

O-004-09

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO 2152209
IN THE NAME OF SUN 99 LIMITED
OF THE TRADE MARK:**

STORM

IN CLASSES 9 AND 28

**AND THE APPLICATION FOR REVOCATION
THERE TO UNDER NO 82655
BY JAKKS PACIFIC INC**

Trade Marks Act 1994

**In the matter of registration no 2152209
in the name of Sun 99 Limited
of the trade mark:
STORM
in classes 9 and 28
and the application for revocation
thereto under no 82655
by JAKKS Pacific Inc**

Introduction

1) Section 46 of the Trade Marks Act 1994 (the Act) reads as follows:

“(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) that, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service for which it is registered;

(d) that in consequence of the use made of it by the proprietor or with his consent in relation to the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

(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.

(4) An application for revocation may be made by any person, and may be made either 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.”

Section 100 of the Act states:

“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.”

Consequent upon section 100, in revocation for non-use proceedings the onus is upon the registered proprietor to prove that it has made genuine use of a trade mark, or that there are proper reasons for non-use.

2) On 11 October 2006 JAKKS Pacific Inc, which I will refer to as JAKKS, filed an application for the revocation of registration no 2152209 in respect of the class 28 goods of the registration. The registration is for the trade mark **STORM** (the trade mark) and is registered for the following goods in class 28:

toys, games and playthings for humans and for pets; balloons; dolls, puppets, mobiles, teddybears; dolls houses, furniture and fittings therefor; display stands

for toys; clothing for toys; playhouses, play tents; card games and playing cards; board games; building bricks, building blocks and other components all being in the nature of toys; gymnastic and sporting articles (non being angling apparatus); models and replicas in kit form or complete; craft toys sold in kit form; jigsaw and other puzzles; conjuring and juggling sets; toy action figures and accessories therefor; roller skates, ice skates, in-line skates; skateboards, surfboards, snowboards; masquerade costumes and masks; amusement park rides, Christmas tree decorations; parts and fittings for all the aforesaid goods.

The application for registration was made on 3 December 1997 and the registration process was completed on 22 January 1999. The registration is in the name of Sun 99 Limited, which I will refer to as Sun.

3) JAKKS states that it has made enquiries that show that the trade mark has not been put to genuine use in the United Kingdom by Sun, or with Sun's consent, in relation to the class 28 goods of the registration for the uninterrupted period between 22 January 1999 and 11 October 2006 (which includes the five year period between 25 May 2001 and 24 May 2006) and that there are no proper reasons for non-use. In the alternative JAKKS states that the trade mark has not been put to genuine use in the United Kingdom by the proprietor, or with its consent, for at least the uninterrupted period between 25 May 2001 and 11 October 2006 (which includes the five year period between 11 October 2001 and 10 October 2006) and there no proper reasons for non-use. Further, in the alternative, JAKKS states that the trade mark has not been put to genuine use in the United Kingdom by the proprietor, or with its consent, for the uninterrupted period between 11 October 2001 and 10 October 2006, and there are no proper reasons for non-use.

4) JAKKS seeks revocation of the trade mark from 23 January 2004 (under section 46(1)(a) of the Act) or in the alternative from 25 May 2006 or 11 October 2006 (under section 46(1)(b) of the Act).

5) Sun filed a counterstatement with evidence of use. It claims that it has used the trade mark in respect of handheld computer games. Sun submits that at the time of the filing of the application for registration, handheld computer games were all proper to class 28; under the current classification system Sun submits that handheld computer games are only appropriate to class 28, if they are not linked to a television receiver. Sun submits that the registration should be held to have covered computer games at large until the products were subdivided. Sun states that it has also used the trade mark in relation to teddy bears. It states that it sells teddy bears and computer games in its shops. Sun sought the maintenance of the registration in its entirety.

Evidence of Sun

Witness statement of Mr Philip A Redman

6) The first evidence for Sun comes by way of a witness statement made by Mr Philip A Redman, its trade mark attorney. Included in Mr Redman's evidence are invoices from Sun, a breakdown of these invoices, in chronological order, is given below.

Customer	Product	Quantity	Date of invoice
Pythagoras Concepts	Storm teddy bear	48	05/11/2003
Cyclone	Storm teddy bear	36	08/12/2003
Pythagoras Concepts	Storm teddy bear	72	19/11/2004
Fredonline 321	Storm teddy bear	480	09/06/2005
Fredonline 321	Storm teddy bear	400	11/08/2005
Fredonline 321	Storm teddy bear	500	03/11/2005
Break the Ice	Storm teddy bear	300	03/11/2005
Pythagoras Concepts	Storm teddy bear	72	10/11/2005
Break the Ice	Storm teddy bear	600	08/03/2006
Fredonline 321	Storm teddy bear	600	17/07/2006
Break the Ice	Storm teddy bear	750	21/08/2006
Gimikko 2 Ltd	Storm teddy bear	50	09/10/2006
Gimikko Ltd	Storm teddy bear	48	09/10/2006
Inspiria Ltd	Storm teddy bear	48	09/10/2006
Pythagoras Concepts Ltd	Storm teddy bear	72	13/10/2006
Tornado Enterprises Ltd	Storm teddy bear	72	13/10/2006
Fredonline 321	Storm teddy bear	500	01/11/2006

Two further invoices are exhibited for a product described as Extreme G XG3 (from other evidence, referred to below, it is likely that this refers to a computer game on a disc):

Customer	Quantity	Date of invoice
Blue Gem	100	27/03/2003
Gimikko Ltd	36	12/12/2003

7) Four pictures of teddy bears are exhibited; they are all wearing jumpers with STORM appearing upon the front of them.

