

O-073-07

TRADE MARKS ACT 1994

**IN THE MATTER OF CONSOLIDATED APPLICATIONS Nos.81019, 81020,
81021, 81022, 81023, 81024, 81025, 81026 & 81027**

BY DEMP B.V.


**FOR REVOCATION OF TRADE MARK Nos. 1405130, 1450753, 1450754,
1450755, 1450756, 1450757, 1450758, 1456918 & 1579281**

**STANDING IN THE NAME OF
HOMER TLC INC.**

BACKGROUND

1) The following trade marks are registered in the name of Homer TLC Inc:

Mark	Number	Effective Date	Class	Specification
THE HOME DEPOT Registration of this mark shall give no right to the exclusive use of the word "Home".	1405130	17.11.89	42	Design services, all relating to houses and gardens; all included in Class 42.
THE HOME DEPOT	1450753	22.12.90	2	Paints, varnishes, lacquers; preservatives against rust and against deterioration of wood; colourants and mordants; all included in Class 2.
THE HOME DEPOT	1450754	22.12.90	6	Ironmongery; metal fasteners and door, drapery and curtain hardware; brackets, hooks, hinges, latches, locks, screws, bolts, handles and closures; parts and fittings therefor; all included in Class 6.
THE HOME DEPOT	1450755	22.12.90	7	Power-operated machines and power-operated tools, all for domestic or garden use; compressors for machines; electric hand-held drills; power-operated saws, power-operated screwdrivers; electric glue guns; garbage disposal machines; lawn mowers, electric edgers; electric tile laying machines; parts and fittings for all the aforesaid goods; all included in Class 7.
THE HOME DEPOT	1450756	22.12.90	8	Hand tools; hammers, drills, saws, screw drivers, chisels; lawn tools, garden tools; rakes, shovels, shears, clippers; parts and fittings for all the aforesaid goods; all included in Class 8.
THE HOME DEPOT	1450757	22.12.90	11	Electric lighting apparatus and fixtures; fans, air conditioning apparatus; hot tubs; water supply and sanitary apparatus; wash hand basins; bath tubs; bath plumbing fittings; water heaters; pipes; parts

				and fittings for all the aforesaid goods; all included in Class 11.
THE HOME DEPOT	1450758	22.12.90	19	Building materials; lumber, flooring; panelling; doors, windows, concrete mix; parts and fittings for all the aforesaid goods; all included in Class 19.
THE HOME DEPOT Registration of this mark shall give no right to the exclusive use of the word "Home".	1456918	27.02.91	42	Interior design services; planning and design of gardens, furnishings, fixtures and fittings for homes; all included in Class 42.
 WHERE LOW PRICES ARE JUST THE BEGINNING	1579281	31.10.94	19	Building and construction materials; all included in Class 19.

2) By nine applications all dated 27 September 2002, Demp B.V. applied for the revocation of the registrations under the provision of Section 46(1)(b) as there had been no use of the trade marks in suit in the five years prior to the filing of the applications for revocation.

3) On 15 January 2003 the registered proprietor filed nine counterstatements denying the allegation that it had not used its marks in the five years prior to the filing of the applications for revocation. In the alternative the registered proprietor claimed to have proper reasons for non-use; namely the failure of joint venture discussions with a European trading partner.

4) Both sides filed evidence. Both sides ask for an award of costs. The matter came to be heard on 5 December 2006 when the applicant was represented by Mr Edenborough of Counsel instructed by Messrs Frank B Dehn & Co and the registered proprietor was represented by Mr Bird of Messrs Linklaters.

REGISTERED PROPRIETOR'S EVIDENCE

5) The registered proprietor filed two witness statements. The first, dated 14 January 2003, is by Steven M Levy the Senior Corporate Counsel, Intellectual Property, employed by the registered proprietor company. He states that he is familiar with the history and business of his company including international operations. He provides a brief history of the company and mentions it has received in American magazines.

