

**O-423-16**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No. 501043  
BY AMERICAN FRANCHISE MARKETING LIMITED  
FOR REVOCATION OF TRADE MARK No. 2523555  
STANDING IN THE NAME OF  
LATERAL GROUP LIMITED**

## BACKGROUND

1) The following trade mark is registered in the name of Lateral Group Limited (hereinafter LG).

Mark	Number	Date registered	Class	Specification
SmartCast	2523555	12.08.09 12.02.10	9	Computer software for use in personalised documentation.
			35	Advertising, business advice relating to strategic marketing.
			36	Insurance, banking, financial services, financial information.
			38	Email services, telecommunications services.
			42	Creating and hosting websites, design and development of computer hardware and software.

2) By an application dated 19 November 2015, subsequently amended, American Franchise Marketing Limited (hereinafter AFM) applied for the revocation of the registration shown above under the provisions of Sections 46(1)(a) & (b) claiming there has been no use of the trade mark on the goods and services for which it is registered in the five year periods 12 February 2010 – 11 February 2015 in respect of 46(1)(a) and 3 November 2010 – 2 November 2015. Revocation is sought from 12 February 2015 and 3 November 2015 respectively.

3) On 26 January 2016 LG filed its counterstatement. LG contend that its mark has been used during the specified periods.

4) Only LG Fletcher filed evidence. Neither side wished to be heard. Only LG provided written submissions which I shall refer to as and when necessary in my decision.

## LG'S EVIDENCE

5) LG filed a witness statement by Jeremy Walters, dated 23 March 2016 the CEO of DST Output Ltd the ultimate holding company of LG a position he has held since January 2013. He states that the facts come from his own knowledge and also from the records of LG. He states that the mark in suit was first used in the UK in 2007 by "LG and/or its subsidiaries". He states that the mark has been used on all the goods and services for which the mark is registered. He states that the annual sales of goods and services under the mark SmartCast in the UK (specifically England and Scotland) is as follows:

Year	Turnover £	Number of emails (millions)
2010	897,000	154
2011	1,085,000	116
2012	n/a	329
2013	n/a	518
2014	1,479,000	536
2015	1,399,000	368

6) Mr Walters explains that the accounting system changed in 2012 & 2013 and the company cannot isolate the revenues specifically for email delivery. No breakdown for any of the goods and services are included. He makes the following statements regarding each of the classes of goods/services for which the mark is registered:

- Class 9: SmartCast is an email management solution which delivers personalised emails to individuals on behalf of customers. Exhibits JW1 & 2 attached illustrate how the SmartCast tool works.
- Class 35: The SmartCast trademark has been used on numerous advertising materials and websites promoting how LG and its subsidiaries can help customers deliver effective email communication using the SmartCast tool.
- Class 36: SmartCast is used as an email communication tool by a number of insurance, banking and financial services institutions.

- Class 38: SmartCast is an email management solution which delivers personalised emails.
- Class 42: SmartCast has been adapted for selected clients to integrate with customer data systems to create relevant communications for those clients.

7) He provides the following exhibits:

- JW1: This is said to be an excerpt from the Econsultancy Email Marketing Platforms 2015 Buyers Guide. It is not stated where this was distributed or to whom. It includes contact details for DST Global Insight Group in UK/Europe and USA. It merely provides background details of the email services offered by the company.
- JW2: This is said to be an example of advertising material. However, it is undated and no details are provided as to whether it was distributed and, if so, to whom it was sent. It also has the name DST Global Insight Group upon it.
- JW3: This is said to be an example of advertising material, but there is no mention of the mark in suit. It would appear to be a print from the “WayBack Machine” website. It shows 11 captures between 3 Aug 2012 and 3 November 2013 for the website <http://lateralgroup.co.uk/icm/>. Again it is not clear what relevance this has as no details are given in respect of the number of “hits” this site received from UK potential customers.
- JW4: Examples of email volumes using SmartCast in “ammonised” [sic] spreadsheets. These are said to show the breakdown of email volumes. There are no details as to who these companies are or, more crucially, where they are located.
- JW5 & 6: Examples of user guides which are said to illustrate how to use the adapted SmartCast tool. These are said to be redacted to protect client confidentiality. However, they are undated and there is no details as to who they were sent to or where the clients are located. Nor is there any mention of the mark in suit, instead they seem to be referring to how to use a product called “MarketPower”.