8) Pictures of packaging and a compact disc are exhibited (owing to the size of the reproductions, the details of the pictures are not all clear, even with the aid of a magnifying glass). Exhibit 2(a) shows part of the art work, this shows various signs: PCCD, Acclaim, STORM and a sign that I cannot make out. Exhibit 2(b) shows the cover of a game for PlayStation® 2, it bears the stylised wording XGIII. A sticker on the front makes a reference to September 2001. The signs Acclaim, Talon, Heel, Ministry of Sound can be seen, a further sign cannot be

made out. Exhibit 2(c) shows what appears to be the reverse of the cover, the sign STORM can be seen on this, as well as those identifying Acclaim and Dolby. Exhibited at 2(d) is a picture of the cover of a limited edition audio CD, and a picture of the CD. The cover and the disc identify the product as being extreme G XG2. A variety of signs appear on the cover and the CD, including STORM.

Witness statement of Ms Anna Lee

9) Ms Anna Lee also gives evidence on behalf of Sun. Ms Lee is the marketing director of Sun, a position she has held for eighteen years. She states that Sun is principally a designer, manufacturer and global wholesaler of "various goods and services". She states that these include a broad range of goods that are designed for the fashion conscious person. She states that Sun designs and commercialises (sic) several items aimed at the leisure and entertainment markets globally, "including a significant line of toys".

10) Ms Lee states that Sun started selling toys in summer 1995. She states that Sun have sold the following products:

Music box and kaleidoscope combined (£99.99 - £149.99).
Pewter racing car (£99.99).
Pewter helicopter (£69.99).
Pewter F16 jet fighter (£59.99).
Teddy bear (blue) (£9.99).
Teddy bear (black) (£9.99).
Teddy bear (white) (£9.99).
Nut man (£29.99).
Nut car (£39.99).
Nut bike (£34.99).
Neon car (£39.99).
Neon plane (£39.99).
Fibre optic bush (£79.99).
Plasma ball (£79.99).
Executive toy (5 ball swinging pendulum) (£39.99).
Executive toy (4 ball swinging pendulum) (£34.99).
Dancing tulip flower (£29.99 - £34.99).
Dancing daisy flower (£29.99 - £34.99).
Dancing sunflower (£29.99 - £34.99).
Pin screen (£19.99).

Ms Lee states that the prices given refer to the recommended retail price as of 2004. Where there is more than one price for a product this is because the item has more than one version.

11) Ms Lee states that all of the above items were sold by Sun to shops and then by retailers under the STORM brand. Ms Lee states that the products were

manufactured in the Far East and shipped to the United Kingdom for retail sale in the United Kingdom. She states that the line of toys grew steadily to a high point in 2000 when the turnover was approximately £145,000. Ms Lee states that the sales declined steadily after 2000, falling to £45,000 in 2003. She states that in mid 2004 it was decided to cut back the range of toys stocked in STORM stores, limiting the range to high margin items such as teddy bears, music box/kaleidoscopes and executive toys.

12) Ms Lee states that she exhibits photographs of as many of the items as she has been able to locate:

- ❖ Pictures of a model car designed for age 3 and upwards. STORM cannot be seen on either the car or the packaging.
- ❖ Pictures of a model of an F16 jet. STORM cannot be seen in the pictures.
- ❖ Pictures of a model motorbike. STORM cannot be seen in the pictures.
- ❖ Pictures of something described as a “mini neon”. STORM cannot be seen in the pictures. (It transpired at the hearing that this is a form of badge.)
- ❖ Pictures of a kaleidoscope. STORM cannot be seen in the pictures.
- ❖ Pictures of a music box with kaleidoscope. STORM cannot be seen in the pictures.
- ❖ Pictures of an anti-stress ball upon which STORM appears.
- ❖ Pictures of an object that has the outline of an aeroplane attached to it. STORM cannot be seen in the pictures. (At the hearing Mr Malynicz advised that this was a fluorescent light and not a toy.)
- ❖ The packaging for the PlayStation® 2 game XG3 extreme racing. STORM appears twice on the rear of the packaging. Intellectual property rights are ascribed on the packaging. The game is a product of Acclaim Entertainment, it bears a copyright date of 2001.
- ❖ The final pictures appear to be of a person in a mask. STORM cannot be seen in the pictures. (It transpired at the hearing that this is a picture of a talking duck.)

