

IN THE MATTER OF  
TRADE MARK REGISTRATION No. 2419214 “THE BABA HOUSE”  
IN THE NAME OF CLEVERCAT PRODUCTIONS LIMITED  
AND IN THE MATTER OF APPLICATION 84309 FOR REVOCATION THEREOF BY  
HOHO ENTERTAINMENT LIMITED

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## DECISION

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### INTRODUCTION

1. This is an appeal from the decision of the Hearing Officer, Mr David Landau on behalf of the Registrar dated whereby he revoked the registration of the mark in issue, THE BABA HOUSE No. 2419214, standing in the name of Clevercat Productions Limited (“the proprietor”). The mark was originally registered for a wide range of goods and services but, on this appeal, attention has focussed largely on the specification in so far as it related to animated cartoons and printed matter.
2. The proprietor appeals from that decision, contending that the approach taken by the Hearing Officer to the issue of what counted as use sufficient to maintain a registration was erroneous as a matter of law. The proprietor’s central submission is that, although it did not during the relevant period succeed (and has not yet succeeded) in selling any products falling within the specification of its mark, it has put the mark before the public or trade in relation to such products in a way that is properly described as bona fide use.
3. The case raises the often difficult issue of how to evaluate use of a trade mark, where an undertaking has not produced any products but has advertised potential products under the mark with a view to securing sales. The authorities in the UK which have been drawn to my attention have taken a relatively restrictive approach to what counts as use in this context on the particular facts of those cases and the Hearing Officer’s decision reflects that. The proprietor argues that a broader view is justified in this case, at least in relation to some of the goods, partly because of the particular context in which the case arises and the particular market.

4. There is also an application on the part of the proprietor to adduce further evidence on this appeal relating to the issue of “proper reasons for non use” and invites me to consider that issue even though it had not been pleaded. Although it was not advanced, the Hearing Officer made some observations on this point in his decision and thought that the argument was without merit. I shall consider that application at the end of this decision.

## **FACTUAL BACKGROUND**

5. The proprietor is a company of which the main individual is Ms Caroline Roberts. Before forming the proprietor, Ms Roberts worked in children’s book publishing. After her redundancy from that role, she set up the proprietor to produce and (it was hoped) sell animated films and associated right to broadcasters which featured characters she had devised called “Babas” who were depicted as living in a fictional house she had devised called “The Baba House”. The films were intended for pre-school children, the general idea being somewhat similar to the well-known BBC Teletubbies programmes.
6. Considerable efforts were made by the proprietor in arranging for the production of a pilot or prototype film, including the making or commissioning the making of designs, music, script, storyboard and so forth. This short pilot was made for the purpose of marketing and the proprietor set about trying to get broadcasters and others interested in investing in the production of a full series of films. In broad terms, the idea was for the proprietor not merely to licence relevant rights but also to be responsible for making the films, albeit in co-operation and close collaboration with the broadcasters and other sub-contractors which, it was hoped, would purchase the films, finance production and purchase relevant associated rights to licences to produce merchandising. That summarises the position in general terms but, because of the nature of the arguments on this appeal, it is necessary to go into some greater detail as to precisely what was done and when by reference to the extensive evidence.

### **The key evidence**

7. The relevant evidence was helpfully set out by the Hearing Officer in detail in the decision. The main parts of it were summarised as follows.

*Witness statement of Caroline Roberts of 23 July 2012*

*6) Ms Roberts is the managing director and “founding owner” of CleverCat.*

7) Ms Roberts states that in November 2005 she was made redundant from her job as publisher of Hutchinson Children's Books at Random House. She decided to invest her redundancy money in an animation project that she had been developing in her spare time since 2002, The Baba House whose characters are five Babas (children dressed in animal playsuits): Baba Tig, Baba Bun, Baba Monkey, Baba Bear and Baba Mousie. Ms Roberts commissioned the illustrator Sam Childs over the period 2003 to 2007 to produce "visuals" for The Baba House project, the Baba characters and subsidiary elements in the form of hand drawn sketches and finished artwork. Ms Roberts states that the name of the show and the names of the characters have not changed since she came up with the concept in 2002.

8) Ms Roberts states that it can take several years to secure agreement with and backing from broadcasters and the necessary funding.

9) Ms Roberts states that THE BABA HOUSE (the trade mark) was first used in the United Kingdom in August 2006 on her The Baba House website, which announced the development of The Baba House animation project. She refers to page 6 of exhibit CR1 which consists of a screenshot of a webpage that shows that the website was under construction. The page indicates that a pilot is in production for presentation at MIPCOM spring 2007. Ms Roberts states that in October 2007 CleverCat was primarily using the trade mark in relation to "photographic, animated cartoons, paper, cardboard and goods made from those materials not included in other classes; printed matter, photographs". She states that between 2007 and 23 July 2012 the use has extended in respect of the goods and services for which the trade mark is registered. Ms Roberts states that evidence of this can be found in exhibits CR1 and CR2. Pages 7 to 23 of CR1 consist of undated screenshots from the website thebabahouse.com. On page 13 are quotations from unidentifiable persons in relation to watching a DVD of Baba House. Page 14 refers to it being proposed to have 52 episodes.