8) That concludes my review of the evidence. I now turn to the decision.

## **DECISION**

9) The revocation action is based upon Section 46(1)(a) & (b) of the Trade Marks Act 1994, the relevant parts of which read as follows:

“Section 46(1) of the Act states that:

“The registration of a trade mark may be revoked on any of the following grounds-

(a) that within the period of five years following the date of completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use;

(b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use;

(c).....

(d).....

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

(3) The registration of a trade mark shall not be revoked on the ground mentioned in subsection (1)(a) or (b) if such use as is referred to in that paragraph is commenced or resumed after the expiry of the five year period and before the application for revocation is made: Provided that, any such commencement or resumption of use after the expiry of the five year period but within the period of three months before the making of the application shall be disregarded unless preparations for the commencement or resumption began before the proprietor became aware that the application might be made.

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

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

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

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

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

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

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

10) Section 100 is also relevant, which reads:

“If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

11) Revocation is sought under Section 46(1)(a) in respect of the time period 12 February 2010 – 11 February 2015 and under Section 46(1)(b) in respect of the time period 3 November 2010 – 2 November 2015. Revocation is therefore sought from 12 February 2015 and 3 November 2015 respectively. The revocation action was filed on 19 November 2015.

12) In determining whether Miss Fletcher has used her trade mark I take into account the case of *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited*, [2016] EWHC 52, where Arnold J. summarised the case law on genuine use of trade marks. He said:

“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 Case C-442/07 *Verein Radetsky-Order v Bundervsvereinigung Kamaradschaft 'Feldmarschall Radetsky'* [2008] ECR I-9223 and Case C-609/11 *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR 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) I also take into account the case of *Naazneen Investments Ltd v OHIM*, Case T-250/13, in which the General Court upheld a decision by the OHIM Board of Appeal that the sale of EUR 800 worth of non-alcoholic beverages under a mark over a 5 year period, which had been accepted was not purely to maintain the trade mark registration, was insufficient, in the economic sector concerned, for the purposes of maintaining or creating market share for the goods covered by that Community trade mark. The use was therefore not genuine use. The relevant part of the judgment of the General Court is as follows:

“46. In the fifth place, the applicant argues that, in accordance with the case-law cited in paragraph 25 above, use of a trade mark is to be regarded as token if its sole purpose is to preserve the rights conferred by the registration of the mark. It claims that the Board of Appeal contradicted itself by stating, on the one hand, in paragraph 31 of the contested decision, that the total amount of transactions over the relevant period seemed to be token, and by stating, on the other hand, in paragraph 42 of the contested

decision, that it did not doubt the intention of the proprietor of the mark at issue to make real use of that mark in relation to the goods in question.

47. In this connection, suffice it to point out that the applicant's argument is based on an incorrect reading of the contested decision. The Board of Appeal used the term 'token' to describe the total amount of transactions, approximately EUR 800, and not to categorise the use of the mark at issue.

48. In the sixth place, the applicant claims that the Board of Appeal, by relying solely on the insufficient use made of the mark at issue, did not comply with the case-law according to which there is no quantitative threshold, determined a priori and in the abstract, that must be chosen in order to determine whether use is genuine. The Board of Appeal also failed to comply with the case-law according to which even minimal use may be sufficient in order to be deemed genuine.

