

O-015-06

TRADE MARKS ACT 1994

**THE TRADE MARK 'NEW COVENT GARDEN MARKET & DEVICE'
REGISTERED UNDER No. 2119357 IN CLASS 31
IN THE NAME OF THE COVENT GARDEN MARKET AUTHORITY**

AND

**APPLICATION No 81317
BY THE NEW COVENT GARDEN SOUP COMPANY LTD
TO REVOKE THE ABOVE TRADE MARK REGISTRATION FOR NON-USE**

Background

1. The trade mark shown below was registered under No.2119357 with effect from 31 December 1996.



2. The registration stands in the name of the Covent Garden Market Authority (CGMA). The trade mark was entered in Class 31 of the register on 31 October 1997 in respect of:

“Agricultural, horticultural and forestry products and grains; fresh fruits and vegetables; seeds, natural plants and flowers ”

3. On 19 June 2003, The New Covent Garden Soup Co (Soup Co) applied to revoke the registration on the grounds that:

(i) within the period of five years following the date of completion of the registration procedure, the mark the subject of the registration had 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 were no proper reasons for non-use, and/or

(ii) that any such use had been suspended for an uninterrupted period of five years, and there were no proper reasons for such non-use.

4. Soup Co asks for the registration to be revoked with effect from 1 November 2002 or, alternatively, at a date between 1 November 2002 and 19 June 2003 at which the conditions for revocation are found to exist.

5. CGMA filed a counterstatement on 10 October 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 for all the goods for which it is registered.

6. Both sides seek an award of costs.

The Relevant Legal Provisions

7. 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;

(3) The registration of a trade mark shall not be revoked on the ground mentioned in subsection 1(a) or (b) above 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.

(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.”

8. The first relevant five year period is 1 November 1997 to 1 November 2002. I will also have to consider whether the position changed between 2 November 2002 and 19 June 2003, when the application for revocation was made.

CGMA's Evidence

9. CGMA's evidence consists of two witness statements by Colin Farey, who is the Secretary of CGMA, a witness statement of P.J. Fowler, who is a trader in New Covent Garden Market, and a witness statement of Tibor Z. Gold, who is a Trade Mark Attorney and Partner of Kilburn and Strode, agents for CGMA.

10. Mr Farey gives evidence that the CGMA is a public body set up in 1961 by an Act of Parliament to run a bulk horticultural market located in Vauxhall, London and known as 'New Covent Garden Market'. CGMA is currently responsible to the Department of Environment, Food and Rural Affairs (DEFRA). He says that the prime responsibility of CGMA is to be "the country's leading centre for the sale and distribution of horticultural products." However, the statutory framework within which CGMA is required to operate was amended by further Acts of Parliament in 1966 and 1969. Two key areas of New Covent Garden Market are the fruit and Vegetable Market and the Flower Market.

11. Mr Farey says that CGMA provides essential services including management, maintenance and the letting of trade premises and offices to tenants, who pay a charge for the occupation of the premises, plus a service charge relating to actual costs or services consumed.

12. CGMA is a profit making organisation with a statutory duty to make the best use of its assets. In order to promote its position and maintain its reputation, and that of its tenants, CGMA has throughout the relevant period, exhibited at between 5 and 7 exhibitions and trade fairs per year, the names of which are provided. Mr Farey says that these exhibitions/trade fairs were typically attended by importers, growers, wholesale buyers, retail buyers, hotel and catering distributors and restaurant chain buyers. He says that the buyers may source direct from the growers and importers or products, or via wholesalers or specialist distributors, many of whom are (or may be) based in New Covent Garden Market.

