

# O-240-16

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK REGISTRATION, NO 1291432, 1354365 & 2389271 IN THE NAME OF JOHNNY ROCKETS LICENSING CORPORATION

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF OLIVER MORRIS DATED 21<sup>st</sup> OCTOBER 2015 (O/491/15)


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## DECISION

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### Introduction

1. This is an appeal from the decision of Mr Oliver Morris, for the Registrar, dated 21<sup>st</sup> October 2015 in which he revoked three trade mark registrations held by Johnny Rockets Licensing Corporation on the grounds of non-use upon the application of Eddie Rockets (Ireland) Limited. Johnny Rockets appeals against the revocation of two of those marks:

Details	Mark	Specification
TM No 1,291,432 Filed: 30 October 1986 Enter on Register: 23 August 1991		Restaurant, cafe, cafeteria, snack bar and catering services; all included in Class 42.
TM No 2,389,271 Filed: 12 April 2005 Enter on Register: 30 September 2005	<b>JOHNNY ROCKETS</b>	Restaurant, cafe, cafeteria, snack bar and catering services; all included in Class 43.

### Appellant's failure to take part in proceedings

2. The Hearing of the Appeal was listed to take place on 15<sup>th</sup> April 2016. On 13<sup>th</sup> April 2016, Stobbs IP, who had acted for the Appellant before the Hearing Officer, emailed the Government Legal Department (who deal with appeals to the Appointed Person) to say that their client had instructed them not to appear at the hearing. No skeleton argument or written submissions were therefore received from the Appellant; nevertheless, the Appellant did not wish to withdraw the appeal. The Respondent filed a Skeleton Argument and attended the hearing on 15<sup>th</sup> April 2016.

3. At the start of the Hearing, I asked Mr Kelly, for the Respondent, whether he had any submissions regarding the absence of the Appellant. He did not apply to dismiss the case on procedural grounds (such as for want of prosecution), but submitted that the appeal should proceed based on the Appellant's Grounds of Appeal alone. Accordingly, this is how the proceedings progressed.
4. I raised the issue of the UN Convention on the Law of the Sea at the Hearing and gave both parties an opportunity to file additional written submissions within twenty-one days. The Respondent filed further written submissions.

### **Standard of Review**

5. It is well established that an appeal to the Appointed Person is by way of review. The Hearing Officer needs to make a distinct error of principle or be clearly wrong: *Reef TM* [2002] EWCA Civ 763, [2003] RPC 5. The correct approach, which I adopt here, was explained by Floyd J in *Galileo International Technology LLC v European Union* [2011] EWHC 35 (Ch):

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 of error 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.

### **Issue on Appeal**

6. This case revolves around the use of trade marks on vessels at sea (which I will simply call ships) and when, if ever, such use is sufficient in itself to avoid a trade mark being revoked for non-use under s 46 of the Trade Marks Act 1994.
7. The basic facts of the case are as follows. Johnny Rockets runs restaurants on certain Royal Caribbean cruise ships (none of which sails under a British flag). These ships travel from the ports of one country to the next, travelling across the High Seas and through various countries' territorial waters on their way. During the relevant period, the route of three of these cruise ships (*Adventures of the Sea*, *Independence of the Sea* and *Oasis of the Seas*) included docking at Southampton and taking on board British

passengers. The Appellant's case for avoiding revocation on the grounds of non-use is based solely on use of the marks on board those ships in relation to their visits to Southampton.

8. The core of the Appellant's Grounds of Appeal was that the Hearing Officer erred in his finding that restaurants on board cruise ships, which carry UK customers and travel in and around the United Kingdom, cannot constitute part of United Kingdom restaurant market.
9. The essence of the Respondent's submission was that the Hearing Officer had found that there was no use of the marks in the United Kingdom (Decision, 21) and that should be the end of the matter.
10. I do not agree with the Respondent that the matter can be disposed of so easily. The Appellant suggests that the market (i.e. the United Kingdom) in which genuine use of the marks must have taken place was incorrectly defined by the Hearing Officer. The Hearing Officer's finding that there was no use of the marks in that market would be relevant only if that market had been properly defined. In any event, the Hearing Officer's decision (at paragraph 21) draws a distinction between the United Kingdom and its territorial waters. The finding of use appears to refer to the United Kingdom only and not its territorial waters. While I accept this might not be what was intended, it is somewhat ambiguous.
11. It is therefore necessary to consider whether and when the use of a trade mark on board a ship is genuine use in the United Kingdom for the purposes of avoiding revocation under s 46 of the Trade Marks Act 1994.