49. According to the case-law, the turnover achieved and the volume of sales of the goods under the mark at issue cannot be assessed in absolute terms but must be assessed in relation to other relevant factors, such as the volume of commercial activity, the production or marketing capacities or the degree of diversification of the undertaking using the trade mark and the characteristics of the goods or services on the relevant market. As a result, use of the mark at issue need not always be quantitatively significant in order to be deemed genuine (see, to that effect, judgments in *VITAFRUIT*, cited in paragraph 25 above, EU:T:2004:225, paragraph 42, and *HIPOVITON*, cited in paragraph 27 above, EU:T:2004:223, paragraph 36). Even minimal use can therefore be sufficient in order to be deemed genuine, provided that it is warranted, in the economic sector concerned, to maintain or create market shares for the goods or services protected by the mark. Consequently, it is not possible to determine a priori, and in the abstract, what quantitative threshold should be chosen in order to determine whether use is genuine. A de minimis rule, which would not allow OHIM or, on appeal, the General Court, to appraise all the circumstances of the dispute before it, cannot therefore be laid down (see, to that effect, order of 27 January 2004 in *La Mer Technology*, C-259/02, ECR, EU:C:2004:50, paragraphs 25 and 27, and judgment of 11 May 2006 in *Sunrider v OHIM*, C-416/04 P, ECR, EU:C:2006:310, paragraph 72).

50. In the present case, contrary to what the applicant claims, the Board of Appeal did not determine a minimum threshold 'a priori and in the abstract' so as to determine whether the use was genuine. In accordance with the case-law, it examined the volume of sales of the goods in question in relation to other factors, namely the economic sector concerned and the nature of the goods in question.

51. The Board of Appeal accordingly took the view that the market for the goods in question was of a significant size (paragraph 28 of the contested decision). It found also that the goods in question, namely non-alcoholic beverages, were for everyday use, were sold at a very reasonable price and that they were not expensive, luxury goods sold in limited numbers on a narrow market (paragraph 29 of the contested decision). Furthermore, it took the view that the total amount of transactions over the relevant period, an amount of EUR 800, seemed to be so token as to suggest, in the absence of supporting documents or convincing explanations to demonstrate otherwise, that use of the mark at issue could not be regarded as sufficient, in the economic sector concerned,



for the purposes of maintaining or creating market shares for the goods covered by that mark (paragraph 31 of the contested decision).

52. It is therefore apparent, contrary to what the applicant claims, that it was in accordance with the case-law cited in paragraph 49 above that the Board of Appeal took the view that, in the present case, minimal use was not sufficient to be deemed genuine.”

14) I also look to *Awareness Limited v Plymouth City Council*, Case BL O/230/13, where Mr Daniel Alexander Q.C. as the Appointed Person stated that:

“22. The burden lies on the registered proprietor to prove use..... However, it is not strictly necessary to exhibit any particular kind of documentation, but if it is likely that such material would exist and little or none is provided, a tribunal will be justified in rejecting the evidence as insufficiently solid. That is all the more so since the nature and extent of use is likely to be particularly well known to the proprietor itself. A tribunal is entitled to be sceptical of a case of use if, notwithstanding the ease with which it could have been convincingly demonstrated, the material actually provided is inconclusive. By the time the tribunal (which in many cases will be the Hearing Officer in the first instance) comes to take its final decision, the evidence must be sufficiently solid and specific to enable the evaluation of the scope of protection to which the proprietor is legitimately entitled to be properly and fairly undertaken, having regard to the interests of the proprietor, the opponent and, it should be said, the public.”

and further at paragraph 28:

“28. .... I can understand the rationale for the evidence being as it was but suggest that, for the future, if a broad class, such as “tuition services”, is sought to be defended on the basis of narrow use within the category (such as for classes of a particular kind) the evidence should not state that the mark has been used in relation to “tuition services” even by compendious reference to the trade mark specification. The evidence should make it clear, with precision, what specific use there has been and explain why, if the use has only been narrow, why a broader category is nonetheless appropriate for the specification. Broad statements purporting to verify use over a wide range by reference to the wording of a trade mark specification when supportable only in respect of a much narrower range should be critically considered in any draft evidence proposed to be submitted.”