Under cross-examination Ms Lee stated that the photographs were taken in Sun’s warehouse after she had been asked to produce evidence in relation to this case. Ms Lee states that all of the above products were supplied to STORM shops under the STORM brand and “re-sold” by the shops under the STORM brand. She states that at the point of sale all of the products were wrapped in STORM tissue wrapping paper and placed in STORM carrier bags. Ms Lee exhibits at AL-2 a piece of tissue, wrapping paper which bears the name STORM. At AL-3 various carrier bags bearing the name STORM are exhibited. Exhibited at AL-4 are pictures of swing tags upon which STORM appears. Some of the tags bear the name STORM on one side and on the other a bar code and a description of a product. Those descriptions which are legible are for: pewter racing car, milli curvex silver, exe grey and teddy bear blue.

Ms Lee states that after restructuring in 2004 the line of items was restricted to teddy bears, music box/kaleidoscope, executive toys, travel games (including chess sets) and anti-stress balls.

13) Ms Lee states that the principal stores carrying the toys were at the following locations:

- ❖ 6 Gees Court, London W1. She states that this store was STORM branded and operated from 1990 until late 2001. Ms Lee states that it carried the full range of toys marketed.
- ❖ 124A Kings Road, London, SW3. Ms Lee states that this store was STORM branded and operated from late 2001 until September 2003. She states that it carried the full range of toys being marketed.
- ❖ 21 Carnaby Street, London W1. Ms Lee states that the store was STORM branded and started operating in the early 1990s. She states that it continues to trade. Ms Lee states that the store has always carried the full range of toys being marketed. I note from the invoices exhibited by Mr Redman that Pythagoras Concepts has the address of 21 Carnaby Street.
- ❖ 53A Neal Street, Covent Garden WC2. Ms Lee states that this store was STORM branded and has operated from 1996, "though it has moved to its present location from another shop along the same road". Ms Lee states that it has always carried the full range of toys being marketed. I note from the invoices exhibited by Mr Redman that Tornado Enterprises Ltd has the address of 53A Neal Street.

Ms Lee states that the Gees Court store was owned and directly operated by Sun. She states that the three other stores are STORM franchises. Ms Lee states that the shops pay list prices for all products ordered and are obliged to follow Sun's branding guidelines in operating and branding the stores. She states that all of these activities were closely monitored by her and her team, this included monitoring the shop layout, the fixtures and fittings used and the manner in which stock and supporting point of sale material were displayed.

14) Ms Lee states that the accounting and till recording was quite crude at the shops and it has proved difficult to obtain records of toy sales. She states that very few of the records were computerised. Ms Lee states that she has had to rely on the respective store owners and managers finding and supplying the details to her. She has, however, been able to obtain representative samples of till receipts from two of the stores. She exhibits copies of the till receipts at AL-5. The till receipts bear the name STORM at either 21 Carnaby Street or 53a Neal Street. I give a breakdown of the details of the receipts below:

Carnaby Street receipts

Date	Rec No	Time	Product
05/07/03	050315	1021	MOOKY WHITE METAL V1, DANCE SUNFLOWER DRUM V1, PIN SCREEN V1
05/07/03	050323	1218	NAVIGATOR BLUE V1, NUT CAR V1
05/07/03	050335	1337	TORP ICE V1, FIBRE OPTIC BUSH V1
05/07/03	050349	1502	CYBERNAULT BLACK MET V1, PENDULUM 5 BALL SWIN V1
05/07/03	050377	1656	FLAT LITE BLUE V1, DANCE FLWR TULIP DRU V1
05/12/03	057284	1116	ZORA ICE METAL V1, PIN SCREEN V1, DANCE FLWR DAISY DRU V1
05/12/03	057292	1202	EXPO BLUE METAL V1, MBOX KALEIDOSCOPE SM V1
05/12/03	057300	1236	MILLI CURVEX BLUE ME V1, PEWTER RACING CAR V1
05/12/03	057308	1253	DANCE FLWR DAISY GUI V1, DANCE SUNFLOWER GUIT V1
05/12/03	057321	1329	PIRELLA BLACK BLACK V1, PEWTER RACING CAR V1
05/12/03	057328	1410	ESSENCE ICE BLUE MET V1, PEWTER HELICOPTER V1
05/12/03	057335	1439	DISCOE SILVER V1, DANCE FLWR TULIP GUI V1, PIN SCREEN V1
05/12/03	057348	1506	MBOX KALEIDOSCOPE LA V1
05/12/03	057350	1518	DANCE FLWR DAISY V1, PIN SCREEN VI
23/12/03	059582	1026	MINI LUCRE SILVER V1, NUT MAN V1, TEDDY BEAR BLUE V1, DANCE FLWR DAISY GUI V1
23/12/03	059583	1032	NUT BIKE V1
23/12/03	059589	1057	LEXTON BLUE METAL V1, DANCE FLWR DAISY V1
23/12/03	059591	1114	EXPO BLUE METAL V1, PIN SCREEN V1
23/12/03	059592	1120	MICRO BLUE ME V1, PIN SCREEN, DANCE FLWR DAISTY GUI V1, NUT BIKE V1
23/12/03	059614	1158	DANCE SUNFLOWER DRUM V1, DANCE FLWR DAISY SAX V1, DANCE FLWR TULIP GUI V1, WALLET CITY S/COIN B V1.
23/12/03	059627	1224	DISCOE ICE BLUE V1, FIBRE OPTIC BUSH V1
23/12/03	059631	1229	GROOVY GREY METAL V1, DANCE SUNFLOWER SAXO V1, PIN SCREEN V1.
23/12/03	059647	1258	NEW ASTEROID SILVER V1, PEWTER RACING CAR V1, MBOX KALEIDOSCOPE SM V1, PIN SCREEN
23/12/03	059652	1306	LEXTON BLACK METAL V1 MBOX

