applicant for revocation. Acting on behalf of the Registrar I give this decision.

10. I should just say that the registration that is the subject of this action is shown in the Registry records as 'expired' at the time of writing as no renewal request had been received by the renewal date of 12 October 2006. Nevertheless the registration is still capable of being renewed pursuant to Section 43(3) of the Act or restored pursuant to Section 43(5). A trade mark whose registration has expired continues to be taken into account in determining the registrability of a later mark for a period of one year after expiry in accordance with Section 6(3).

The Law

11. Section 46 reads 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;

(c) that, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service for which it is registered;

(d) that in consequence of the use made of it by the proprietor or with his consent in relation to the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

(2) For the purposes of subsection (1) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(3) The registration of a trade mark shall not be revoked on the ground mentioned in subsection (1)(a) or (b) if such use as is referred to in that paragraph is commenced or resumed after the expiry of the five year period and before the application for revocation is made:

Provided that, any such commencement or resumption of use after the expiry of the five year period but within the period of three months before the making of the application shall be disregarded unless preparations for the commencement or resumption began before the proprietor became aware that the application might be made.

(4) An application for revocation may be made by any person, and may be made either to the registrar or to the court, except that –

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(5) Where grounds for revocation exist in respect of only some of the goods or services for which the trade mark is registered, revocation shall relate to those goods or services only.

(6) Where the registration of a trade mark is revoked to any extent, the rights of the proprietor shall be deemed to have ceased to that extent as from –

(a) the date of the application for revocation, or

(b) if the Registrar or court is satisfied that the grounds for revocation existed at an earlier date, that date.”

12. The onus is on the proprietor to show use when a challenge arises (Section 100).

13. The two leading authorities on the guiding principles to be applied in determining whether there has been genuine use of a mark are *Ansul BV v Ajax Brandbeveiliging BV* [2003] R.P.C. 40 and *Laboratoire de la Mer Trade Mark* [2006] F.S.R. 5. From these cases I derive the following main points:

- genuine use entails use that is not merely token. It must also be consistent with the essential function of a trade mark, that is to say to guarantee the identity of the origin of goods or services to consumers or end users (*Ansul*, paragraph 36);
- the use must be ‘on the market’ and not just internal to the undertaking concerned (*Ansul*, paragraph 37);
- it must be with a view to creating or preserving an outlet for the goods or services (*Ansul*, paragraph 37);
- the use must relate to goods or services already marketed or about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns (*Ansul*, paragraph 37);
- all the facts and circumstances relevant to determining whether the commercial exploitation of the mark is real must be taken into account (*Ansul*, paragraph 38);
- the assessment must have regard to the nature of the goods or services, the characteristics of the market concerned and the scale and frequency of use (*Ansul*, paragraph 39);
- but the use need not be quantitatively significant for it to be deemed genuine (*Ansul*, paragraph 39);
- an act of importation could constitute putting goods on the market (*Laboratoire de la Mer*, paragraph 25 referring to the earlier reasoned order of the ECJ);
- there is no requirement that the mark must have come to the attention of the end user or consumer (*Laboratoire de la Mer*, paragraphs 32 and 48);
- what matters are the objective circumstances of each case and not the proprietor’s intention, purpose or motivation (*Laboratoire de la Mer*, paragraph 34);
- the need to show that the use is sufficient to create or preserve a market should not be construed as imposing a requirement that a significant market share has to be achieved (*Laboratoire de la Mer*, paragraph 44).

Registered proprietor's evidence

14. A witness statement has been filed by Anthony Neil Pawlyn, a member of the board of Urquhart-Dykes & Lord LLP, the proprietor's professional representative in the matter. The substance of his evidence is as follows:

“3. Statestrong Limited was formed in the mid 1980's. In 1996 and 1998 Statestrong Limited was awarded the Queens Award for Exports. Statestrong Limited currently exports its products to no less than 64 countries. The company has a 5 acre site in Lytham, Lancashire, employs 150 staff locally and has a factory in the Czech Republic covering an area of 6 acres and employing 50 staff.

4. Statestrong Limited have been and are involved in the design, production, marketing and sales of a wide range of goods, including toiletries, male and female body care products, hair styling products, household care products, car care products, skin and baby care products, oral hygiene products and tanning products. Exhibit ANP1 is a copy of packaging details showing different product volumes and quantities for various Statestrong Limited products sold under a number of trade marks.

5. UK trade mark registration No 2112631 for the mark ULTRAGLIDE was filed by Urquhart-Dykes & Lord on behalf of Statestrong Limited on instructions from Stephen Baptist, Director of Statestrong Limited.