Various pages refer to watching the show and listening to the songs. Page 21 shows icons that indicate that songs will be played if they are activated. Page 24 has 2012 written in hand upon it and states that the programme is "[i]n development with TVO". Pages 25 to 39 appear to form a document for pitching the concept. Page 28 refers to test viewings. Page 40 has 2008 written upon it by hand. Pages 40 to 52 appear to be part of another document for pitching the project. Pages 53 to 58 are ideas for "merchandising potential". These pages show costumes, tableware, books, CDs, DVDs and toys. Pages 59 to 72 are further documents pitching the concept. Page 67 shows a picture of what is described as "The Baba House Team"; the pictures of eight individuals are shown. Page 72 shows unattributed quotations from persons attending MIPCOM 07. Pages 73 to 76 emanate from an article dated 25 October 2007 from digitalartsonline.co.uk in relation to The Baba House concept. Pages 77 to 80 are pages from planit3d.com. They relate to Animazoo providing "multi-capture technology to animate the pilot for children's television programme, The Baba House". Pages 84 and 85, from cgw.com from November 2007, refer to Blue Zoo creating the CG characters in The Baba House. Pages 97 to 100 are pages from digitalartsonline.co.uk. An article dated 31 December 2007 is reproduced, the

article relates to the work that Blue Zoo did in relation to the animation for *The Baba House*. *The Baba House* is described as being “at pilot stage”. Pages 101 to 105 emanate from cartoon-media.eu. The tops of the pages have the following: “CARTOON FORUM: History 2007- Projects”. Included in the list of projects is *The Baba House*. In pages 106 to 109 an article dated 21 September 2008 appears from mymedicatedlife.blogspot.co.uk, *The Baba House* was given an award by the blogger for the “most disgraceful pitch line”. Page 110 relates to the Cartoon Forum in September 2008. Parts of the page are illegible. A picture of the characters from *The Baba House* can be seen. Pages 111-112 relate to the work that Blue Zoo did using Animazoo technology for a pilot for *The Baba House*. Pages 113 to 115 appear to be pages from a search conducted on an Internet search engine, without reference to date, in which *The Baba House* is found. Page 116 is largely illegible. Page 117 is a page from the website of Amberwood Entertainment, a Canadian company, dated 28 September 2010. It advises that CleverCat and Amberwood have secured a deal with “Canada’s TVO Kids for their new pre-school series *The Baba House*”. The page advised that “Amberwood and CleverCat will commence development with TVO Kids this Fall and intend to co-produce the series”. Pages 122 to 124 and 130 refer to the Amberwood CleverCat tie up. Page 131.1 identifies the narrator of *The Baba House* pilot. Page 132 is a screenshot dated 4 May 2012 from YouTube upon which *The Baba House* appears. The programme is described as a “kids video”. The video lasts 4 minutes and 15 seconds. Eleven persons have made comments about the video. The video had been viewed 552 times. Pages 136 to 141 consist of copies of letters sent by Ms Roberts in May, June and October 2008 pitching *The Baba House*. The letters are to CITV, Disney Channel UK, Nickleodeon, Five, Entertainment Rights and Coolabi. In the penultimate letter the following appears:

“*The Baba* pack comprises DVD of promo, bible, sample scripts, springboard ideas, merchandising ideas and team notes.”

Pages 142 to 146 are copies of e-mails pitching *The Baba House* and some responses to the pitch. The e-mails are from 2008 and 2009. None of the emails indicate that the pitch found a backer. Pages 147 to 151 duplicate pages 101 to 105. Page 152 is a page from “Cartoon Forum Catalogue 08” pitching *The Baba House*. Page 153 is a duplicate of page 110; however, this copy is legible. The words “Clever Cat Productions’ *The Baba House*” can be read on a picture of the characters. Pages 154 to 156 consist of a copy of an e-mail from Mike Robinson to Ms Roberts dated 22 October 2007. It relates to the persons that “we” met at Mipcom and proposed follow up actions. Page 157 is a copy of an e-mail dated 22 October 2007 from Ms Roberts to Mr Oliver Ellis of Target UK. It is headed “*The Baba House*”. Ms Roberts comments on Mr Ellis being at MIPCOM and advises that she will send him “the bible, script and synopses”.

Page 158 is a copy of an e-mail of 15 February 2008 from Mike Robinson to Mr Ellis. He states in the e-mail that a script was not sent to him at the end of February as it was decided to do more development work on the project. He writes that a full presentation will be sent by the end of March. Pages 159 to 160 are copies of part of a memorandum of agreement between Amberwood and

*CleverCat dated 26 October 2009 in relation to The Baba House. The middle two pages of the agreement have not been adduced. The agreement states that Amberwood will contribute 70% of the production budget and CleverCat 30%.*

*Page 161 is a copy of a consideration of The Baba House project from Kay Benbow at CBeebies. Pages 162 to 166 include copies of e-mail correspondence between CleverCat and staff at CBeebies from September 2008 to March 2009. In the final e-mail, of 24 March 2009, Ms Benbow rejects the project for CBeebies. Page 167 consists of two photographs taken at Cartoon Forum 08. One shows a hall poster for the project and another presentation of the project. Pages 169 to 175 consist of letters sent in September and October 2008 pitching The Baba House project and advising that Ms Roberts and Mr Robinson will be at MIPCOM where the project can be discussed. The letters have been sent to persons in Germany, France and Spain. They advise that:*

*“I thought you might like the opportunity to see the full 3-minute promo –albeit on a smaller scale – and enclose a DVD together with a mini version of our bible, merchandising ideas etc. We also have sample scripts if you would like to see them.”*