6) Mr Levy states that his company "does not currently operate a retail outlet in Europe. However, the international reach of Home Depot's business in the Home Depot Stores is such that it advertises, sells products, has attended trade shows and is quite well known within the DIY industry in Europe including the UK". He states that during the past five years his company has been exploring opportunities for expanding

its retail operations to Europe and in particular the UK. To this end the company employed Mr Moberg, formerly of IKEA, to investigate opportunities for the registered proprietor to establish a retail presence in Europe and other areas of the world. As part of this strategy Home Depot (UK) Ltd was established. This subsidiary company has one employee, who resides in Germany, and is charged with exploring the future European expansion of the registered proprietor. Mr Levy states that the registered proprietor's reputation is such that its plans for expanding into Europe have been documented by the press. At exhibit SML-6 he provides examples of press clippings taken from publications available in the UK between 1994 and 2002. These refer to the registered proprietor's plans to open The Home Depot Stores in the UK. Mr Levy states that there is reference to the registered proprietor acquiring Do-It-All stores in the UK but this deal was not concluded "for various commercial reasons". The five press clippings comprise four from 1994 and one from May 2000.

7) Mr Levy states that the registered proprietor "has been involved in talks with several home improvement retail chains in Europe with a view to entering the European market with a European trading partner. One of the European retailers with whom Home Depot has held talks is Bauhuas AG ("Bauhaus"). The applicant in these revocation proceedings (Demp B.V.) is Bauhaus' intellectual property holding company". Mr Levy states that his company held discussions with Bauhaus regarding the possibility of a joint venture with Bauhaus with the retail stores trading as "The Home Depot". These discussions were said to have started "towards the end of 1999 or in early 2000". He states that "these negotiations got as far as the preparation of a confidential term sheet. The talks further involved reciprocal visits to the retail stores of each company by the highest levels of each company's management during which time representatives of Bauhaus were provided with detailed information on Home Depot's advertising and marketing strategies and methods of conducting business. Unfortunately, in Spring 2000 the talks were abandoned without any agreement regarding a joint venture being reached".

8) Mr Levy states that:

"13. In 2001 Homer learned that Bauhaus was using a new "The Home Store" logo which was clearly copied from Homer's "The Home Depot" logo and that Demp had filed applications in various countries for "The Home Store" logo. Furthermore, Demp filed two applications in Turkey for "THE HOME DEPOT" trade mark as a word mark. On 5 July 2002 Homer commenced trade mark infringement proceedings against Bauhaus in Germany. Around the same time Homer commenced an action in the Netherlands for nullification of three of Demp's Benelux trade marks. In retaliation for these actions, the applicant commenced actions for revocation proceedings in the UK. At the same time it also commenced actions for revocation of Homer's trade marks for non-use in France and Sweden, and is challenging the validity of Homer's Community Trade Mark registrations for THE HOME DEPOT."

9) Mr Levy states that in addition to the above activities the registered proprietor has been advertising in International publications "with a view to increasing awareness of "The Home Depot" brand in Europe, and other places around the world". At exhibit SML7 he provides copies of advertisements for The Home Depot which have appeared in magazines such as *This Old House*, *House Beautiful*, *Living*, *Home*,

Metropolitan Home, People Weekly and *Newsweek*. However, all of the exhibits would appear to be American magazines, some of which have a UK price in addition to a US price. At exhibit SML-8 he provides international circulation figures for these magazines. For the seven publications named and for which advertisements were provided the total international circulation is stated to be 17,583 which is an average of 2,550. It is not stated whether all of these publications are sold in the UK, nor are details of UK circulation provided. Mr Levy provides, at exhibit SML-9 a copy of an advertisement for a knife which he states was “prepared for use in the UK”. It shows the price in US\$ and mentions import duty and VAT but Mr Levy does not confirm that the advertisement appeared in any UK publication.

10) Mr Levy states that:

“In June 1998 Homer entered into a licence agreement with an unrelated UK company called Home Depot Stores Limited. Under this licence Home Depot Stores Limited was permitted to use Homer’s UK registered trade marks for THE HOME DEPOT in its business name and in relation to their business”

11) At exhibit SML-10 he provides a copy of the licence agreement dated 17 June 1998. I note that the agreement does not specify what type of business the licence holder will undertake in the UK, it simply states that it will do business. Mr Levy states that he was informed by the US attorney for Homer, Ms Alicia Groos, that Home Depot Stores Limited sold garden accessories and light fittings. However, no details such as when the sales took place, how many such items were sold or their value are provided.