6. I have been informed by Stephen Baptist that a large range of car care and household products were being developed during 2004 and 2005. I have also been informed that this work resulted in the artwork of March 2005, a copy of some of which is provided as Exhibit ANP2. I have been informed that the artwork only relates to some of the goods in the range with other goods including furniture polish, carpet cleaner, upholstery cleaner, stain remover and toilet cleaning mouse [sic]also featuring.

7. I have been informed that before the main launch of the product ranges under the ULTRAGLIDE trade mark that Statestrong Limited approached a number of their existing customers concerning the new product ranges. I have been informed that these customers were shown artwork which featured the trade mark ULTRAGLIDE and that the product ranges were offered for sale to these customers. A copy of a letter dated 27 April 2005 from Statestrong Limited to a representative of 99p Stores Limited acknowledging one order is provided as Exhibit ANP3.

8. I have been informed that as a result of this and other orders received during the spring and early summer of 2005 Statestrong Limited ordered production of the goods for sale under the trade mark ULTRAGLIDE from one of their manufacturers in Turkey. Exhibit ANP4 provides a copy of a purchase order which was sent by Statestrong Limited to their supplier on 1 June 2005. Also enclosed within Exhibit ANP4 is a copy of the facsimile transmission report for that order. Exhibit ANP5 provides a copy of the

proforma invoice sent to Statestrong Limited by the supplier, by facsimile on 1 June 2005.

9. I have been informed that Statestrong Limited has made use of the trade mark on cleaning, polishing, scouring and abrasive preparations, creams, waxes, lotions, powders, oils, pastes, aerosols, liquids, solids and mousses and on stain removers.

10. Exhibit ANP6 includes copies of other orders received by Statestrong Limited for goods under the trade mark ULTRAGLIDE.”

Applicant for revocation’s evidence

15. The applicant filed a statutory declaration by Martin Ralph Chinnery, a director of Lysaght & Co Limited, its professional advisers in this matter.

16. Mr Chinnery explains the background to the current action which arises from the fact that No 2112631 has been raised as a relative ground objection against its own International Registration (details of which are exhibited at Exhibit MRC1).

17. Prior to the filing of its own application, the applicant for revocation commissioned an investigator’s report into use of No 2112631. A copy of that report (dated 23 August 2004) is exhibited at Exhibit MRC2. The principal findings were that Statestrong Limited is a manufacturer of aerosols, perfumes and toilet preparations but that the company had never manufactured any product under the name ULTRAGLIDE.

18. Subsequently, the applicant commissioned a second report (dated 17 February 2006). Again, a copy is exhibited at Exhibit MRC3. Mr Chinnery notes that the investigator spoke to an employee of Statestrong who had never heard of the mark ULTRAGLIDE despite having worked for the company for 6 years. Another employee had heard of the mark but thought it was a discontinued line.

19. The investigator also made a number of enquiries in relation to third parties (individuals and businesses) referred to in the proprietor’s evidence. The resulting report raises a number of points of concern arising from these enquiries. In substance, the report again concludes that there has been no use of the mark.

20. The remainder of Mr Chinnery’s declaration consists of submission on the proprietor’s evidence. I take these points into account in reaching my own view of the matter.

DECISION

21. This action has been brought under Section 46(1)(a) and (b). The relevant period for the purposes of Section 46(1)(a) is the five years following the date of completion of the registration procedure. The latter procedure was completed on 9 May 1997. It follows that the relevant period is 10 May 1997 to 9 May 2002. For the purpose of Section 46(1)(b) the period is 28 June 2000 to 27 June 2005.

22. The registered proprietor concedes non-use (and offers no proper reasons for non-use) during the Section 46(1)(a) period. However, by virtue of Section 46(3) revocation does not automatically follow if use was commenced subsequent to that period. This is the basis for the proprietor's defence here. The first paragraph of Section 46(3) is made subject to the proviso that any such commencement of use after the expiry of the five year period (whether it be under Section 46(1)(a) or (b)) but within the period of three months before the making of the application shall be disregarded unless preparations for commencement of use began before the proprietor became aware that the application might be made. The claims made in the pleadings and evidence require me to consider the application of the proviso to the circumstances of this case.

23. The proprietor claims that car care and household products were being developed during 2004 and 2005. The artwork in Exhibit ANP2 is said to date from March 2005 though there is no obvious contemporaneous date on the exhibit (only a date in November 2005 which appears to relate to the time that the material was faxed in readiness for it to accompany the counterstatement filed on 9 November 2005). Exhibits ANP3, ANP4 and ANP5 all carry dates that place the documents within the Section 46(1)(b) period, that is to say the period up to 27 June 2005. The documents in ANP6 are dated 7 July 2005 and 21 July 2005. That places them after the Section 46(1)(b) period but within the three month period before the making of the application on 1 August 2005. Their eligibility for consideration as part of the proprietor's evidence therefore turns on whether preparations for commencement of use began before the proprietor became aware that an application might be made.