## Use

12. A revised version of the summary of key principles from the case law on genuine use were set out by Arnold J in *London Taxi Corporation Ltd (t/a The London Taxi Company) v Frazer-Nash Research Ltd & Anor* [2016] EWHC 52 (Ch) at paragraph 219:

I would now summarise the principles for the assessment of whether there has been genuine use of a trade mark established by the case law of the Court of Justice, which also includes *Verein Radetsky-Order v Bundersvereinigung Kamaradschaft 'Feldmarschall Radetsky'* (C-442/07) [EU:C:2008:696]; [2009] E.T.M.R. 14 and *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* (C-609/11) EU:C:2013:592; [2014] E.T.M.R. 7, as follows:

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

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

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Centrotherm* at [71]; *Leno* at [29].

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

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

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

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

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

13. Essentially, this represents an updated version of the factors listed by Arnold J in *Stichting BDO v BDO Unibank Inc* [2013] EWHC 418 (Ch), [2013] FSR 35 at paragraph 51 (which were in turn an updated version of those set out by Anna Carboni, sitting as the Appointed Person, in *SANT AMBROEUS Trade Mark* [2010] RPC 28 at paragraph 42). It was the factors in *Stichting* which were relied upon by the Hearing Officer (Decision, paragraph 7), but in the respects relevant for this case those factors are the same as the updated version in *London Taxi*.

14. In addition to these factors, it is also apparent that the Opinion of Advocate-General Ruiz-Jarabo Colomer in *C-495/07 Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, where he discusses genuine use in relation to free gifts, is pertinent to all-inclusive cruises:

48. ...The consumer receives the WELLNESS drink as a free gift when he purchases clothing and, as such, the consumer does not perform any conscious act of acquiring the bottled drink by comparing it with other similar, substitutable ones; it follows that the trade mark is not strengthened vis-à-vis competitors' marks because of the customer's preference.

49. In those circumstances, the trade mark for the soft drink remains outside the reference market and, therefore, it does not compete with other marks, and so there is no impediment to the appropriation of the mark by third parties, since its use on the bottles is a mere tool, a nice gesture to increase the consumer's loyalty to the WELLNESS mark in the clothing sector. However, the soft drinks market is unaware of Maselli's product and its mark. It appears unlikely that someone who, as a result of buying WELLNESS clothes, takes a liking to the drink, would be prepared to spend money on more clothes which they do not need simply to receive the drink. However, even if someone were to act in that way, their purchases would not increase the market share of the trade mark in the soft drinks market, although it would do so on the clothing market, which fits perfectly with the role Maselli assigned to the drink: as an advertisement to publicise its core business, that is, fashion.

...

56. In summary, a trade mark which does not compete on the market for the goods for which it was registered, the only place where it would carry out its function as a guarantee of origin in order to distinguish the products which bear the mark from those of other undertakings, is not put to genuine use within the meaning of Directive 89/104, even where the goods bearing the mark are an advertisement to promote the sales of other products bearing the same mark.

15. The Court of Justice in *Silberquelle* expressly adopted the reasoning of the Advocate General in paragraphs 48 and 56 above (see paragraph 20 of the Court's judgment).

### **The market at sea**

16. There is no United Kingdom or EU case law relating to when the use of a trade mark at sea is use in the course of trade or use which can be used to establish genuine use. Furthermore, there is no international treaty which clearly sets out rules as to the matter.
17. In contrast, in relation to patent rights, there are specific treaty provisions excepting from infringement certain uses of patented inventions aboard ships and aircraft: Paris Convention, art 5ter and Chicago Convention, art 27 (in the United Kingdom, see Patents Act 1977, s 60(5)(d) and (e)). Indeed, the issue has been addressed in the United Kingdom for much longer as the first exception for foreign ships was under s 26 of the Patent Law Amendment Act 1852 (which was enacted to address *Caldwell v Vanvlissengen* (1851) 9 Hare 415 (68 ER 571)).
18. The Court of Appeal considered this patent exception in *Stena Rederi Aktiebolag & Anor v Irish Ferries Ltd* [2003] EWCA Civ 66 and made some important points of policy which are equally applicable to the trade marks as they are to patents. In particular, Aldous LJ stated:

[25]...The purpose of Article 5ter was to prevent national patents impinging upon foreign vessels coming into and out of territorial waters temporarily and also permanently if the cause was accidental. What States did to their own nationals was not relevant.