*Pages 176 to 181 are copies of e-mails between CleverCat and Amberwood reThe Baba House between 22 October 2007 and 5 December 2007. Pages 180 and 185 consist of e-mail correspondence between an Israeli television channel and CleverCat from August 2008. Pages 183 and 184 contain rejection letters from 27 August 2009 and 21 October 2008 from two German broadcasters. Pages 186 to 189 contain letters from 2007 and 2008 pitching the project and further rejection letters. Ms Roberts states that the website at thebabahouse.com was “published” in October 2007, she states that thebabahouse.co.uk was linked to the website thebabas.co.uk and “published” on 18 March 2012.*

*10) Ms Roberts states that from 2006 to 23 July 2012 she and CleverCat have spent in excess of £35,000 in development and marketing costs in respect of The Baba House project including:*

*The setting up of CleverCat Productions Limited.*

*Commissioning of a four minute animated promotional video of The Baba House.*

*Attendance at two trade fairs, MIPCOM 07 and 08, to show The Baba House.*

*Attendance and presentation at Cartoon Forum 08 to show The Baba House.*

*The setting up of two The Baba House related websites.*

*The commissioning of sample scripts for The Baba House.*

*The commissioning of a title song for The Baba House and four other Baba songs.*

*The production and printing of full colour “bibles” for The Baba House.*

*The production and printing of several hundred The Baba House postcards (three designs).*

*The appointment of a freelance production consultant for The Baba House.*

*The appointment of a freelance director of The Baba House.*

11) Ms Roberts states that Paul Castle was commissioned in May 2003 to create the Baba House song. Ms Roberts had her first “full hearing of the soundtracks” over the telephone in or around 19 March 2005. Matt Bell was commissioned in December 2004 as an animator and the first sample animation of the Baba Bun character dancing was received in August 2005. Kevin Griffiths was commissioned as director in late 2005. Peter Gillbe was engaged as a “consultant” in late 2007 and continues to be consulted from time to time. Blue Zoo Productions, an animation company, was commissioned in March 2007 to initially create a 2½ minute and eventually a 4 minute pilot animation from a storyboard at a cost of £17,825. Sam Childs was commissioned as an illustrator in 2003. A voice artist, John Guilor, was hired and a studio, Loft Studios, hired. Barbara Slade/Hilton Language Service was commissioned between 2008 and 2010 to supply scriptwriting services. Mike Robinson was engaged in 2007 as a “consultant” and continues to be consulted from time to time.

12) The first *The Baba House bible* was produced for MIPCOM 07 and updated in spring 2008; the current edition was updated for 2012. Ms Roberts states that the bible formed part of a promotional pack of “a complete range of mocked up merchandise demonstrating the potential of the “Baba” brand, the animated DVD, sample scripts and three promotional postcards”.

13) Ms Roberts states that CleverCat attended trade fairs. In 2007 it attended the MIPCOM trade fair. Ms Roberts pitched the project to various parties. She states that one of these was Mr Oliver Ellis, who, she states, is now the managing director of Hoho; he was then with Target Entertainment. In 2008 Ms Roberts attended MIPCOM 2008 to promote the project. It was whilst there that she received an offer of co-production with Amberwood. In September 2008 Ms Roberts pitched *The Baba House* project at Cartoon Forum 2008, which is described as a co-production forum for animated series. She states that Mr Ellis was present at this event. Ms Roberts states that Mr Ellis asked for more *The Baba House* materials.

14) Ms Roberts states that in September 2008 Amberwood signed a development agreement with TVO (both located in Canada). She states that working with TVO over the past two years has meant that the age range of *The Baba House* Baba characters has broadened. She states that two scripts have been written and approved as well as an educational statement, bible and new website proposal. Ms Roberts states that the project is now in advanced development with TVO and a potential Irish investor has expressed a “very strong interest” if a broadcaster is secured.”

8. This description of the evidence illustrates the extent of the proprietor’s efforts in attempting to interest the market in its Baba House films. It is evident from this material that these were considerable and there was, at least, some preliminary interest from the trade. Some parents to whom the pilot was shown commented favourably on it and the concept as did some of the broadcasters to whom the concept was presented. One individual from the BBC said it was a “charming show” but was reluctant to proceed with

it because it was too close to the Teletubbies to fit into the CBeebies portfolio. Another also praised it but said that they were looking for a different age group programme at that time. At any time during this period of activity one or more of the companies to whom pitches were made might have agreed to commission a full series of films and put up the finance to embark on this and the proprietor would no doubt have accepted such a commission if the terms had been satisfactory.

9. It is significant that it was not in dispute that these kinds of activities were normal in the development of television series and were common for at least some of the products covered by the specification. Ms Howells, who gave evidence for the applicant for revocation, stated that the investment and set-up costs referred to by Ms Roberts were considered to be normal in developing a television series of any kind. She stated that the creation of a promotional video, attendance at trade fairs, production of bibles, commissioning of scripts and the appointment of “creatives” are all commonplace within the industry.
10. It was also not seriously disputed that, in this business, it could take a considerable amount of time before any actual purchase or commission of a film or series of films would be made. That is not perhaps surprising since, at least for a children’s series of this kind, a decision to commission a series would probably not be taken lightly, particularly since the evidence suggests that broadcaster’s budgets for such programming were limited. It is unsurprising that efforts would need to be made over an extended period in order to secure any sales or investment. A good deal of bread may need to be cast upon the water before success would be likely to come for films of this kind.