24. The applicant's evidence is that the examination report relating to its request for protection of its International Registration was issued on 3 June 2005. In the light of the perceived conflict with No 2112631 Mr Chinnery says that a letter of consent was requested from Statestrong Limited. He does not put a date on that request but the proprietor's claim that it first became aware on 30 June 2005 that the application for revocation might be made is consistent with the overall timescale within which events were taking place. The question that has to be answered (in relation to the eligibility of the ANP6 material) therefore is whether preparation for commencement of use can be said to have begun before 30 June 2005. On the basis of Exhibits ANP3, ANP4 and ANP5 the answer to that question must be in the affirmative. Accordingly, I will take ANP6 into account in my overall consideration of the proprietor's position.

25. Exhibit ANP1 is said to be packaging etc details for various Statestrong products. It is clear from Mr Pawlyn's evidence and exhibit SJB/1 to the first of the investigator's reports (contained in Exhibit MRC2) that Statestrong offers a range of products under a variety of marks. There is no indication as to the marks employed on or in relation to the goods listed in ANP1. This exhibit, therefore, is of no assistance to the proprietor in supporting a claim to genuine use of the subject mark.

26. Exhibit ANP2 consists of artwork relating to a range of car cleaning, polishing, restoring etc products under the mark ULTRAGLIDE. There is also artwork for a window cleaner, a bathroom cleaner and a kitchen surface cleaner.

27. Exhibit ANP3 is a letter to an existing customer for Statestrong products which contains the following:-

“Thank you also for the order for the new Ultra Glide Car Care range. As you know, this is now at final artwork stage and we anticipate having stock by mid August/early September.

I have notified production of your requirements and they have scheduled three pallets of each of the range for delivery as soon as they become available. This is the equivalent of one full truck. The agreed price of £6.00 per dozen on promotion should hopefully kick start the new range which supersedes the current Workforce brand.”

28. Exhibit ANP4 is confirmation of a verbal order placed with a Turkish manufacturer/supplier. Exhibit ANP5 is a pro forma invoice of the same date (1 June 2005) from that supplier confirming the order at a total cost of £138,000.

29. Exhibit ANP6 contains two letters placing orders for products. The first dated 7 July 2005 is from Michael Myers of Pot of Gold Cosmetics Ltd ordering goods to the value of £10,312.50 plus VAT for supply “no later than 26th September at the latest”. The goods are identified as being ULTRAGLIDE products. The second letter, dated 21 July 2005, is from Alex Myers of Alex Myers Car Valetting Services indicating that the writer had seen mock ups of the “new range of car cleaning products” and placing an order for 100 dozen of each of the products. It has to be inferred that the ‘new range’ refers to ULTRAGLIDE products.

30. Taken in the round the evidence suggests that the proprietor had been engaged in the process of developing products (within the scope of the specification of the registration) under the mark ULTRAGLIDE as an extension to its established trade or, on the basis of the statement in ANP3, to take the place of an existing range of products offered under the Workforce brand.

31. The development of a product or products is unlikely to suffice on its own to defend a registration against a non-use attack. Product development activity is more likely to be seen as internal to the undertaking concerned unless there is also evidence that preparations were also being made to secure customers. In this respect *Ansul* says:

“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”.

32. In the context of this case I consider the artwork at Exhibit ANP2 to be part of the proprietor’s internal preparations for trade but not evidence that preparations were being made to secure customers.

33. Exhibits ANP4 and 5 involve the commissioning of products from a Turkish manufacturer. Such evidence may be of assistance in establishing the context in which preparations for trade were taking place but does not in itself establish that steps were being taken to secure customers.

34. Nevertheless, Mr Pawlyn's evidence is that he has been informed that, prior to launch, Statestrong Limited approached a number of existing customers concerning the new product ranges. He does not say how many customers were approached, how they were approached or what the overall response was.

35. One resulting order is referred to in Exhibit ANP3. The letter indicates that "we anticipate having stock by mid august/early September". That is broadly consistent with a requested delivery date of 12 September 2005 on the Turkish order invoice at ANP4. Letters placing two other orders are contained in Exhibit ANP6 although the second one makes no mention of ULTRAGLIDE.