19. Munby J took support for the Court of Appeal's position from the US judgment of Judge Dooling in *Cali v Japan Airlines*, 380 F Supp 1120 (EDNY 1974), aff'd 535 F.2d 1240 (2d 1975):

[66]...I draw attention, however, to Judge Dooling's reference to the important point made in *Brown v Duchesne* 60 US 183 (1857) that "so to view the patent law would be to confer on the patentee the power to exact damages ... where to do so would seriously embarrass the commerce of the country with foreign nations." That, as it seems to me, is a powerful argument

in favour of the construction that commended itself both to Judge Dooling in *Cali* and – independently – to Mr Justice Laddie in the present case.

67. Like my Lord I find the reasoning in *Cali* highly persuasive. And I am glad to think that on a point arising in this area of the law, relating to international commerce, whether by sea or in the air, and founded moreover on an international Convention, the courts of this country should feel able to come to precisely the same essential conclusion as courts in Germany [*Rolltraller* (1973) GRUR Int 703] and the United States of America

20. It is worth noting that in *Brown v Duchesne*, before giving judgment, the US Supreme Court received a letter from Wood VC as to his view of the English common law (his letter is set out in the judgment). The US Supreme Court then consciously departed from the English position at the time, but it made important points of policy (a line of which was included in Munby J's judgment). While the case is old and from a different jurisdiction with a different constitutional history, it is worth setting out in full the relevant part of the court's judgment (at 197-8):

...And the court is of opinion that cases of that kind were not in the contemplation of Congress in enacting the patent laws, and cannot, upon any sound construction, be regarded as embraced in them. For such a construction would be inconsistent with the principles that lie at the foundation of these laws; and instead of conferring legal rights on the inventor, in order to do equal justice between him and those who profit by his invention, they would confer a power to exact damages where no real damage had been sustained, and would moreover seriously embarrass the commerce of the country with foreign nations. We think these laws ought to be construed in the spirit in which they were made—that is, as founded in justice—and should not be strained by technical constructions to reach cases which Congress evidently could not have contemplated, without departing from the principle upon which they were legislating, and going far beyond the object they intended to accomplish.

The construction claimed by the plaintiff would confer on patentees not only rights of property, but also political power, and enable them to embarrass the treaty-making power in its negotiations with foreign nations, and also to interfere with the legislation of Congress when exercising its constitutional power to regulate commerce. And if a treaty should be negotiated with a foreign nation, by which the vessels of each party were to be freely admitted into the ports of the other, upon equal terms with its own, upon the payment of the ordinary port charges, and the foreign Government faithfully carried it into execution, yet the Government of the United States would find itself unable to fulfil its obligations if the foreign ship had about her, in her construction or equipment, anything for which a patent had been granted. And after paying the port and other charges to which she was subject by the treaty, the master would be met with a further demand, the amount of which was not even regulated by law, but depended upon the will of a private individual.

And it will be remembered that the demand, if well founded in the patent laws, could not be controlled or put aside by the treaty. For, by the laws of the United States, the rights of a party under a patent are his private property; and by the Constitution of the United States, private property cannot be taken for public use without just compensation. And in the case I have stated, the Government would be unable to carry into effect its treaty stipulations without the consent of the patentee, unless it resorted to its right of eminent domain, and went through the tedious and expensive process of condemning so much of the right of property of the patentee as related to foreign vessels, and paying him such a compensation therefor as should be awarded to him by the proper tribunal. The same difficulty would exist in executing a law of Congress in relation to foreign ships and vessels trading to this country. And it is impossible to suppose that Congress in passing these laws could have intended to confer on the patentee a right of private property, which would in effect enable him to exercise political power, and which the Government would be obliged to regain by purchase, or by the power of its eminent domain, before it could fully and freely exercise the great power of regulating commerce, in which the whole nation has an

interest. The patent laws were passed to accomplish a different purpose, and with an eye to a different object; and the right to interfere in foreign intercourse, or with foreign ships visiting our ports, was evidently not in the mind of the Legislature, nor intended to be granted to the patentee.