12) The second witness statement, dated 17 January 2003, is by Ivan Aldea the General Manager of Centrex the export division of Home Depot USA Inc. He states that his company was established in 1995 and supplies hardware and home improvement products to individuals and businesses throughout the world. He states that his company produces an export catalogue which offers for sale those products available for export. Copies of these catalogues are provided at exhibits IA-1 to IA-5A. These are dated as follows: IA-1 Spring/summer 1996 (prior to the relevant date); IA-2 Fall 1997; IA-3 1999; IA-4 2000; IA-5 2001; IA-6 2002/2003. The catalogues carry the opponent’s logo mark 1579281 on each page but without the strapline (“where low prices are just the beginning”). The catalogues have an international order form which can be faxed to the opponent in order to obtain a quote as the catalogues do not contain prices for any of the items. They include items from concrete blocks to roof tiles and drill bits to wheel barrows. However, the majority of the items have a manufacturers name on them which is not that of the registered proprietor. The catalogues do show all of the items listed in the specifications with one exception “electric edgers” in Class 7. These catalogues were sent to the names on the company’s mailing list. In addition Mr Aldea states that anyone can place an order by phone, fax, post or e-mail without having received a catalogue. They can describe the items required and receive a quotation. Also in the catalogues there is a reference to the design centre where a Personal Export Co-ordinator will assist. This is termed the “Expo Design Center [sic]”.

13) At exhibits IA-7 (C) to IA-9(C) he provides a print out of all the names and addresses of customers who have been sent a catalogue. These lists are confidential.

However, in a number of instances there is no name alongside the UK address i.e. No. 1662-1666 inclusive, 1696, 1697, 1895, 2945, 3021 and 3334. Other names and addresses appear twice or even thrice i.e. 1676/1677, 1687 -1689. However, a summary sheet of the UK customers has been provided at exhibit IA-10 and this contains one hundred and six (106) numbers which correlate to the confidential listings. Mr Aldea states that the catalogues are sent out annually.

14) Mr Aldea states that since autumn 1997 the company has operated a website which is accessible to prospective customers throughout the world. Since 2000 there has been a specific export and import section on this site. Orders and enquiries can be made on-line. Pages from the website are provided at IA-12. Included in this exhibit is the following paragraph:

“Prices in catalogues are subject to change; please confirm them before placing an order. All prices are F.O.B. South Florida or forwarding agent in state of the selling store. All other expenses (including, but not restricted to, ocean freight, forwarding fees, insurance, documentation, customs, duties, and additional delivery fees) are the customer’s entire responsibility. If a customer doesn’t have a freight forwarder of his/her choice, The Home Depot will provide names of companies who provide this service to the customers intended final destination of his/her order.”

15) He states that all goods exported either bear The Home Depot trade mark (1579281) or are in packaging which has the trade mark upon it. At exhibit IA-13 he provides examples of packaging which show the device mark (1579281) minus the strapline, and also just the name of the company in normal font.

16) At exhibits IA-14 to IA-22 inclusive he provides copies of documents such as bills of lading etc to clients in the UK dated between July 1999 and February 2002. Unless specified the items listed below were delivered to a freight forwarder in the USA for shipping to the UK. All the invoices have the logo mark 1579281 (minus the strapline) and the name “THE HOME DEPOT” appears in normal font. The details are as follows:

- IA-14: A Bill of lading dated 11 August 2001 and a customer agreement dated 4 June 2001 for paint. Total value \$1,352.
- IA-15: A bill of lading dated 11 October 1999 and a customer agreement dated 17 September 1999 for a compound mitre saw, an auger, a nail kit and nails, a thickness planer and a combination pack of power tools. Total value US\$2,266.
- IA-16: A bill of lading dated 2 January 2002 and a customer agreement dated 13 December 2001 for saw blades with a value of US\$42.
- IA-17: A bill of lading dated 22 July 1999 and a customer agreement dated 14 July 1999 for mouldings valued at US\$619.