36. It is clear from *Laboratoire de la Mer* that it is not necessary that a mark must have come to the attention of end users or consumers. Mummery LJ giving the lead judgment in the Court of Appeal found that:

"The sales by Goëmar to Health Scope Direct and the importation of the products into the United Kingdom were events external to Goëmar. There was no suggestion in the evidence that the transactions were otherwise than at arm's length. Although the quantities involved were modest and although there was no evidence of sales on by the importer to consumers and end-users, that does not mean that the use of the mark in the United Kingdom was internal or akin to internal use by Goëmar. The result of the sales was that goods bearing the mark were in different ownership in different hands in another country."

37. The factual circumstances that underpinned this finding were summarised earlier in the judgment as follows:

"10 Limited sales of the relevant products bearing the mark were made by Goëmar pursuant to five separate repeat orders placed by Health Scope Direct. The orders amounted to £800 in all. The sales took place over the six month period between November 14, 1996 and May 16 1997. There were five deliveries of goods. The bulk of the deliveries were made on or about April 1997. The products imported were within the Class 3 registration. They were packed in containers bearing the mark with recommended retail prices of roughly between £5 and £30 each.

11. There was no evidence of any sales of the goods to members of the public as consumers or end-users. The agent had been making preparations to sell the products by appointing members of the public as sub-agents selling via private parties, based on the "Tupperware" model, but there was no evidence that this method of sale to the public ever got off the ground."

38. The registered proprietor thus successfully defended his registration on the basis of relatively small scale use and sales to a UK importer without there being evidence that goods were ever sold to end users or customers.

39. On the basis of *Laboratoire de la Mer* the mere fact that two of the three orders were placed by organisations that appear to be retailers rather than end consumers is not in itself fatal to the proprietor's case (the car valetting business may in any case be

an end consumer). The placing of three separate orders might suggest that the proprietor had a basis on which it could build its defence. The orders from 99p Stores Ltd or Alex Myers Car Valetting Services are expressed in terms of unit pricing for the products. The order from Pot of Gold Cosmetics Ltd was to the value of £10,312.50. All three orders appear to have been of a material size.

40. However, what is conspicuously absent from the proprietor's evidence is anything to show that goods were ever produced under the mark ULTRAGLIDE either by the Turkish supplier or from another source. Nor is there any evidence that the three orders that are exhibited were ever fulfilled or that any other prospective purchasers received goods under the mark. This is surprising not least because Statestrong's letter of 27 April 2005 to Mr Lelani of 99p Stores Ltd at ANP3 anticipated a mid August/early September date for stock delivery and Pot of Gold Cosmetics Ltd's order requested supply no later than 26 September. By the time the proprietor's evidence was filed on 10 November 2005 one might have expected there to be other material (actual products, invoices to customers, confirmation of deliveries, payments received or such like) to support the claim to genuine use or at least an explanation as to why the marketing plans had not come to fruition.

41. The first line of defence for a registered proprietor in a non-use action is clearly to show actual use. However, *Ansul* acknowledges that a proprietor's marketing plans may have reached a sufficiently advanced stage that a proprietor should be able to retain his registration even without actual sales having been made. The onus is on the proprietor to satisfy me that goods were being marketed or about to be marketed.

42. The proprietor cannot rely upon evidence after the relevant date of the action to establish use but events after the relevant date may nevertheless shed light on the genuineness of use or preparations for use within the relevant time frame (see, for instance, *Laboratoire de la Mer* in the High Court [2002] F.S.R. 51 at paragraph 35). Also in his judgment in that case Jacob J (as he was then) indicated that:

“In the present cases, use was not proved well. Those concerned with proof of use should read their proposed evidence with a critical eye – to ensure that use is actually proved – and for the goods or services of the mark in question. All the t's should be crossed and all the i's dotted.”

43. The limited material filed in support of the proprietor's case is in my view insufficient to satisfy me that it evidences genuine use in relation to all or any of the goods of the registration. There is simply no substantiation or explanation of events beyond the placing of the orders. I am prepared to accept that preparations for trade were at one stage in hand but there is nothing to suggest that an actual trade resulted or was sufficiently imminent to justify retention of the registration.

44. Accordingly, the registration falls to be revoked in relation to all the goods for which it is registered. The application for revocation has succeeded under Section 46(1)(a) and (b). Pursuant to Section 46(6)(b) the rights of the proprietor will be deemed to have ceased from the earlier date, that is to say with effect from 10 May 2002.

COSTS

45. The applicant for revocation is entitled to a contribution towards its costs. I order the registered proprietor to pay the applicant the sum of **£1600** . This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 14th day of December 2006

M REYNOLDS
For the Registrar
the Comptroller-General