Congress may unquestionably, under its power to regulate commerce, prohibit any foreign ship from entering our ports, which, in its construction or equipment, uses any improvement patented in this country, or may prescribe the terms and regulations upon which such vessel shall be allowed to enter. Yet it may perhaps be doubted whether Congress could by law confer on an individual, or individuals, a right which would in any degree impair the constitutional powers of the legislative or executive departments of the Government, or which might put it in their power to embarrass our commerce and intercourse with foreign nations, or endanger our amicable relations. But however that may be, we are satisfied that no sound rule of interpretation would justify the court in giving to the general words used in the patent laws the extended construction claimed by the plaintiff, in a case like this, where public rights and the interests of the whole community are concerned.

21. The law of patents is very different from that of trade marks. Nevertheless, the concerns about freedom of commerce expressed by the US Supreme Court in *Brown* and the Court of Appeal in *Stena* are just as relevant.
22. Trade marks are now routinely used aboard ships (such as cruise ships) for selling goods and providing services while those ships travel between different countries, through the territorial waters of those countries and on the High Seas. While this case is about the genuine use (or the absence of such use) of a trade mark for the purposes of revocation, anything which can sustain a trade mark for those purposes would, in the usual course of things, be an infringement of that trade mark where it is carried out by a third person. Indeed, the Court of Justice has indicated that genuine use is a higher threshold than merely using the mark in the course of trade: *C-141/13 Reber Holding GmbH & Co. KG v OHIM* [2014] EU:C:2014:2089, paragraph 32. Thus, considerations about hindering commerce must be taken into account as the location of any genuine use could also be that of infringement.
23. Having considered the policy implications, I will turn to the law.

#### *Extent and application*

24. The Trade Marks Act 1994 extends to the United Kingdom and the Isle of Man (s 108) and the territorial waters of the United Kingdom are treated as part of the United Kingdom (s 107(1)). The Act also applies to certain structures and vessels on the Continental Shelf, but this is not relevant for the current proceedings.
25. What is relevant in the current case is not where the Trade Mark Act 1994 extends, but where it applies. They are not necessarily the same but it is presumed that an enactment applies to all persons and matter to which it extends (see *Bennion on Statutory Interpretation* (6<sup>th</sup> Ed, Lexis 2013), Code 128 (p 339) approved by Lord Bingham in *Secretary of State for Defence v Al-Skeini & Ors* [2007] UKHL 26, paragraph 44 and Lord Mance in *Masri v Consolidated Contractors International Co SAL & Ors* [2009] UKHL 43, paragraph 10). Thus, it is clear that the 1994 Act extends and applies to foreign ships in United Kingdom territorial waters.
26. Further, as the 1994 Act expressly covers the territorial seas (which, aside from ss 92 and 94, would not otherwise be the case: *Blackpool Pier Co v Flyde Union* (1877) 41

JP 344 applying *R v Keyn* (1876) 2 Ex D 63), Parliament must have intended the registration of a trade mark to have some effect there. Nevertheless, neither of these things addresses whether use on board ships is use of the mark in the United Kingdom for the purposes of s 46.

#### *The internet cases*

27. There has been significant consideration by the courts as to whether the use of a mark on a foreign website (or in a foreign publication) is targeting the United Kingdom: see C-324/09 *L'Oréal SA v eBay International AG* [2011] ECR I-6011; [2011] RPC 27, at paragraph 61-65 (and the discussion in *Stichting BDO & Ors v BDO Unibank, Inc & Ors* [2013] EWHC 418 (Ch), paragraph 101 to 109). This line of cases, however, does not assist. A sale aboard a foreign ship in United Kingdom territorial waters is, at least geographically, a sale within the extent and application of the 1994 Act. The idea of “targeting” does not really affect this determination.