13. Mr Farey says that the registered trade mark is prominently displayed at these exhibitions in conjunction with illustrations of the types of produce available at the market. Exhibit CF1 is said to be an illustration of a typical example of this use of the mark. It consists of two photographs showing what appears to be the registered mark (or a variation thereto) above the heads of some gentleman on a stand at the Hortex exhibition at Harrogate in 1999. Neither photograph is particularly clear. The first photograph shows a mark in which the words NEW COVENT GARDEN MARKET are larger in relation to the device element than is the case in the registered composite mark. Neither photograph shows the mark being used in relation to specific goods or services. Mr Farey says that the context of the use is apparent from a contemporaneous newsletter which is included at page 2 of exhibit CF2, but in fact that particular newsletter appears to relate to following year's Hortex exhibition in Telford. There is, however, a brief reference to the market's attendance at the 1999 exhibition in another newsletter included in exhibit CF2. I gather from this that the Hortex exhibition is a horticultural exhibition.

14. Mr Farey says that CGMA also used the registered mark continuously throughout the period 1997-2000 in relation to its newsletter, which it issued at least three times a

year to its tenants, the media and “other interested parties”, such as visitors to the market. The device element of the registered mark is prominently displayed in the top left hand corner of the first page of this newsletter. Alongside it, in a border are the words ‘New Covent Garden Market’ in the form in which they are registered. To the right of these words (in a larger typeface),but within the same border, is the word ‘NEWS’.

15. Exhibit CF2 also includes a copy of the Christmas 1997 edition of the newsletter. It contains an article showing a picture of the CGMA stand at an exhibition called IFTEX, which appears to be an exhibition of flowers and plants. The picture shows flowers and plants exhibited under a number of banners, two of which feature a variation on the registered mark, the words again appearing larger in proportion to the device than in the registered mark. No other mark is visible in the photograph. The date of this exhibition is not stated. An adjacent article refers to the Market and a firm called DDP arranging an “asparagus table” in order to promote the market at the Restaurant Show which was held in the “autumn” of 1997. The article about the IFTEX exhibition states that it took place “a few weeks later”. The Autumn 1998 Newsletter contains a section on exhibitions which notes that:

- i) the Market’s involvement at IFTEX took on a new form in this year;
- ii) the Market had a small information stand at the show so that florists could obtain further details of where to buy the flowers exhibited;
- iii) in 1998, the show took place between September 25-27.

16. Mr Farey also claims that the registered mark has been used continuously on some of CGMA’s business stationery, and he exhibits some (unused) examples at CF3.

17. Mr Farey further says that CGMA exercises strict quality control over the conduct of the market and the quality of the produce available through it. In his second witness statement he explains that CGMA would have no hesitation in drawing DEFRA’s attention to a tenant who was selling produce below the acquired standard or quality, but he does not explain what this is.

18. Mr Fowler is Chairman and Managing Director of the C & C group of companies, who are wholesalers, importers and commission agents of fruit, vegetables and flowers. Mr Fowler has been a tenant of CGMA for 18 years. He says that he is aware of the use of trade mark No 2119357 to promote trade at the New Covent Garden Market, in particular for sale of fruit, vegetables, flowers and “other such produce”. As a trader at NEW COVENT GARDEN MARKET, Mr Fowler says he enjoyed the reputation of the market and also benefited from the advertising efforts of CGMA. The pallets of produce arriving to his wholesale outlets are usually marked C & C fruit Company Ltd (or Gilgrove Ltd) of NEW COVENT GARDEN MARKET.

19. Mr Gold’s witness statement is comprised of legal argument, which I return to below.

Soup Co's Evidence

20. Soup Co's evidence is contained in two witness statements by Mr Jeremy Hudson, who is the Finance Director of Daniels Chilled Foods Ltd, which is the parent company of Soup Co. He provides (as exhibit JH1) evidence obtained from CGMA's web site on 22 May 2003 by a trainee solicitor at S J Berwin (solicitors for Soup Co). The page on the site entitled "Who we are" explains that CGMA was set up by Parliament in 1961 as a statutory body to own and operate New Covent Garden Market. Its Board is appointed by DEFRA. It continues:

"The Authority provides essential services such as the management, supervision and security of the site, heating, electricity, cleansing and refuse disposal and maintenance of buildings and roads. The Authority also handles the letting of trading premises and offices to tenants.