			KALEIDOSCOPE SM V1
23/12/03	059671	1333	ESSENCE BLUE METAL V1, DANCE FLWR TULIP DRU V1, NEON CAR V1
23/12/03	059674	1345	TEDDY BEAR BLACK, PIN SCREEN, DANCE FLWR DAISY GUI V1
23/12/03	059692	1428	DISCOE ICE BLUE V1, MINI CHRONOLOGIC SIL VI, SHIA CLEAR PENDANT V1, MBOX KALEIDOSCOPE V1, FIBRE OPTIC BUSH VI, PEWTER HELICOPTER V1, PLASMA BALL V1, PIN SCREEN, DANCE SUNFLOWER GUIT V1
23/12/03	059704	1449	SENZA MAN NECKLACE V1, SENZA MAN BRACELET, DANCE FLWR TULIP V1, PIN SCREEN
23/12/03	059708	1457	MBOX KALEIDOSCOPE TU V1
23/12/03	059713	1516	DANCE SUNFLOWER V1, DANCE FLWR DAISY DRU V1
23/12/03	059719	1534	STORM CAMERA BLACK M V1, DANCE FLWR DAISY GUI V1
23/12/03	059731	1551	DANCE SUNFLOWER GUIT V1
23/12/03	059732	1555	EXE GREY BLUE, NEON CAR
23/12/03	059744	1622	PLASMA BALL
23/12/03	059754	1644	RIBO PURPLE V1, DISCOE VIOLET V1, DANCE SUNFLOWER DRUM V1, PIN SCREEN

Neal Street receipts

Date	Rec No	Time	Product
13/03/04	004114	1013	PEWTER BIKE V1
13/03/04	004127	1344	DANCE FLWR DAISY SAX V1
13/03/04	004127	1344	MILLI CURVEX SILVER V1, NUT MAN V1
13/03/04	004129	1402	SENZA MAN NECKLACE V1, SENZA MAN BRACELET V1, DANCE SUNFLOWER GUIT V1
13/03/04	004136	1539	MINI LUCRE SILVER V1, NUT BIKE V1
16/03/04	004205	1324	TORP ICE V1, PIN SCREEN V1
16/03/04	004213	1710	PEWTER AEROPLANE V1
17/04/04	004803	1102	MINI LUCRE BLUE V1, DANCE FLWR TULIP V1
17/04/04	004814	1324	NEON PLANE
17/04/04	004818	1357	SURGE CURVEX BLUE ME V1, PEWTER CLOCK V1
17/04/04	004829	1630	VEXTON R-RING V1, PLASMA BALL V1
17/04/04	004843	1757	DANCE FLWR TULIP GUI V1, DANCE FLWR TULIP DRU V1
20/04/04	004895	1138	DANCE FLWR DAISY GUI V1
20/04/04	004903	1227	MINI LUCRE VIOLET V1, MBOX

			KALEIDOSCOPE TU V1
20/04/04	004918	1509	DANCE FLWR DAISY GUI V1
21/04/04	004933	1315	ESSENCE VIOLET BLUE V1, PIN SCREEN V1, PIN SCREEN V1
21/04/04	004937	1622	STORM CAMERA BLUE ME V1, DANCE FLWR DAISY DRU V1
23/04/04	004956	1016	NEPTUNE ICE METAL, PEWTER RACING CAR V1
23/04/04	004962	1353	DANCE FLWR DAISY DRU V1
23/04/04	004973	1826	VYLENENT BLUE V1, TEDDY BEAR WHITE V1
24/04/04	004981	1236	FUTURA ICE BLUE V1, EXE BLACK V1, MBOX KALEIDOSCOPE SM V1
24/04/04	004988	1313	STORM CAMERA BLUE ME V1, TEDDY BEAR BLACK V1, PENDULUM 4 BALL SWIN V1
24/04/04	004993	1346	CYBERNAULT BLACK MET V1, PIN SCREEN V1
24/04/04	005006	1553	CARGO BLACK BLACK LE V1, DANCE FLWR DAISY GUI V1
24/04/04	005014	1729	NEW ASTEROID ICE BLUE V1, TEDDY BEAR BLUE V1, TEDDY BEAR WHITE V1

Two till receipts from the Neal Street store bear the same number, 004127; these are for different goods, the till receipts record the transactions as taking place at the same time and at the same till but as being effected by different sales assistants, both payments were made by means of credit card.