### **The Hearing Officer’s findings**

11. Following further detailed analysis of the additional evidence, which did not take matters very much further, and having set out the principles from the case law as summarised by Arnold J in *Stichting BDO and others v. BDO Unibank Inc and others* [2013] EWHC 418, which in turn referred to the case law of the CJEU in *Ansul* and *La Mer* (which I consider further below) the Hearing Officer set out his findings in the light of the evidence as follows, with some of the key points relevant to this appeal underlined:

28) *CleverCat has been trying to get The Baba House project off the ground. It has produced a pilot, a bible and other material in relation to the project. It has attended trade fairs in relation to the project and written to various broadcasters. These efforts have been made in order to get finance for the project. At the date of the application for revocation no “finished” product had been produced or sold. (By the time of the hearing no product had been produced or sold in the United Kingdom. The evidence in relation to Canada does not establish that the project has actually got off the ground there.) No broadcaster in the United Kingdom, or European Union, has accepted the project.*

29) *CleverCat’s claim to use turned upon paragraph 39 in Ansul in relation to goods or services that are about to be marketed:*

*37. It follows that genuine use of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned. The protection the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial raison d’être, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade mark proprietor or, as envisaged in Article 10(3) of the Directive, by a third party with authority to use the mark.*

30) *Ms Bowhill submitted that the position of CleverCat was not akin to that of the registered proprietor in BL O/488/12 owing to the attempts to create a market that CleverCat had made with its attendance at trade fairs, production of marketing materials and pitching to broadcasters. She considered that the use was akin to that referred to in the decision in relation to the development of a new aeroplane. However, that example, which is obiter dicta, refers to provisional orders that are taken for aeroplanes. There have been no orders for any product or service under the trade marks. The use shown has been pitching in order to get the financial backing to launch the project. Mr St Quintin prayed in aid the decision of Ms Anna Carboni, sitting as the appointed person, in Jackson International Trading Company Kurt D Bruhl Gesellschaft m.b.H & Co. KG v The Royal Shakespeare Company BL O/009/13 at paragraph 17:*

*“17 I agree with the hearing officer that the letters are not examples of real commercial exploitation of the Mark on the market for beer, but were what I would call “preparatory” steps exploring the possibility of creating a beer to which the Mark could be applied. As Mr Malynicz argued, this does not amount to “preparations ... to secure customers” and could not be seen as advertisements for an existing product. Jackson was touting an idea for using the Mark; it was not advertising an existing product available on, or ready to be put on, the market. While Jackson might have hoped to create an outlet for such a product, it had not yet got*

*to that stage; and there was no evidence as to any responses to the letters which would have taken the proprietor any further in that direction.”*

*Ms Bowhill considered that CleverCat’s position could be distinguished from that of the registered proprietor in the above decision, owing to the efforts that had been made to get the project onto the market.*

*31) CleverCat has produced a list of examples from the evidence to support its claims of genuine use. This list is annexed to the decision. Ms Bowhill submitted that the core of the use was an animated cartoon. This core use is put to one side for the moment. The claims in relation to merchandising in relation to this animated cartoon are based on mock-ups of potential spin-off products. As Ms Roberts states “a complete range of mocked up merchandise demonstrating the potential of the “Baba” brand”. None of these products have been produced. There have been no negotiations with manufacturers to make such products. There have been no negotiations with potential licensees. (This is in stark contrast to the licensing activities referred to by Ms Howells in relation to Cloudbabies.) Any use on such products is contingent on the animated cartoon being made and then contingent on the cartoon being a success so that merchandising would be produced to profit from the success. Ms Bowhill conceded that there had not been genuine use in relation to electronic publications. In no way can it be considered that any of the following goods are, were, or are, about to be marketed:*

*electronic publications; compact disc players;  
printed matter including but not limited to books; stationery;  
textiles and textile goods, not included in other classes; bed covers;  
clothing, footwear;  
games and playthings;*

*There was a mere hope contingent on a variety of factors. No concrete steps had been taken in relation to marketing the above goods. There has been no genuine use in relation to the above goods.*

*32) Ms Bowhill conceded that the production of the pilot programme had been made by a third party. CleverCat is not involved in the actual production of films, television programmes or radio programmes; nor has it made any attempts to set up a business in relation to such production services. Educational services is a very wide term, covering everything from post-doctoral research supervision to training a car mechanic. CleverCat has not traded in any educational services nor are any educational services about to be marketed. Its claim to educational services is based upon its animated cartoon possibly having an educational function. The same could be said for virtually any form of the media, this is not the same as furnishing an educational service or being about to do so.*

*33) The core of the claimed use, animated cartoons, could give rise to use in relation to animated cartoons; pre-recorded cd's, dvd's, cd roms and to entertainment services directly related to the animated cartoons.*

*34) At the time of the filing of the application no products or services were about to be marketed in the United Kingdom. No “marketable” products or services had been produced. Ms Bowhill emphasised the steps that had been made to try to launch the project. She submitted that the efforts made went well beyond the possibility of creating a product or touting an idea. However, that is not the*

*requirement of Ansul. The requirement of Ansul, where no product has been placed on the market, is that the goods or services are about to be marketed. To be about to be marketed a product or service has to exist. It is not possible to be “about to market” something that does not exist; and in this case, for which there is no finance to make it exist. At the time of the application for revocation, and still in the United Kingdom, no product or service existed. So CleverCat does not satisfy the Ansul requirement in relation to the core product and related services. CleverCat had an idea for a product, which was well fleshed out, but had no product as it was pitching the project, in order to try and get finance to set it up. Ms Bowhill commented on the gestation period that a television programme could have. This might be the case but such an argument relates to proper reasons for non-use rather than actual use. Throughout these proceedings, CleverCat, which has had the benefit of legal representation, has claimed that it has made genuine use of the trade marks, not that it had proper reasons for non- use.*