The Authority takes no part in that actual trade of the Market, which is the responsibility of individual traders, nor in inspection or collection of price information which is the responsibility of DEFRA."

21. Exhibit JH2 to Mr Hudson's statement is a copy of CGMA's report and accounts for 2001/2. They show that CGMA's gross income in the year was just under £10m and that it made a net operating profit of just over £1.5m. This compares with the Market's turnover of just under £400m in the same period. The notes to the accounts explain that the authority collects its traders financial figures under statutory powers and that they related only to horticultural produce physically handled in the market. They do not reflect the value of trade in produce that does physically pass through the market, nor the activities of agents and importers within the market.

22. Mr Hudson also provides (as exhibit JH4) photographic evidence produced as a result of a visit to New Covent Garden Market on or around 26 February 2003 by a firm of commercial investigators known as Carratu International. This shows that:

- i) the traders within the market operate under their own trading names;
- ii) a section of these incorporate the name of the market, or use it as an address;
- iii) there were signs placed at the entrance to the market and in other public places which identify it as NEW COVENT GARDEN MARKET;
- iv) the composite mark the subject of registration No 2119357 was not in evidence.

23. Exhibit JH5 (to Mr Hudson's second statement) consists of copies of pages from the DEFRA web site. They record that DEFRA has a role in monitoring the quality of horticultural products. In practice this is done through the Horticultural Marketing Inspectorate (HMI) of DEFRA, who are responsible for the enforcement of EC marketing standards for fresh fruit, vegetables, flowers and bulbs traded at, inter alia, wholesale markets.

The Hearing and the Decision

24. The matter came to be heard on 5 and 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.

Analysis

25. The European Court of Justice (ECJ) has provided 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 judgments by the English High Court: [2005] FSR 29, and the Court of Appeal: [2005] ETMR 114. It is apparent from these cases that genuine use:

- i) must be use in accordance with the essential function of a trade mark;
- ii) is use which is intended to create or maintain a market share for the goods or services for which the mark is registered;
- iii) does not include token or sham use for the sole purpose of preserving a registration;
- iv) does not include use which is internal to the proprietor’s organisation;
- iii) can be satisfied by even minimal use when it serves a real commercial purpose.

26. 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 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.

27. CGMA relies upon three instances of use. Firstly use of the mark at exhibitions and trade fairs, secondly, use on the mark on a newsletter, and thirdly, use of the mark on its business paper.

28. Before me, Mr Arnold for Soup Co accepted that the evidence showed that CGMA had used the mark the subject of registration No 2110357. However, he submitted that none of the use shown has been established as being use of the mark as a trade mark during the relevant period, in relation to the goods for which it is registered.

29. I accept that submission.

30. I noted above that use of a mark is only “genuine use” for the purpose of s.46 of the Act if the use is in accordance with the essential function of a trade mark. This has been described by the ECJ in Case C-10/89, *HAG II*, [1990] ECR I-3711, in these terms:

“Trade mark rights are, it should be noted, an essential element in the system of undistorted competition which the [EU] Treaty seeks to establish and

maintain. Under such a system, an undertaking must be in a position to keep its customers by virtue of the quality of its products and services, something which is possible only if there are distinctive marks which enable customers to identify those products and services. For the trade mark to be able to perform this role, it must offer a guarantee that all the goods bearing it have been produced under the control of a single undertaking which is accountable for its quality.”

31. This is consistent with the terms of Article 19(2) of the later TRIPS Agreement under which:

“When subject to the control of its owner, use of a trademark by another person shall be recognised as use of the trademark for the purpose of maintaining the registration.”

32. In *IHI Internationale Heiztechnik GmbH and Another v Ideal Standard GmbH and Another* [1995] FSR 59, the ECJ clarified the level of control that is required. It stressed that:

“.....the decisive factor is the possibility of control over the quality of the goods, not the actual exercise of that control.”