15) Ms Lee states that the sales of toys by each of the stores, prior to restructuring in 2004, would not have been less than £1,000 per month on average, rising to £3,000 in the two months leading up to Christmas. She states that after the restructuring the equivalent figures would be sales of not less than £350 per month, per store, on average, rising to £1,000 per month on average in the two months leading up to Christmas. She states that the lowest priced toy, a teddy bear, had a recommended retail price of £9.99 and the highest priced, a music box/kaleidoscope, had a recommended retail price of £149.

16) Ms Lee states that in the period from May 2001 to November 2006 Sun spent approximately £20,000 on promoting the toys. She states that this promotion took the form of the costs of design and production of point of sale material including leaflets and feature cards. Ms Lee exhibits at AL-6 sales posters for teddy bears bearing the name STORM.

Evidence of JAKKS

Witness statements of Ms Katrina Peebles

17) The evidence on behalf of JAKKS includes three witness statements made by Katrina Peebles. Ms Peebles is a partner of Ablett & Stebbing, who are the trade mark attorneys acting for JAKKS in this case.

18) Exhibited at KP1 and KP2 are copies of an e-mail sent to the classification section of the Trade Marks Registry and its reply. In her e-mail Ms Peebles writes:

“We understand computer games which are hand held are classified in class 28 and all other computer games including computer games which are hand held but are adapted for use with television receivers are classified in class 9. Please can you let me know if this was the situation on 3 December 1997 and if not when did the practice change.”

The reply from Mr Darrel Hendy of the classification team was as follows:

“I can confirm that the changes to “computer games, amusement apparatus etc” came in to force on the 1 January 2002.”

19) In May 2006 Ms Peebles instructed a private investigator to conduct a search into the use of the trade mark STORM by Sun. A copy of the report by Carratu International is exhibited at KP(1)(1).

20) Carratu conducted Internet searches. No specific Internet site for Sun was found. Searches for the terms “Sun 99 Limited” and “STORM” revealed the website www.stormwatches.co.uk. A search of that domain name showed the company to be owned by and based at the same address as Sun. The website shows the company to specialise in the manufacture and distribution of STORM watches and sunglasses, along with other accessories under the name STORM. Searches of on-line data bases covering ten years of details from over 8,000 worldwide business journals produced one article concerning Sun and the use of the STORM brand. The extract from the *Evening Times* states that Sun is “the company behind the trendy Storm brand, of watches, jewellery and clothes”.

21) Using a suitable pretext and the facilities of a cover company, Carratu approached Sun via its head office. The telephone was answered “Hello STORM”. The Carratu representative spoke to a female employee in the international sales department. She informed the representative that the STORM brand is available worldwide through a network of distributors. The employee advised that Sun has a number of STORM offices worldwide.

22) Further online investigations revealed that Sun was incorporated on 17 May 1985, in the year ending March 2004 it had a gross profit of £2,522,427. The directors of the company are Mr Yat Lung Sun and Ms Anna Lee (secretary).

23) The report states that website clearly shows the use of the name STORM.

24) The report also deals with matters outside of the United Kingdom, which do not have a bearing upon the case.

25) Finally there is a copy of an e-mail from Mr Ben Maloney of Carratu, dated 17 May 2006, to Ms Peebles which states:

“I have this afternoon received a response from the Head Office of STORM. An individual there informed me that STORM do not currently have, never have and have no future plans to manufacture, any STORM toys. She stated that the company had only branched out from watches to jewellery, sunglasses, bags and umbrellas.”

26) Ms Peebles instructed a private investigator to conduct a search into the companies listed in the invoices attached to the witness statement of Mr Redman’s witness statement. The full results are exhibited at KP(1)(2).

27) Sun is under the ultimate control of Mr S Y L Sun, the sole director and shareholder of the company. Ms Anna Lee is the company secretary of Sun and Mr Yat Lung Sun is a director of Sun, they have the same address. The abbreviated accounts for the year ended 31 March 2006 advise that Mr Sun’s immediate family holds more than 20% of the issued share capital in Pythagoras Concepts Limited. The principal activity of Sun is described as being the wholesale and retail of fashion accessories. Ms Lee is a director of Pythagoras Concepts Limited. A search showed Ms Lee, Mr Steve Y Sun, Mr Yat Lung Sun and Mr Edwin Lee being present at one time in the same address in Harrow. The abbreviated financial statements for Pythagoras Concepts Limited for the year ending 31 March 2006 show Ms Anna Lee and Ms Wai Yin Man as the directors and Ms Man as the secretary. Ms Man is also described as sales manageress. The shareholders are declared as being Mr Kenny Kwok, Ms Lee, Ms Man and Ms Jennie To. The nature of the company’s business activities are recorded as being “(o)ther retail specialist stores”. In relation to related party transactions the following is recorded:

“The company purchases goods from Sun 99 Limited, a main supplier. The shares of which are vested in one of the directors’ (sic) immediate (sic) family. These transactions were in the normal course of business and on a commercial basis.”