*35) CleverCat has had plenty of time to bring forward a product or service so that it was in a position to be about to be marketed. It has not succeeded. CleverCat has made efforts to get funding but its project has been rejected in the United Kingdom and the European Union. In Armin Häupl v Lidl Stiftung & Co KG Case C-246/05 the CJEU considered the issue of proper reasons for non-use. It held:*

*“54 It follows that only obstacles having a sufficiently direct relationship with a trade mark making its use impossible or unreasonable, and which arise independently of the will of the proprietor of that mark, may be described as ‘proper reasons for non-use’ of that mark. It must be assessed on a case-by-case basis whether a change in the strategy of the undertaking to circumvent the obstacle under consideration would make the use of that mark unreasonable. It is the task of the national court or tribunal, before which the dispute in the main proceedings is brought and which alone is in a position to establish the relevant facts, to apply that assessment in the context of the present action.”*

12. The Hearing Officer accordingly rejected the contention that there had been use of the mark in this case for any of the goods or services and allowed the application for revocation. At the heart of his decision was his determination that the requirement of *Ansul* that the goods or services should be “about to be marketed” and that to be about to be marketed a product or service had to exist. Because there were no existing products, there could be no use with respect to them.

## **LAW AND PRINCIPLES**

13. There was no dispute between the parties that the Hearing Officer had set out the correct legal principles from the relevant cases. The real dispute on this appeal was whether they had been correctly interpreted and applied. It is therefore useful to draw out some of the

principles from the legislation and authorities so far as relevant to this case and consider how they have been applied in other situations.

14. First, section 46(1) of the Trade Marks Act 1994 (“the Act”) provides that a registered mark may be revoked if during the relevant period “it has not been put to genuine use in the United Kingdom...in relation to the goods or services for which it is registered...”
15. The Act does not define use “in relation” to goods in the context of the provisions concerning non-use. However, in the context of the provisions concerning infringement, section 10(5) of the Act provides that a person uses a sign if, inter alia, he “offers” goods for sale or “offers” or supplies services under the sign or if he uses the sign “in business papers or in advertising”. Because of these provisions, it would be difficult for a person who put up a sign saying “X goods bearing brand A are available here” to avoid an action for trade mark infringement on the part of the proprietor of the mark A registered for goods X on the basis that the person had been completely unable to get hold of any such goods and indeed no such goods existed or that no-one wanted to buy them and that therefore no order for them had been placed by him or none had been made. Although there are limitations as to the circumstances in which goods not destined for an EU market may be treated as infringing a trade mark (as to which see for example *Class International v. Colgate Palmolive* Case C-405/03 [2005] ECR I-8735 and subsequent cases) those limitations do not appear to undermine the general proposition that there may be use of a trade mark in relation to goods, at least in some contexts, even if the goods do not actually exist but are intended to be brought into existence should a market for them appear.
16. Second, in *Ansul* paragraph [37] (which is reproduced above as cited in paragraph [30] of the Hearing Officer’s decision) the CJEU did not in terms state that it was a necessary requirement of genuine use in EU law that the goods in relation to which the mark was said to have been used had to exist at the time of use. The CJEU indicated that it was a requirement that use of the mark had to relate to goods or services already marketed or about to be marketed but the CJEU contemplated a broad enquiry having regard to the particular circumstances of the trade.
17. Third, *Ansul* and other relevant EU authorities such as *La Mer* and *Sunrider* which were referred to and summarised in *Stichting BDO*, contemplate that all of the relevant facts

and circumstances must be taken into account in determining whether there has been real commercial exploitation of the mark during the relevant period. These include the nature of the goods and services, the characteristics of the mark concerned, the scale and frequency of use of the mark and so forth. In circumstances where an undertaking has been actively seeking to market products or services and the only obstacle to its actually providing them is the unwillingness of the market to buy, that would appear to be a reasonable case of an undertaking seeking to create or preserve an outlet for goods or services, which was recognised in *Ansul* as being particularly important to the enquiry as to whether use was genuine.

18. Fourth, although it may seem *prima facie* illogical to contemplate that a mark might be used in relation to goods or services which do not exist at all at the time of use, such is perhaps not so odd when one considers the use of marks for bespoke goods or services which are only created or performed to order, of which examples were debated at the hearing of this appeal. There may be types of business in which it is to be expected that an undertaking might go for a lengthy period offering to supply goods or services without any success but may then eventually secure a lucrative contract, which may then require the assembly of a team of sub-contractors to undertake the work. That may be particularly so in higher value or creative industries in which business is infrequent. It is difficult to see what purpose would be served by trade mark law not recognising those realities of trade in the provisions concerning use. A person using a trade mark in making strenuous efforts to sell products would hardly say that the commercial rationale for the mark had disappeared simply because no contract had been secured (cf. *Ansul*).

### **UK authorities**

19. There are several decisions of the Registry and appellate tribunals in which it is apparent to the tribunal that the proprietor has not really offered any goods or services at all: instead all that it has done is to create a hope that a business might be established for products of that kind in the future. In such a case, a tribunal is likely to be justified in saying that it is simply not good enough for there to be genuine use simply to tout around a somewhat hopeful business idea using a trade mark.