#### *British customers*

28. Before the Hearing Officer, the Appellant made the point that a not insignificant number of people from the United Kingdom will use the restaurant (see Decision, paragraph 17). In *Starbucks (HK) Ltd & Anor v British Sky Broadcasting Group PLC & Ors* [2015] UKSC 31, in discussing the creation of goodwill in the United Kingdom for the purposes of passing off, the Supreme Court said at paragraph 52:

The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for a claimant to show that there are people in this jurisdiction who happen to be its customers when they are abroad. However, it could be enough if the claimant could show that there were people in this jurisdiction who, by booking with, or purchasing from, an entity in this country, obtained the right to receive the claimant's service abroad. And, in such a case, the entity need not be a part or branch of the claimant: it can be someone acting for or on behalf of the claimant. ..

29. While the test for genuine use is different from that for establishing goodwill for the purposes of passing off, the central principle is the same. If customers buy services in the United Kingdom, which they enjoy outside the United Kingdom, such as hotel services, this might be use in the United Kingdom. This point seems to have been taken for granted by the Court of Appeal in *Thomson Holidays Ltd. v Norwegian Cruise Line Ltd* [2002] EWCA Civ 1828 (more recently, see the decision of the registrar in *Raffles* (O/134/15) which is currently under appeal). Whether a dinner reservation made in the United Kingdom for a restaurant outside the United Kingdom is sufficient to be genuine use is more difficult. I am doubtful, for example, that a customer ringing from her home in London for a reservation at her favourite restaurant in New York would be sufficient in itself. What is clear is that however many thousands of British tourists visit a famous restaurant in New York, sales to those customers will never amount to use in the United Kingdom unless the particular commercial arrangement began in some way when the customer was in the United Kingdom.

#### *The Law of the Sea: Innocent passage*



30. The United Kingdom acceded to the UN Convention on the Law of the Sea (Cm 4524) in 1997, which includes a right of innocent passage. In addition, since 1960 the United Kingdom has been a party to the earlier Convention on the Territorial Sea and Contiguous Zone (Cmnd 2511), which also provides for innocent passage (see articles 14 to 17). Indeed, the principle of free and innocent passage can be traced back hundreds of years (for an early English example of the principle being stated, see *The Twee Gebroeders* (1801) 3 C Rob 336 at 352-3 (165 ER 485 at 491)). The Convention on the Law of the Sea provides:

Article 17

Right of innocent passage

Subject to this Convention, ships of all States, whether coastal or land-locked, enjoy the right of innocent passage through the territorial sea.

Article 18

Meaning of passage

1. Passage means navigation through the territorial sea for the purpose of:

(a) traversing that sea without entering internal waters or calling at a roadstead or port facility outside internal waters; or

(b) proceeding to or from internal waters or a call at such roadstead or port facility.

2. Passage shall be continuous and expeditious. However, passage includes stopping and anchoring, but only in so far as the same are incidental to ordinary navigation or are rendered necessary by force majeure or distress or for the purpose of rendering assistance to persons, ships or aircraft in danger or distress.

Article 19

Meaning of innocent passage

1. Passage is innocent so long as it is not prejudicial to the peace, good order or security of the coastal State. Such passage shall take place in conformity with this Convention and with other rules of international law.

2. ...

34. A trade mark proprietor undertaking genuine use of its trade mark does not interfere with innocent passage. On the other hand, a finding that a third person is using the mark in the course of trade in the United Kingdom (i.e. infringement) could interfere with innocent passage. Furthermore, there is nothing about infringement which is prejudicial to the peace, good order, or security of the United Kingdom. Therefore, for the purposes of the Convention, any ship travelling through the United Kingdom's territorial waters (including arriving and leaving a port such as Southampton) is engaged in innocent passage. It is only while the ship is docked in a United Kingdom port that it is no longer so engaged.

35. Article 21 of that Convention sets out something which appears to be a limitation of legislative competence in relation to vessels engaged in innocent passage:

Article 21

Laws and regulations of the coastal State relating to innocent passage

1. The coastal State may adopt laws and regulations, in conformity with the provisions of this Convention and other rules of international law, relating to innocent passage through the territorial sea, in respect of all or any of the following:

- (a) the safety of navigation and the regulation of maritime traffic;
- (b) the protection of navigational aids and facilities and other facilities or installations;
- (c) the protection of cables and pipelines;
- (d) the conservation of the living resources of the sea;
- (e) the prevention of infringement of the fisheries laws and regulations of the coastal State;
- (f) the preservation of the environment of the coastal State and the prevention, reduction and control of pollution thereof;
- (g) marine scientific research and hydrographic surveys;
- (h) the prevention of infringement of the customs, fiscal, immigration or sanitary laws and regulations of the coastal State.