33. Thus, the court explained, a licensor of a mark could not oppose the importation of his licensee’s products on the grounds that they are of poor quality. For if the licensor tolerated the manufacture of poor quality products, despite having contractual means of preventing it, he must bear the responsibility. This is plainly the sort of thing that the court had in mind when it used the term “accountable” in its judgement in *HAG II*.

34. In more recent cases (for example *Canon Kabushiki Kaisha v MGM Inc.* [1999] RPC 117, the ECJ has re-stated the essential function of a trade mark as being that:

“...it must offer a guarantee that all the goods or services bearing it have originated under the control of a single undertaking which is responsible for their quality.”

35. The word “responsible” is capable of conveying the meaning that the proprietor must pro-actively check the quality of the goods offered for sale under the mark if the use is to be regarded as being under his control. However, I do not think that the change of language in *Canon* and later cases was intended to convey anything different to that which the court had earlier stated in *HAG II* and clarified in *Ideal Standard*. This is borne out by the language used by the court in paragraph 47 of its judgment in *Philips v Remington* [2003] RPC 2.

36. CGMA does not claim to have itself traded in any of the goods for which the mark is registered. It relies upon its use of the mark to promote goods offered for sale by its tenants. In particular, CGMA relies upon the use of the mark at exhibitions. Mr Farey claims that the pictures of a stand at a trade fair which he exhibits as CF1 are typical of this use. These pictures appear to show the mark in use (or at least the use of the mark in a form which does not alter its distinctive character) above a stand, but it is

not clear that the mark was being used in relation to the goods for which it is registered.

37. Assuming that one of the objectives of this use was to promote the horticultural produce sold at the market by the tenants, as Mr Fowler, a tenant, also claims, I do not accept that such use of the mark would indicate to the sort of trade customer that one would find at such exhibitions that the horticultural produce sold at the market was under the control of CGMA, which was accountable for its quality.

38. Mr Farey, on behalf of CGMA, claims that it exercises strict quality controls over the produce sold in the market. However, he does not adequately explain the means by which that control could have been asserted during the relevant period. There is no suggestion that the tenants of the market operated under a written licence from CGMA. He says that CGMA would have had no hesitation in drawing any sub-standard produce to the attention of DEFRA, but that would appear to be no more than inviting DEFRA to discharge its own statutory responsibility to enforce food standards at wholesale markets. This does not appear to me to qualify as CGMA exercising control as the proprietor of the mark over the goods sold at the market.

39. This finding is consistent with the statement made on CGMA's web site (exhibit JH1 to Mr Hudson's first witness statement) which makes it clear that CGMA plays no part in the actual trade of the market, which is the responsibility of the traders themselves, and that inspections are carried out by DEFRA. It is true that this evidence postdates the relevant period, but it is not suggested that the CGMA's role has changed in this respect. In these circumstances, I consider that the evidence is capable of shedding light backwards on the position in the relevant period. The mark is used to promote the market. Any consequential promotion of the produce sold at the market is use of the mark to promote the goods of the tenants, over which CGMA made no public claim to have had any material control. Promoting the goods of third parties may be a promotional service, but such services are proper to Class 35. A wholesaler's activities in bringing together and making conveniently available third party goods may also be likened to the services offered by many retailers. But such services also fall in Class 35: see Case C- 418/02, *Praktiker Bau* ECJ, (unreported).

40. Mr Gold, for CGMA, submitted a written argument to the effect that use of the mark in respect of services directly linked to the registered goods in Class 31, i.e. promotional services, is to be regarded as use of the mark in relation to the goods sourced at the market. He bases this submission on a passage in the *Ansul* judgement in which the ECJ states that:

“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.”

41. The ECJ was addressing the position where goods (fire extinguishers) had previously been placed on the market under a registered mark but within the relevant five year period the proprietor had not sold any new goods. However, he had

continued to supply parts and substances for the goods sold earlier, and provided associated maintenance services. I do not regard this part of the ECJ's judgement as assisting CGMA. There is no evidence that CGMA's promotion of the market under the mark during the relevant period was linked to any trade that it had previously conducted under the registered mark in relation to horticultural products.