The abbreviated financial statements for Tornado Enterprises Limited for the year ending 31 March 2006 show the director as being Mr Edwin Lee and the

secretary as Ms Man. The nature of the company's business activities are recorded as being "(o)ther retail non-specialised stores". The accounts states that the company is controlled by Mr Edwin Lee, Ms W Man and BestKeen Ltd by virtue of their 100% ownership of the issued share capital in it. A search showed that Mr Lee was the secretary of Storm Licensing Limited and a director of Tornado Enterprises Limited and Storm Angel Limited. Ms Lee is also shown as a director of Storm Licensing Limited. The abbreviated accounts for Gimikko Limited for the year ending 30 September 2005 show that the company is a 50% subsidiary of Best Keen Corporation Limited. The nature of the company's business activities are recorded as being "(o)ther retail non-specialised stores". The company secretary is recorded as being Chee Man Yau and the director Hang Denh Phan. The shareholders are identified as Best Keen Corporation Limited, Chee Man Yau and Hang Denh Phan. The abbreviated accounts for Gimikko 2 Limited for the year ending 31 October 2005 show Mr Chee Man Yau as the director and the company secretary as being Chee Man Yau. The nature of the company's business activities are recorded as being "(o)ther retail non-specialised stores". Best Keen Corporation Limited, Cornie Thai Bang Chen and Chee Wai Yau are recorded as the shareholders. Chee Man Yau is recorded as being secretary of Gimikko Limited and director of Gimikko 2 Limited and Inspiria Limited. The company secretary of Inspiria Limited is recorded as being Ly Yin Lai, Chee Man Yau is recorded as being director and the sole shareholder, as per an annual return to Companies House. The nature of the company's business activities are recorded as being "(o)ther retail non-specialised stores". The abbreviated financial statements for Break the Ice Limited for the year ending 31 January 2006 show the director as Mr Steve Abraham and the secretary as Mr Jeff Thomas. Mr Abraham is recorded as owning 72% of the issued share capital. The nature of the company's business activities are recorded as being "Mfr optical, photographic etc equip". Mr Steve Yat Sun is recorded as owning 23% of the shares in the company. Mr Abraham is recorded as being a director of Blue Gem Eyewear Limited. The financial statements for Blue Gem Eyewear Limited for the year ending 30 September 2006 state that the principal activity of the company is the wholesaling of sunglasses, ready readers and optical frames. The shareholders include Mr Abraham, Ms Judy Sun, of the same address as Sun, and Sun.

28) The report states that Fredonline321 appears to be an eBay seller which deals in goth, punk, skater clothing and accessories, hen party and fancy dress clothing, fashion belts, Scottish tartan kilts and sporrans. Exhibited at KP(1)(4) are printouts of pages from Fredonline321's eBay website; from internal evidence it would appear that the pages relate to the position as of 16 November 2007. The product range is that indicated by the investigator's report. On one page the undertaking states:

“OUR PRODUCT MIX HAS BEEN TIGHTENED UP AND WE SPECIALISE IN 2 MAIN AREAS

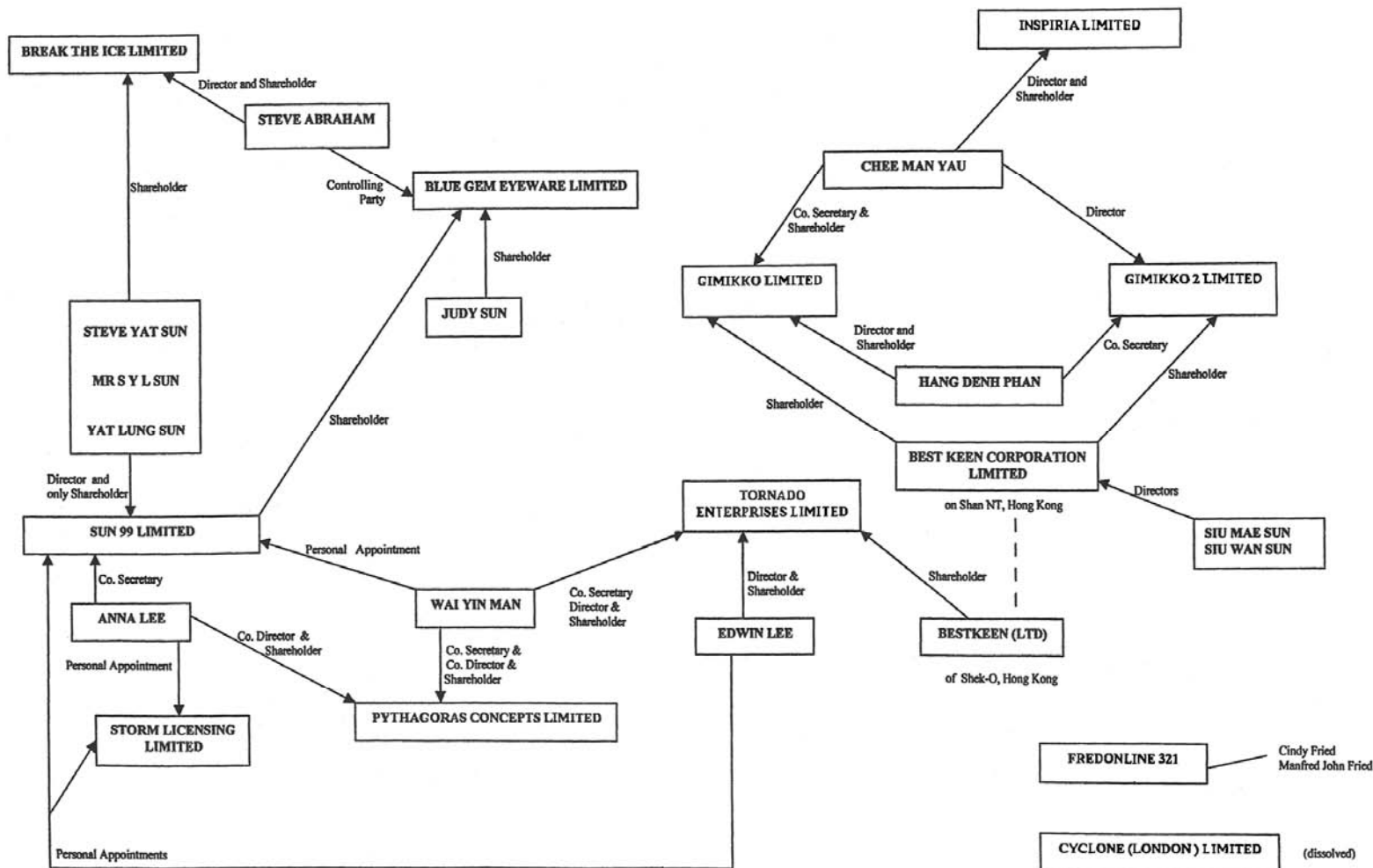
1. EMO, GOTH, PUNK, SKATE – CLOTHING AND ACCESSORIES

2. SCOTTISH TARTAN KILTS – SPORRANS, KILT PINS, FLASHES”

The investigator’s report shows no link between the personnel of Fredonline321 and other individuals and undertakings referred to in their investigations.

29) The investigator found nothing of pertinence in relation to Cyclone.

30) At KP(1)(3) a flowchart is reproduced showing the relationship between the companies. The investigators come to the conclusion that all bar two of the companies in relation to which Mr Redman filed invoices are connected to Sun either by common directorship, shareholder or residential address and/or family relationship. The flowchart is reproduced below:



31) Ms Peebles conducted a search on the Internet with the intention of ascertaining if use of the trade mark STORM on the PlayStation® 2 game XG3 was genuine. She exhibits at KP2-1 a copy of the cover art for the game. The cover art shows a number of signs/trade marks. STORM appears four times on the rear cover art but there is no attribution of this sign. Ms Peebles identified screen stills from the game. She noted that STORM periodically appears in the right hand corner of the screen. She states that she has not ascertained the purpose of this word but that it does not appear to be the trade mark of Sun. A copy of a screen still is exhibited at KP2-2 where the word STORM appears below what appears to be a scoreboard.

Witness statement of Mr Simon Rickard

32) Mr Simon Rickard also gives evidence for JAKKS. Mr Rickard is the proprietor of Tyde Ltd, trading as Cash Register Services of Coventry. Mr Rickard has been in the cash register industry for around eighteen years. Mr Rickard states that he understands that in his capacity as an expert witness it is his overriding duty to provide an independent and impartial opinion, even though he is being remunerated for his expenses in preparing his opinion by JAKKS. Mr Rickard states that he has extensive knowledge of the cash register industry and of the operation of cash registers.

33) Mr Rickard was approached by Ablett & Stebbing to provide an opinion on the evidence filed on behalf of Sun. In particular he was requested to provide an opinion on two receipts found in exhibit AL-5, those which share the number 004127. He was asked to give an opinion as to the reason why there are receipts with identical receipt numbers, identical times, identical till numbers, identical shop numbers but different assistant numbers and goods. Mr Rickard states that in his experience two such receipts should not be produced during the normal operation of a till in the course of regular business. He cannot explain how receipts with different goods but identical receipt numbers, times, till numbers and shop numbers could be produced by a till operating in a normal manner. He states that in his experience, as the receipts are for different goods, the times and receipt numbers should be different. Mr Rickard states that the only explanation that he can provide for these receipts is that they are not authentic. He states that forged receipts can easily be produced, as on most machines it is simple to programme any time, date or receipt number so as to produce a receipt that shows the desired information.