20. In particular, there are two cases in the UK, both of which are appeals from the Trade Mark Registry which fall into that category.
21. First, the Hearing Officer was referred to *ROYAL SHAKESPEARE (Jackson International Trading Company Kurt D Bruhl Gesellschaft mbH & Co KG v. The Royal Shakespeare Company)*. In that case, a proprietor had been trying to seek business partners for a new kind of beer and had produced mocks up of labelling which might be use on some beer to be produced by others. The Appointed Person, Ms Anni Carboni, rejected the suggestion that this amounted to genuine use. The applicant contends that the situation here is very similar.
22. Second, in *JENSEN/INTERCEPTOR Trade Mark O-488-12*, the Hearing Officer, Mr Allan James, found that there had been non-use and revoked the marks, where an undertaking had advertised on a web-site and in a press release that a car which did not then exist was at least a year from being unveiled. The Hearing Officer in that case held that there was a requirement that the use be in relation to goods already marketed or to be marketed and that goods which did not exist did not qualify. However, the Hearing Officer recognised that this might be taking too narrow a view of *Ansul* and gave as an example use of a mark for an aircraft which may take a lengthy period to develop. He held that the facts of the case before him could be distinguished from such a situation because neither the press release nor the web-site relied upon provided information about the goods which was sufficient for a customer to decide whether to register a serious interest in buying one and there was, in fact, no interest at all in the product.
27. That Decision was upheld by the High Court (Henry Carr QC sitting as a Deputy Judge) in *Healey Sports Cars Switzerland Ltd v Jensen Cars Ltd* [2014] EWHC 24 (Pat) (24 January 2014). The judge held that there had been no error of principle and that the Hearing Officer was “clearly correct” in his assessment of the evidence. The judge did not cast doubt on the aircraft example given by Mr James at first instance as being a situation in which a more generous view might be taken of the principles in *Ansul* on appropriate evidence. Like the Hearing Officer, he considered that the *JENSEN/INTERCEPTOR* case was nothing like that sort of situation and that the proprietor had done too little to be properly described as having sought to create or maintain a market in the goods. Neither the Hearing Officer’s decision in that case nor

the judgment of the High Court held that the mere fact that no-one had ordered the products in question or that the products did not exist were themselves fatal to the continued registration of the mark.

## **APPROACH TO APPEAL**

23. In *Healey Sports Cars* (cited above) the Deputy Judge summarised the principles applicable to an appeal of this nature as follows:

### ***The approach of the appellate court in trade mark appeals***

4. This was summarised by Floyd J (as he then was) in *Galileo International Technology LLC v European Union* [\[2011\] ETMR 22](#):

"11. ....Such appeals are not by way of a rehearing but are a review. The principles were set out by Robert Walker LJ in *Bessant and others v South Cone Inc* [\[2003\] RPC 5](#), at paragraphs 17 to 30. Robert Walker LJ said at [28]:

"The appellate court should in my view show real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle."

12. At paragraph 29, Robert Walker LJ said this:

"The appellate court should not treat a judgement or a written decision as containing an error of principle simply because of its belief that the judgement or decision could have been better expressed."

13. In that case the High Court judge had reversed the decision of a Hearing Officer. The Court of Appeal held that he had been wrong to do so. Robert Walker LJ in dismissing the appeal said this:

"I consider that the Hearing Officer did not err in principle, nor was he clearly wrong."

14. I conclude that, unless I am satisfied that the Hearing Officer made an error of principle, I should be reluctant to interfere. I should interfere if I consider that his decision is clearly wrong, for example if I consider that he has drawn inferences which cannot properly be drawn, or has otherwise reached an unreasonable conclusion. I should not interfere if his decision is one which he was properly entitled to reach on the material before him."

5. It is also important to remember that the Hearing Officers of the Trade Marks Registry sit as a specialist tribunal, and Mr James is a particularly experienced Hearing Officer. In *MA (Somalia) v Secretary of State for the Home Department* [\[2007\] UKSC 49](#), [\[2011\] 2 All ER 65](#) at [43] – [45], the Supreme Court stated as follows, in respect of appeals from specialist tribunals:

"43.... Although this is not virgin territory, the present case illustrates the need to reinforce what has been said on other occasions. The court should always bear in mind the remarks of Baroness Hale of Richmond in *AH (Sudan) v Secretary of State for the Home Department* [\[2007\] UKHL 49](#), [\[2008\] 1 AC 678](#) at para 30:

"This is an expert Tribunal charged with administering a complex area of law in challenging circumstances... [T]he ordinary courts should approach appeals from them with an appropriate degree of caution; it is probable that in understanding

*and applying the law in their specialised field the Tribunal will have got it right.. They and they alone are judges of the facts...Their decisions should be respected unless it is quite clear that they have misdirected themselves in law. Appellate courts should not rush to find such misdirections simply because they might have reached a different conclusion on the facts or expressed themselves differently."*

*44 Those general observations were made in a case where the Court of Appeal had allowed an appeal against a decision of the AIT [Asylum and Immigration Tribunal]. The role of the court is to correct errors of law. Examples of such errors include misinterpreting the ECHR; misdirecting themselves by propounding the wrong test on some legal question such as the burden or standard of proof; procedural impropriety such as a breach of the rules of natural justice; and the familiar errors of omitting a relevant factor or taking into account an irrelevant factor or reaching a conclusion on the facts which is irrational.*

*45 But the court should not be astute to characterise as an error of law what, in truth, is no more than a disagreement with the AIT's assessment of the facts. Moreover, where a relevant point is not expressly mentioned by the tribunal, the court should be slow to infer that it has not been taken into account."*

*6. Of course, on appeal from the Trade Marks Registry, the Court or Appointed Person will closely examine the Grounds of Appeal and the Decision under appeal to see if an error of law or principle has been made. On occasion, this will be the case. However the above guidance makes clear the nature of the examination that is to be undertaken by the Appellate Court.*