- IA-18: A bill of lading dated 9 November 2000 and a customer agreement dated 13 October 2000 for a Jacuzzi cover and parts for a jacuzzi. Total value US\$378.
- IA-19: A bill of lading dated 29 January 2001 and a customer agreement dated 17 January 2001 for a Jacuzzi plus cover and parts for a jacuzzi. Total value US\$2,846.
- IA-20: An export delivery request dated 17 August 2001 and a customer agreement dated 20 August 2001 for a sink. Total value US\$40. There is no delivery charge shown on the invoice but attached is a sheet showing delivery charges of US\$191.
- IA-21: A bill of lading dated 9 May 2002 and a customer agreement dated 9 April 2002 for a sink waste macerator, a barbeque grill and cover, basins, taps, shower cubicle, robe hooks, toilet roll holders, towel rails, glass shelves, toilets, a bidet, a urinal, soap dish, , kitchen sink, hot water dispenser, soap/lotion dispenser, door handles and bump plates Total value US\$17,927. Also at the same date an additional order by the same customer for shower taps, a whirlpool tub, towel rails and rings, taps, glass shelves, toilet roll holder, drain parts, bidets and toilets including all parts with a total value of US\$49,495. These were delivered to an address in Palm Beach and curbside delivery charged. The address shown was not that of the freight forwarder, unlike all the previous invoices. However, the bill of lading does show a delivery address in the UK.
- IA-22: A bill of lading dated 1 November 2001 and a customer agreement dated 21 September 2001 for patio doors and roof lights with a total value of US\$14,227.

17) At exhibit IA-23 Mr Aldea provides details of the 63 customers in the UK who hold Home Depot store charge cards. The actual details are confidential but do show names and addresses in the UK. At exhibit IA 24 he provides a list of 415 customers who have ordered goods in the stores in the USA for delivery outside the USA for goods which are not easily transported such as baths, kitchens and water heaters. This information is also confidential.

APPLICANT'S EVIDENCE

18) The applicant filed a witness statement, dated 14 July 2005, by Philip Dean Towler the applicant's Trade Mark Attorney. He states that at the instigation of his clients he engaged investigative agents to ascertain what, if any use the registered proprietor had made of its marks in the UK. At exhibit PDT1 he provides a copy of this report. The report states that the company is not registered at Companies House nor is it known to BT. The investigator contacted the registered proprietor and received a response which stated that there was no store in the UK.

19) Mr Towler states that he visited the registered proprietor's website and found that he could not order products on-line. He states that it is necessary for the customer to have an address in the USA to be able to place an order on-line. He also points out

that in the frequently asked questions section of the export section on the website customers are advised to contact Home Depot by e-mail, fax or telephone (see exhibit PDT2). He also points out that all prices are in US \$. Mr Towler also points out that in order to hold a Home Depot Store card one must have an address in the USA. He therefore questions the assertion by the registered proprietor that sixty-three UK residents have such cards.

REGISTERED PROPRIETOR'S EVIDENCE IN REPLY

20) The registered proprietor filed two witness statements. The first, dated 13 October 2005 is by Ivan Aldea who provided an earlier statement. Mr Aldea states that overseas customers can view items on-line and then e-mail the registered proprietor with an order. Therefore, the process is carried out via the internet, and Mr Aldea's earlier claim that the process is on-line is correct. He also points out that whilst it is necessary to have an address in the USA in order to obtain a Home Depot store card the fact remains that sixty three such customers also have addresses in the UK and had registered the UK address with the registered proprietor.

21) The second statement, dated 14 October 2005, is by Stephen Levy who has also provided an earlier statement in this case. He points out that whilst his company does not have any stores or a presence in the UK this does not equate to non-use of their marks in the UK.

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

DECISION

23) The revocation actions are based upon Section 46 of the Trade marks Act 1994, the relevant parts of which read as follows:

“46.-(1) The registration of a trade mark may be revoked on any of the following grounds -

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

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

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

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

24) The applicant alleges that the marks have not been used in the five years prior to the date of the application for revocation. Under Section 46(1)(b) the period in question is, therefore, 27 September 1997 – 26 September 2002.