15) I also note that in *Dosenbach-Ochsner Ag Schuhe Und Sport v Continental Shelf 128 Ltd*, Case BL O/404/13, Mr Geoffrey Hobbs Q.C. as the Appointed Person stated that:

“21. The assessment of a witness statement for probative value necessarily focuses upon its sufficiency for the purpose of satisfying the decision taker with regard to whatever it is that falls to be determined, on the balance of probabilities, in the particular context of the case at hand. As Mann J. observed in *Matsushita Electric Industrial Co. v. Comptroller- General of Patents* [2008] EWHC 2071 (Pat); [2008] R.P.C. 35:

[24] As I have said, the act of being satisfied is a matter of judgment. Forming a judgment requires the weighing of evidence and other factors. The evidence

required in any particular case where satisfaction is required depends on the nature of the inquiry and the nature and purpose of the decision which is to be made. For example, where a tribunal has to be satisfied as to the age of a person, it may sometimes be sufficient for that person to assert in a form or otherwise what his or her age is, or what their date of birth is; in others, more formal proof in the form of, for example, a birth certificate will be required. It all depends who is asking the question, why they are asking the question, and what is going to be done with the answer when it is given. There can be no universal rule as to what level of evidence has to be provided in order to satisfy a decision-making body about that of which that body has to be satisfied.

22. When it comes to proof of use for the purpose of determining the extent (if any) to which the protection conferred by registration of a trade mark can legitimately be maintained, the decision taker must form a view as to what the evidence does and just as importantly what it does not ‘show’ (per Section 100 of the Act) with regard to the actuality of use in relation to goods or services covered by the registration. The evidence in question can properly be assessed for sufficiency (or the lack of it) by reference to the specificity (or lack of it) with which it addresses the actuality of use.”

16) AFM has criticised the evidence of LG in its submissions pointing out the lack of dates, details of clients, where advertising had been sent and the lack of corroboration of the turnover figures. AFM also questions the relationship between LG and the company (DST Output Ltd) of which the sole witness, Mr Walters, is CEO. In addition some of the exhibits carry the name of DST Global Insight Group.

17) In considering the evidence filed by LG it is difficult to assess what if anything it actually shows. Three of the six exhibits (JW3, 5 & 6) do not have the mark in suit anywhere within them. They are therefore of no value. Exhibit JW4 is clearly an internal document and so is of limited value at best. However, whilst claiming to show the level of emails sent at specific times it fails to state that these were emails being sent by UK customers only, or indeed identifying any customers. This leaves just exhibits JW1 & 2. These are headed up “DST Global Insight Group” and the evidence is silent upon the relationship of this group to the witnesses company DST Output Ltd and the registered owner LG. It is probable that they are all part of the same group but this is not stated in evidence. Even if these exhibits were accepted as being connected to LG there is a complete absence of detail as to who these items were sent to, when they were sent and where the receivers are located.

18) There is no corroboration of any of the statements made by Mr Walters. The turnover figures cannot be relied upon as there is no breakdown as to which goods and services they relate to. It is not acceptable to state that the single turnover figure can be relied upon to show use across goods and services in five different classes. No invoices to clients were provided, even in redacted form. No figures or examples of advertising or promotion were provided and no explanation as to how customers were even aware of LG’s existence was provided. Nor was any evidence from the trade provided. All I have to show proof of use is the broad statement that LG has used the mark in suit upon all goods and services for which it is registered. This statement is undermined by comments in the witness statement regarding the activities of LG. For example, in respect of the class 36 services of “Insurance, banking, financial services, financial information” it is stated that:

“SmartCast is used as an email communications tool by a number of insurance, banking and financial services institutions”.

19) This is akin to a photocopier manufacturer contending that its mark is used in the classes of goods and services of its clients, which is arrant nonsense. Considering the evidence as a whole LG has singularly failed to show that it has used its mark upon any of the goods and services for which it is registered within either of the time periods. As no genuine use of the mark has been shown to have been made within the relevant periods in relation to the goods and services for which the mark is registered, the application for revocation under both section 46(1)(a) and 46(1)(b) succeeds.

## **CONCLUSION**

**20) The mark will be revoked in full with effect from 12 February 2015.**

## **COSTS**

21) AFM has been successful and is therefore entitled to a contribution towards its costs.

Expenses	£200
Preparing a statement and considering the other side's statement	£300
Considering the other side's evidence	£300
Submissions	£500
<b>TOTAL</b>	<b>£1,300</b>

20) I order Lateral Group Limited to pay American Franchise Marketing Limited the sum of £1,300. This sum to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 6th day of September 2016**

**George W Salthouse  
For the Registrar,  
the Comptroller-General**