24. Those principles are well established and it is clear that considerable care must be taken before a decision of a very experienced Hearing Officer may be overturned. Although I have not found the matter easy, in my judgment, the Hearing Officer in this case did fall into error, albeit in a limited way in that, rather as contemplated as a possibility by Mr James in the *JENSEN/INTERCEPTOR* case at first instance, he took too narrow a view of the circumstances which it was permissible to take into account in evaluating whether there had been genuine use with respect to some of the goods. He appeared to treat one factor (the absence of full films) as conclusive when, as I understand the law, it is one factor to be taken into account in determining whether there was use.
25. As I read the decision, the Hearing Officer treated the fact that the full films and other products did not exist and that no-one had bought them as determinative (see underlined passage in the extract from the decision above). This meant that he left out of account in reaching his conclusions the fact that there had been strenuous and detailed efforts to interest the market specifically in films, including the supply of a prototype cartoon which put the market into a position to decide whether it wished to purchase the relevant goods or not. Although this did not lead to commissioning of a full film series, it did

attract interest and was activity directed at creating (and if possible maintaining) a market for those films.

26. The applicant contends that the Hearing Officer was right and that where there is no product available or nearly available to be sold, that product is not about to be marketed and the trade mark proprietor cannot be said to be preparing to secure customers for it. There is much merit in that as a general proposition, but I am not persuaded that such is a strict rule of law deriving from *Ansul*. It is a factor to be taken into consideration. In particular, such an approach cannot easily cater in for businesses where products or services are bespoke and are produced to order. If there are never any orders, the product will never be available or nearly available, despite potentially extensive use of the mark in attempting to secure them. I am also not persuaded that characterising the situation here as one of mere investment in a development project assists in the analysis of whether there is use: for certain high value bespoke goods work cannot commence until a customer for them has put up some form of financing for the products which may be advance payment or an investment in a business. It cannot matter for the purpose of the use provisions how such finance is provided.
27. For these reasons, although this case lies at the borderline of reviewability, in my judgment the proprietor is right to say that the Hearing Officer approached the case too narrowly in that limited respect and that it is therefore necessary to consider the issue afresh.

### **Consequences of the analysis**

28. Neither side has suggested that this matter should be remitted to the Hearing Officer: it is appropriate to make a decision on the evidence before me.
29. I have reviewed the Hearing Officer's decision and the evidence. By a narrow margin, in my judgment, having regard to the approach taken in earlier authorities, including the discussion by the Hearing Officer in the *JENSEN/INTERCEPTOR* case, the activities of the proprietor using the mark during the period appear to me to have been warranted in the economic sector concerned to maintain or create a market for animated cartoons for children, notwithstanding the fact that the only animated film that had been produced was a pilot prototype and no-one had been prepared to invest in a full series. In reaching this

conclusion, I have primarily had regard to the evidence as summarised in the decision of the Hearing Officer (referred to above) and the points made above about the nature of the market and the interest which the series attracted. The evidence on this point is significantly different from that in the *Royal Shakespeare* and *JENSEN/INTERCEPTOR* cases.

30. Nor am I persuaded that the distinction here between the proprietor producing films itself and having them produced by others is of assistance. It is clear on the evidence that the proprietor was the originator of the general idea of the cartoons, their characters and the broad approach as well as the story-board. Doubtless others would be needed to complete a full film (or even a pilot) but as far as I can tell, on the evidence, the proprietor was intended to be at least a producer of the films, in a general sense.
31. I do not accept the applicant's argument that because there was no finance to produce the films unless such were ordered, in effect what was being offered was merely an opportunity to invest in or start a project. The proprietor was, in my judgment, trying to sell films of a particular kind primarily to broadcasters during the period on the basis that the broadcasters would have to put up production funds before they could be made.

### **Use for other goods**

32. The burden of proving use is upon the proprietor and, in those circumstances, I think it is justifiable to say that, if the evidence is marginal as regards certain goods or services, the tribunal would be justified in finding that use has not been proven. Ultimately, the proprietor confined its case to core use of animated cartoons as well as printed matter.
33. That was a sensible limitation: like in *Royal Shakespeare*, the other proposals for merchandising appear to be mere ideas or proposals for products and it is unclear from the evidence whether it was ever contemplated that these would be produced by the proprietor. The position is similar with other goods. As to printed matter, the only printed matter of which I have been able to detect use is material which is promotional of the animated children's films and is not independent use in relation to printed matter as such.
34. To that extent, I consider that the applicant is justified in its non-use case. I also agree with the applicant and the decision of the Hearing Officer that there was no use proven with respect to any of the other categories of goods and services.

35. However, the animated cartoons seem to me to be in a different category since, for these, an actual pilot film had been produced by or on behalf of the proprietor, presented in detail to the market on more than one occasion and there had at least been some mild interest in such a series of films, even though none had been commissioned.

#### **SCOPE OF REGISTRATION**

36. Although I was not addressed specifically on this point because both sides adopted fundamentally opposed positions, with the applicant contending that no part of the registration should survive, it is well established that under the Act I must consider first what use has been proved and second decide what an appropriate description of the goods or services would be, having regard to the proven use, so as to provide fair protection for the proprietor (while also having due regard to the interest of the public and other traders in not maintaining over-broad registrations on the basis of limited proven use).

37. In my judgment, applying the *Ansul* principles, the proprietor has proven only limited use of the mark THE BABA HOUSE in relation to **animated cartoons for children** in the relevant period.