25) Where the registered proprietor claims that there has been use of the trade mark, the provisions of Section 100 of the Act makes it clear that the onus of showing use rests with him. It reads:

“100. 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.”

26) I take into account the judgement in Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* where the European Court of Justice, on 11 March 2003, stated at paragraphs 35-42:

“35. Next, as Ansul argued, the eighth recital in the preamble to the Directive states that trade marks ‘must actually be used, or, if not used, be subject to revocation’. ‘Genuine use’ therefore means actual use of the mark. That approach is confirmed, *inter alia*, by the Dutch version of the Directive, which uses in the eighth recital the words ‘werkelijk wordt gebruikt’, and by other language versions such as the Spanish (‘uso efectivo’), Italian (‘uso effettivo’) and English (‘genuine use’).

36. ‘Genuine use’ must therefore be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark. Such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of origin of goods or services to the consumer or the end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin.

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-a-vis third parties cannot continue to operate if the mark loses its commercial *raison d’etre*, 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 for 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.

38. Finally, when assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark.

39. Assessing the circumstances of the case may thus include giving consideration, *inter alia*, to the nature of the goods or services at issue, the characteristics of the market concerned and the scale and frequency of use of the mark. Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or services concerned on the corresponding market.

40. Use of the mark may also in certain circumstances be genuine for goods in respect of which it is registered that were sold at one time but are no longer available.

41. That applies, *inter alia*, where the proprietor of the trade mark under which such goods were put on the market sells parts which are integral to the make-up or structure of the goods previously sold, and for which he makes actual use of the same mark under the conditions described in paras [35] to [39] of this judgement. Since the parts are integral to those goods and are sold under the same mark, genuine use of the mark for those parts must be considered to relate to the goods previously sold and to serve to preserve the proprietor's rights in respect of those goods.

42. The same may be true where the trade mark proprietor makes actual use of the mark, under the same conditions, for goods and services, which, though not integral to the make-up or structure of the goods previously sold, are directly related to those goods and intended to meet the needs of customers of those goods. That may apply to after-sales services, such as the sale of accessories or related parts, or the supply of maintenance and repair services."

27) I was referred by the Registered proprietor to the following paragraphs of *Euromarket Designs Incorporated v Peters and Another* (Crate & Barrel) [2001] FSR 20:

"56. That is not all on the question of non-use. If one looks at the advertisements they are essentially for the shops. True it is that some of the goods mentioned in the advertisements fall within the specification, but I doubt whether the reader would regard the use of the shop name as being "in relation" to the goods. I think this is an issue worthy of trial in itself. The argument is that there is an insufficient nexus between "Crate & Barrel" and the goods; that only

a trade mark obsessed lawyer would contend that the use of “Crate & Barrel” was in relation to the goods shown in the advertisement.

57. In this connection it should be borne in mind that the Directive does not include an all-bracing definition of “use”, still less “use in relation to goods”. There is a list of what may *inter alia* be specified as infringement (Article 5(3), corresponding to section 10(4) and a different list of what may, *inter alia*, constitute use of a trade mark for the purpose of defeating a non-use attack (Article 10(2) equivalent to section 46(2)). It may well be that the concept of “use in relation to goods” is different for different purposes. Much may turn on the public conception of the use. For instance, if you buy a Kodak film in Boots and it is put in a bag labelled “Boots”, only a trade mark lawyer might say that Boots is being used as a trade mark for film. Mere physical proximity between sign and goods may not make the use of the sign “in relation to” the goods. Perception matters too. That is yet another reason why, in this case, the fact that some goods were sent from the Crate & Barrel United States shops to the United Kingdom in Crate & Barrel packaging is at least arguably not use of the mark in relation to the goods inside the packaging, and all the more so if, as I expect, a. the actual goods bear their own trade mark. The perception as to the effect of use in this sort of ambiguous case may well call for evidence.”