2. Such laws and regulations shall not apply to the design, construction, manning or equipment of foreign ships unless they are giving effect to generally accepted international rules or standards.

3. The coastal State shall give due publicity to all such laws and regulations.

4. Foreign ships exercising the right of innocent passage through the territorial sea shall comply with all such laws and regulations and all generally accepted international regulations relating to the prevention of collisions at sea.

36. The effect of Article 21 is described in Churchill and Lowe, *The Law of the Sea* (3<sup>rd</sup> Ed, Manchester University Press 1999) at p 94-95:

...This novel and significant limitation upon the legislative competence that coastal States previously enjoyed in theory is intended to balance coastal and flag State interests...

Although the Law of the Sea Convention strongly suggests that coastal State legislative jurisdiction is limited, since the listed topics are not even presented as examples, as they had been in the [Hague Conference Articles] 1930 and [Territorial Sea Convention] 1958 texts, there is still some doubt. As we shall see, the Law of the Sea Convention provides for the enforcement of general criminal jurisdiction in some circumstances, under article 27, and the existence of general enforcement jurisdiction clearly presupposes the existence of general legislative jurisdiction.

37. It is clearly not appropriate or necessary for me to make any finding as to the extent to which the United Kingdom has agreed not to legislate in relation to innocent passage. Further, as the Trade Marks Act 1994 was enacted before the United Kingdom became a party to the Convention, the presumption that Parliament does not intend to breach international law do not apply (see *Salomon v Commissioners of Customs and Excise* [1967] 2 QB 116 at 145). Furthermore, as indicated by Churchill and Lowe, the earlier Territorial Sea Convention did not go so far in purporting to limit legislative competence. Finally, as the 1994 Act was implementing EU law, it is relevant that the European Union is still not a party to the UN Convention on the Law of the Sea.

38. Nevertheless, when construing the 1994 Act to determine what amounts to use in the United Kingdom, it is my view that it is appropriate to take into account the right of innocent passage as it reflects a long standing principle of international law.

*Conclusions on the market at sea*

39. Considering all the above matters it is my view that the use of a trade mark on board a foreign ship when it is engaged in innocent passage through the territorial waters of the United Kingdom is not use in the United Kingdom. Accordingly, where the ship is traversing the United Kingdom's territorial sea without entering its internal waters or where the ship is proceeding to or from internal waters or a call at a port, any use of the mark on board cannot be taken into account for the purposes of assessing genuine use of that mark. It is use in the United Kingdom, however, where the trade mark is used while the ship is docked in a United Kingdom port (although, it may be that the use is merely trivial or token during a short stop). I take this view for the following reasons.

40. First, the market on the ships at sea for goods or services is distinct from the market on shore. Any person selling goods or services on a ship is not in competition with suppliers on shore. The most favourable view for the Appellant is that the ship forms a transient microsystem within the United Kingdom market, but that part suddenly disappears when the ship leaves territorial waters. Even if this view is taken, the sale of even a substantial volume of goods or services onboard a ship is entirely inappropriate for preserving or creating market share for the relevant goods or services in the United Kingdom.

41. For example, imagine a ship departs from the Port of Piraeus, Athens and travels along the coast of Southern Europe and then Western Europe before docking in Southampton. It may cross the territorial waters of each country on the way, but not actually dock in any of those countries. Assume that on board there is a busy restaurant run under a particular trade mark with hundreds of customers at all times. It would be absurd to suggest that the journey justified a finding that there had been use of the mark in the course of trade in Greece, Croatia, Italy, Spain, Portugal, France and the United Kingdom (not to mention the territorial waters of the non-EU countries it might pass through). Conversely, if the same restaurant were trading on day cruises from Southampton to Rosyth (even if the ship left and re-entered UK territorial waters) it would be strange to suggest that it was not using the mark in the course of trade in the United Kingdom.

42. Secondly, the fact that United Kingdom-based customers might board the ship and have services provided to them whilst at sea (even if while exiting the territorial sea of the United Kingdom) is not relevant. The decision those passengers take in the United Kingdom is to take the cruise. Even if they take the cruise just to eat at Johnny Rockets, the purchase they make in the United Kingdom would be a cruise ticket (and not a meal) and so it is Royal Caribbean who would increase its market share in the cruise market and not Johnny Rockets in the restaurant market (as the Advocate-General explained in relation to free gifts in *Silberquelle*). Once on board they are no different from any other passenger.