38. In my judgment this is a sufficiently distinct category of goods. Although there can be some uncertainty at the boundary of specifications of this kind, because some animations may be regarded as suitable both for adults and for children, this would be a properly circumscribed specification, in the light of the proven use.

#### **CONCLUSION ON MAIN APPEAL**

39. The appeal will be allowed in part and refused in part. The mark may remain registered in respect of a narrow specification of goods namely “animated cartoons for children”. Otherwise, it will stand revoked.

#### **APPLICATION TO ADDUCE FURTHER EVIDENCE/PROPER REASONS FOR NON-USE**

40. I come to consider whether the argument about proper reasons for non-use has any impact on my overall decision.

41. Section 46 of the Act provides that if there were in the relevant period “proper reasons for non-use” of a registered trade mark, an application for revocation may be defeated. The proprietor seeks to advance such an argument for the first time in this case on appeal and to adduce further evidence in support of it.
42. The relevant principles governing the admission of fresh evidence on appeal in cases of this kind are well established, although neither side referred to them expressly. They were summarised by the Court of Appeal in *EI Du Pont De Nemours & Company v S.T. Dupont* [2003] EWCA Civ 1368 referring to *Hunt-Wesson Inc.'s Trade Mark Application* [1996] 1 R.P.C. 233. Laddie J considered that the appropriate course was to look at all the circumstances, including those factors set out in *Ladd v. Marshall* and to decide whether, on the particular facts, the power of the court to admit fresh evidence should be exercised in favour of doing so. He set out eight factors which were likely to be relevant. Some of these are akin to those in *Ladd v. Marshall*. Others are of particular relevance to the registration of trade marks. This case established a somewhat more relaxed approach in trade mark appeals to the question of admitting fresh evidence but one in which the *Ladd v. Marshall* criteria remained of very great importance. Of particular significance therefore is whether the material could have been available earlier and its materiality to the case.
43. In my judgment, the application to adduce further evidence on appeal relating to the issue of whether there may have been proper reasons for non-use of the mark does not satisfy the relevant criteria. I have particular regard to the following matters.
44. First, there was no pleading by way of defence to the application that there were proper reasons for non-use. I would not have permitted an amendment to the pleading to advance such a case at this stage, even if such had formally been made.
45. Second, although the proprietor has submitted various documents and arguments directed to this issue, there was before me still no actual evidence provided.
46. Third, the point did not feature, even in the grounds of appeal, although it could have done. There was no formal application supported by evidence to amend the grounds of appeal to add this as a further ground.
47. Fourth, the only reason that this point was live was that the Hearing Officer referred to the point in passing to say, in effect that, had the point been raised, it would have failed.

Having considered the argument and the way he dealt with it, I agree with him on this point. The most that can be said for it is that the existing evidence before the Hearing Officer on the difficulties of securing commissions for making animations (and films generally) reinforced the point that this was a market in which offers for sale did not easily translate into sales. It therefore assisted the proprietor in its argument that the absence of sales of a full film or series should not be regarded as fatal to proving use. It was of limited value as a free standing point.

48. Fifth, I have no doubt that the material in question and indeed the argument could have been advanced before the Hearing Officer.
49. Sixth, were the argument to be advanced it would give rise to further pleading and evidence on the part of the applicant which may wish to contend that there were no proper reasons for non-use with respect to some or all of the goods. This would re-open the proceedings, which would not be fair to the applicant.
50. Finally, I do not think that the point would assist the proprietor in any event, with respect to goods other than those I have already held to be ones for which the proprietor may maintain the registration, namely animated cartoons for children. It would therefore not satisfy the *Ladd v. Marshall* requirement that the new evidence is material. This is because the reasons for non-use are only, in substance, said to apply with respect to animated films where the central argument sought to be made is that, in the relevant period, the market for these specifically had collapsed. There is no suggestion that the market for (for example) printed matter for which the specification was also sought to be maintained had collapsed. In my judgment, the argument and the additional evidence could not improve the proprietor's position with respect to the scope of registration even if it was proper to raise it at this stage.
51. I therefore dismiss the application to adduce new evidence and will not permit the "proper reasons for non-use" argument to be advanced on appeal. The argument and the material sought to be introduced adds nothing to the result reached above.

## **OVERALL RESULT**

52. The appeal is allowed to the limited extent indicated above, namely that the mark will not stand revoked in respect of the limited category of goods in class 9: “animated cartoons for children”. Otherwise the appeal is dismissed.

## **COSTS**

53. In view of the fact that the proprietor has been partially successful and partially unsuccessful on this appeal and its mark has been permitted to remain registered only for certain core goods, there will be no order as to costs on this appeal.

54. In my judgment the decision as to costs of the Hearing Officer below should also stand unaltered. The mark was originally registered for a wide range of goods and services for which it was not defended before the Hearing Officer. Limitation was only made by the proprietor to a narrower class of goods and services on 27 February 2013, with the result that significant costs had to be incurred before that date in any event.

55. The costs decision of the Hearing Officer was plainly correct and the justification for it remains substantially intact, notwithstanding the limited extent to which this appeal has been allowed, in the light of the fact that the appeal has been refused in relation to all but a limited specification of goods on narrow grounds. Those costs will remain payable within 7 days of this decision.

DANIEL ALEXANDER QC  
APPOINTED PERSON

26 January 2015

The registered proprietor was represented by its director Ms Caroline Roberts  
The applicant was represented by Thomas St Quentin instructed by James Love Legal