28) I also look to the comments of Jacob J. in the case of *Laboratories Goemar SA v La Mer Technology Inc.* [2002] ETMR 34. This was an appeal against a decision by the Registrar. In that case the question of whether a very limited amount of use in this country can be regarded as sufficient to be “genuine” was considered. It was decided to refer the matter to the European Court of Justice. However, the learned judge also gave his opinion on the matter. He said:

“29. Now, my own answer. I take the view that provided there is nothing artificial about a transaction under a mark, then it will amount to “genuine” use. There is no lower limit of “negligible”. However, the smaller the amount of use, the more carefully must it be proved, and the more important will it be for the trade mark owner to demonstrate that the use was not merely “colourable” or “token”, that is to say done with the ulterior motive of validating the registration. Where the use is not actually on the goods or the packaging (for instance it is in advertisement) then one must further inquire whether that advertisement was really directed at customers here. For then the place of use is also called into question, as in *Euromarket*.”

29) With these considerations in mind I now turn to consider the evidence provided. The registered proprietor has contended that the on-line service it provides should be taken into account. However, I note that UK customers are not able to place an order via the on-line catalogue. They must send an e-mail or otherwise communicate with the registered proprietor in order to place an order. Clearly, such use cannot be regarded as use of the mark in the UK otherwise every trade mark which is used on the internet would have world-wide enforceable rights. The issuing of store cards to UK residents is also raised. However, it is not possible for a UK resident to obtain a card unless they also have a residence in the USA. It is apparent that a consumer can only obtain a store card if they have a place of residence in the USA. I do not consider

that the fact that some of the store card holders also happen to have an address in the UK provides the registered proprietor with any relief.

30) Reliance was also placed upon the advertising that had been carried out. I was referred to advertisements in magazines for the registered proprietor in general and also a specific instance in relation to a knife (exhibit SML-9). Whilst the general advertisements were in magazines which had prices in UK£, no circulation figures for the UK were provided. As to the advertisement for the knife it is only stated that the advertisement was “prepared” for the UK. It is not clear if the advertisement ever appeared, and if so in which publication.

31) The registered proprietor also sought to rely upon a licence agreement with a UK company. In the evidence there is hearsay evidence that garden accessories and light fittings were sold by the UK company under the terms of the licence. Whilst hearsay evidence can be accepted by the Registry, in this instance the absence of detail makes this less than compelling. I accept that the witness is truthfully relaying what he has been told. Unfortunately, he does not stipulate when he was informed of these sales. As his statement is sometime after the relevant date it could conceivably be the case that the sales of such items did take place, using the opponent’s trade mark between the end of the relevant period and the witness making his statement. The absence of detail is crucial.

32) The registered proprietor states that following individually lodged requests, catalogues providing details of the full range of products available were sent out to the one hundred and six UK residents who contacted the company. Does this constitute genuine use? To my mind it does not. Only those UK residents who contacted the registered proprietor were sent a catalogue. The catalogue and the website make it clear that the registered proprietor will not deliver outside of the USA. Given that a number of UK residents also own property in the USA, witness the store card holders with addresses in both countries, then it is not surprising that individuals might be interested in ascertaining the costs of items and materials for use in their USA residences.

33) Lastly, we come to the invoices provided which are addressed to UK residents. These also include bills of lading which show that items purchased in the registered proprietor’s stores were indeed transported across the Atlantic to the UK. However, the registered proprietor is not responsible for the transportation outside of the USA. Their policy is set out at paragraph 14 above and it is clear that the registered proprietor only delivers to addresses within the USA and any further transportation that is required is the sole responsibility of the purchaser. This puts the registered proprietor in the same position as every other vendor in the USA which sells goods to UK tourists who then brings those goods back to the UK in suitcases or, in the case of larger items such as cars or DIY products, by ship. The title to the goods is transferred in the USA and so those items cannot be said to have been sold in the UK.

34) Although I have dealt with each of the claims of the registered proprietor separately I must also consider the evidence of use of the trade marks in totality. Has the registered proprietor shown on the balance of probabilities that they have used their trade marks in the UK during the relevant period taking into account the

strictures set out in the relevant authorities above. To my mind the answer is that they have not satisfied the requirements of Section 46(1)(b).