42. The only evidence which shows use of the mark at exhibitions (or again a mark which differs in form but does not alter the distinctive character of the registered mark) in actual proximity to any of the goods for which it is registered is that contained in the Christmas 1997 edition of the CGMA's newsletter. This shows a picture of a promotion which took place at the 1997 Iftex exhibition. The mark is shown above a display of flowers and plants.

43. Section 10(4)(b) of the Act states that stocking goods for sale under a sign means that a person is using a sign for the purposes of that section, which sets out the infringement provisions. I do not think that this assists CGMA for three reasons. Firstly, there is no evidence that CGMA was "stocking" these goods for the purposes of their sale. Secondly, it does not follow that the definition of "use" in s.10(4)(b) is sufficient to constitute the "genuine use" required by s.46. Thirdly, even if this is use of the mark it does not follow that the use is "in relation to" the goods. It is possible for a mark to be used in physical proximity to goods without it being used "in relation to" those goods. For an example of this see *British Sugar plc v James Roberston & Sons Ltd* [1996] RPC 281 (at page 293, lines 1-8). In that case the judge thought that the title of a book was being used in relation to a popular band rather than in relation to the book for which the mark was registered. In this case, I find that the mark was being used in proximity to flowers and plants in order to promote CGMA's business as a provider of market services and facilities. The mark was not being used so as to indicate that the goods sold at the market were under the control of CGMA, which was accountable for their quality. The use does not therefore qualify as genuine use of the mark in relation to flowers and plants.

44. Further, this particular use appears to have taken place in Autumn 1997. The relevant five year period starts on 1 November 1997. It is not therefore clear that this specific use of the mark even took place in the relevant period.

45. The use in relation to newsletters is not genuine use of the mark in relation to horticultural goods either. The newsletters were plainly aimed at CGMA's tenants. At the hearing, Ms Lane submitted that the tenants should be regarded as being internal to CGMA's business. If that is so the use of the mark on a newsletter directed at them plainly cannot amount to genuine use. However, even if the use is not internal, it is nevertheless obvious that such use cannot have been in accordance with the essential function of a trade mark in order to create or maintain a market for the registered goods. CGMA plainly did not see its tenants as potential customers for horticultural products. It was they and not CGMA that traded in such goods. The newsletter in fact served the purpose of promoting CGMA's services to its tenants. It is claimed that the newsletter was also shown to the media and to visiting members of the public, and made available over CGMA's web site. These claims are neither particularised nor substantiated. In any event, the nature of the use would have remained consistent with its purpose as a newsletter promoting CGMA's services to its tenants.

46. The use claimed in respect of business papers does not, in my view, assist CGMA either. It does not show:

- i) where the business papers bearing the mark were sent;
- ii) how often they were used;
- iii) to whom they were sent;
- iv) when they were used;
- v) whether they were used in relation to a trade in goods or services.

47. Section 100 of the Act places the burden of showing use of the registered mark on the proprietor. In my judgement, CGMA has failed to show genuine use of the mark during the period 1 November 1997- 1 November 2002 in respect of the goods for which it is registered. Further, there is no evidence of a commencement of such use in the period between 1 November 2002 and the filing of the application on 19 June 2003, so I do not have to consider the application of s46(3).

Decision

48. As the conditions for revocation existed at 1 November 2002, the registration of trade mark 2119357 will be revoked as of this date.

Costs

49 As Soup Co has been successful it is entitled to a contribution towards its costs. The amount of time directed to this issue at the hearing was relatively limited (two other related cases between the parties being heard during the 5 and 6 October). I have taken this into account in determining that CGMA should pay Soup Co the sum of £1500. Unless an appeal is filed, this sum must be paid within 7 days of the end of the period allowed for appeal.

Dated this 17th day of January 2006

**Allan James
For the Registrar
The Comptroller General**