43. Thirdly, as use which sustains genuine use could, if carried out by a third party, be an infringement, it is necessary to avoid interfering with international commerce (and preserve the right of innocent passage).
44. Taking the example of a journey from the Port of Piraeus to Southampton once more, where the trade mark is owned by a different person in Spain from the other countries along the route it would be a troubling interference with international commerce if the Spanish trade mark owner were able to divert the ship or seek damages (or, putting proportionality aside for one moment, seek an injunction) for the infringement of its mark in relation to the ship crossing Spanish waters.
45. Put simply, it is not reasonable to expect traders on board ships to closely monitor their geographic location and (when entering territorial waters for the first time) carrying out trade mark searches to ensure freedom to operate.
46. Finally, it is important to emphasise two things. This case involved foreign ships in United Kingdom territorial water. Different considerations may apply where the ship is under a British flag (where controversially, British ships might be considered to be an extension of British territory wherever they are in the world: *R v Anderson* (1868) LR 1 CR 161 at 163; c.f. Law Commission, *Report on the Territorial and Extra-Territorial Extent of the Criminal Law* (1978) (Law Commission No 91) at paragraph 68 and 69). Furthermore, as indicated above, different factors may apply where a foreign vessel's workload substantially involves travel between two different United Kingdom ports.

#### **Evidence of use in this case**

47. Having considered the legal background, I now turn to the Hearing Officer's findings of fact (Decision, paragraph 18):
  - i) I accept that three different Royal Caribbean cruise ships with on-board Johnny Rockets' restaurants docked in Southampton a number of times during the relevant period (or at least the section 46(1)(b) period).
  - ii) I accept that not insignificant numbers of UK consumers would have been onboard such ships whilst docked in Southampton.
  - iii) I accept the evidence that the docking schedules of the three ships would at least have been similar to the current schedules, so meaning that tens of thousands of UK passengers would have embarked and disembarked at Southampton.
48. The Hearing Officer went on to find that there was no evidence that any passengers dined at Johnny Rockets while the ship was docked in Southampton (Decision, paragraph 19). He also found that it was reasonable to infer that more than a trivial number of UK passengers would have dined at Johnny Rockets at some point during the cruise (Decision, paragraph 20).
49. As I have concluded that use on board a foreign ship while entering or exiting the territorial waters (whatever the nationality of the diners) is not use in the United Kingdom and neither is use on the High Seas, it follows that the Hearing Officer's inference as to UK passengers dining during their cruise is not material to finding genuine use.

50. The Hearing Officer also considered the fact that dining at Johnny Rockets was highlighted on royalcaribbean.co.uk. He concludes that these adverts are not aimed at creating or maintaining a share in restaurant market in the United Kingdom (Decision, paragraph 22). As I have indicated above, the advertisement on the website is designed to increase sales for cruise tickets. This is the case even where it was an all-inclusive package. Indeed, even if the passenger bought the cruise ticket solely to enjoy Johnny Rockets that sale would not increase its market share of the restaurant market in the United Kingdom, but increase the Royal Caribbean's share in the cruise market.
51. Finally, there was no evidence presented to the Hearing Officer that reservations at Johnny Rockets were taken from customers in the United Kingdom before they started their cruise.
52. I conclude therefore that the Appellant has failed to establish that genuine use has been made of either Trade Mark No 1,291,432 or No 2,389,271. Accordingly, I dismiss the appeal and uphold the Hearing Officer's decision to revoke those marks from the dates he ordered.

### **Costs**

53. At the Hearing, the Respondent indicated that if the Appeal is dismissed an application will be made for off-scale costs. Accordingly, I direct that the Respondent provide any written submissions and a schedule of costs within fourteen days; and the Appellant may provide written submissions in response within fourteen days thereafter. The parties should also indicate if they wish there to be an oral hearing on the matter of costs.

PHILLIP JOHNSON  
THE APPOINTED PERSON  
12 May 2016

For Respondent (Eddie Rockets (Ireland) Limited): Paul Kelly of FR Kelly  
The Appellant did not appear.