35) The registered proprietor, in the alternative, sought relief under the proviso of section 46(1)(b) that there were proper reasons for non-use. The registered proprietor referred me to *INVERMONT* [1997] RPC 125, Line 49 at page 129 & 130, which reads:

“The 1994 Act (section 46) does not employ the term “special circumstances in the trade” but uses instead the expression “proper reasons for non-use”; the “trade” is not mentioned. So it seems that, in the matter of acceptable excuses for non use at least, it may well be the 1994 Act is more liberal than the 1938 Act. The tribunal may therefore perhaps be able to find that disruptive situations in which the registered proprietor’s business, alone, is affected are nonetheless proper.

Moreover, the word “proper” appears, rather than the slightly more restrictive word “special”. The reasons do not have to be special, it seems, merely “proper”. As can be seen in any English dictionary, “proper” is a word with many meanings. But bearing in mind the need to judge these things in a business sense, and also bearing in mind the emphasis which is, and always has been placed on the requirement to use a trade mark or lose it, I think the word “proper”, in the context of section 46 means; -apt, acceptable, reasonable, justifiable in all the circumstances.

Viewed in this light, I think it is clear enough that the reasons given by Mr. Denholm are not “proper” in the sense required. He describes difficulties which by his own admission are normal in the industry concerned and in the relevant market place. I do not think the term “proper” was intended to cover normal situations or routine difficulties. I think it much more likely that it is intended to cover abnormal situations in the industry or the market, or even perhaps some temporary but serious disruption affecting the registered proprietor’s business. Normal delays occasioned by some unavoidable regulatory requirement, such as the approval of a medicine, might be acceptable but not, I think, the normal delays found in the marketing function. These are matters within the businessman’s own control and I think he should plan accordingly. Therefore, I do not find that in this case the registered proprietor had any proper reasons for the non-use, during the relevant period.”

36) It was contended that the registered proprietor had sought to enter the market in the UK by way of purchasing an existing business such as “Do-It All” or by way of a partnership with Bauhaus B.V., an associate company of the applicant in the instant case. Press clippings are provided which refer to the possible purchase of Do-It-All during 1994 and May 2000. The only comment that the registered proprietor makes is that the deal was not concluded for “various commercial reasons”. The negotiations with Bauhaus B.V. are set out in slightly more detail, although still quite sketchily. These negotiations are said to have been abandoned in Spring 2000. Since then the registered proprietor has employed an individual located in Germany who is said to be charged with investigating opportunities for the registered proprietor to establish a retail presence in Europe and other areas of the world.

37) The press clippings refer to the registered proprietor opening stores in the UK. The articles are based on speculation by analysts and comments by officers of the registered proprietor stating their intention of trading in the UK and Europe. They are not evidence of actions by the registered proprietor to begin trading in the UK. The failure of the take over bid and the partnership attempt do show that the registered proprietor has attempted to begin trading in Europe. However, I note that whilst Do-It-All which was said to be the target of a takeover in 1994 had a presence in the UK, it would appear that Bauhaus B.V. were based primarily in Germany and no evidence has been shown that they had a presence in the UK.

38) During the relevant period, 27 September 1997 – 26 September 2002, the registered proprietor held discussions for at most six months ending in spring 2000 with one potential partner. Other than this they have employed one individual based in Germany, who is responsible for their expansion into Europe (including the UK) and other areas (unspecified) of the world. There is no evidence that the registered proprietor sought to purchase or lease any properties in the UK, or that they applied for planning permission to build even a single store. I do not consider that the registered proprietor has made any serious attempt to establish a trading presence in the UK. Its efforts, such as they are, must be regarded as at best half-hearted. I do not believe that the registered proprietor has shown that there are proper reasons for non-use.

39) Having considered all of the above, the registered proprietor has not satisfied the requirements of Section 46(1)(b) and has not provided proper reasons for non-use. As a result all of the registered proprietors nine trade marks are revoked with effect from 27 September 2002.

COSTS

40) As the applicant has been successful it is entitled to a contribution towards its costs. The nine cases were consolidated, one set of evidence filed, and a single hearing held. I order the registered proprietor to pay the applicant the sum of £7,200. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 8th day of March 2007

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