Additional evidence

34) The evidence of Mr Rickard and Ms Peebles was filed on 19 May 2008. On 18 November 2008 Sun filed evidence, in unsigned form, from two witnesses, Ms Wei-in To and Mr Kim Yip, to respond to the evidence of Mr Rickard. (The evidence has since been regularised.) In the event that this evidence would be admitted into proceedings, JAKKS set further investigations into motion and filed

two witness statements as rebuttal evidence, this consisted of a further witness statement by Mr Rickard and a witness statement by Mr Stanley Clifford Michaels. I admitted the evidence into the proceedings but stated that there would be cost implications for Sun. The admission of the evidence was governed by rule 31(A)(6) of the Trade Marks Rules 2000 (as amended) rather than the Trade Marks Rules 2008 owing to the transitional provisions of the latter (as per rule 83). Consideration as to the criteria for the admission of additional evidence were give by Mr Geoffrey Hobbs QC, sitting as the appointed person, in *Lappet Manufacturing Co Ltd v Yosif Abdulrahman Al-Bassam Trading Establishment* BL O/467/02:

“The burden of persuasion is clearly upon the party asking for the indulgence. The position adopted by the opposite party may well have a bearing on the answer to be arrived at. In a case such as the present, where rectification of a procedural irregularity is required, I think it is necessary to consider: (1) the materiality of the evidence in question to the issues that the Registrar has to determine; (2) the seriousness of the irregularity which the Registrar is being asked to rectify; and (3) the justice and fairness of subjecting the opposite party to the burden of the evidence in question at that stage of the Registry proceedings. These are matters of degree. Over and above that, a judgment must be made as to their relative weight in the context of the given case.”

The additional evidence of Sun was material to the serious allegation made by Mr Rickard in his first witness statement, as to forgery. Owing to the furnishing of the rebuttal evidence and the cross-examination of Mr Yip, I consider that the only burden to JAKKS was one that could be compensated for in costs. (When the evidence was initially filed Sun was advised that both its witnesses should be made available for cross-examination, Ms Wei-in To declined to attend the hearing.)

Witness statement of Ms Wei-in To

35) Ms Wei-in To is an area sales manager for Pythagoras Concepts which she states administers retail outlets on behalf of Sun. Ms Wei-in To has worked “indirectly” for Sun for ten years and “at all relevant times” has acted as its area sales manager for London, with responsibility for the shops situated at 21 Carnaby Street and at 53a Neal Street in Covent Garden.

36) Ms Wei-in To states that she has read the witness statement of Mr Yip and confirms that he did interview her and the content of what he recites as having been discussed between him and her is true. Ms Wei-in To recalls that the computer that was used to print receipts for sales at the shop at 53a Neal Street was faulty and would often freeze. She states that it was replaced within a few months of its installation. She states that this would have been in the summer of 2004.

37) Ms Wei-in To states that the shop at 53a Neal Street and the other Storm stores in London sold a variety of toys including dancing flowers of many different designs, teddy bears, executive toys and music boxes. She states that the products were sold in a STORM branded store and that STORM was applied to point of sales materials, price tickets and swing tags. The products were wrapped in STORM branded wrapping paper and placed in STORM branded carrier bags.

Witness statement of Mr Kim Yip

38) Mr Kim Yip states that although he has not been formally instructed as an expert witness he has been informed by Sun's attorneys that his first duty is to assist the United Kingdom Intellectual Property Office by giving unbiased and independent evidence.

39) Mr Yip states that he is a computer forensics examiner at Intelligent Forensics, a specialised computer forensics investigation and information security consultancy firm. He states that he has been in the field of computer forensics and information security for 12 years. He has a B.Eng (Hons) degree from King's College, London and an MSc in information security from the Royal Holloway College, London. His professional qualifications include Global Information Assurance Certification, Certified Forensics Analyst, Certified Information Systems Security Professional and Certified Computer Examiner. He states that he has "no significant connection" with Sun or its principals. Mr Yip states that Sun has been a client of the sister company of Intelligent Forensics, Corporate Intelligence, for corporate investigations. He has not been personally involved in that company and the total value of Sun's custom with Corporate Intelligence has been less than £1,000 in the previous year.

40) Mr Yip's statement includes copies of six till receipts. He states that two of these receipts, nos 004127, for separate transactions, have the same receipt and time stamp. Mr Yip states that in order to prepare his statement he contacted the area sales manager for Storm, Mrs Wei-in To. Mrs To told him that the receipts were produced by a point of sales system (POS) which the business no longer uses. He states that he was informed that the POS system consisted of a POS application installed upon a stand-alone PC based host with a Microsoft Windows 98 operating system. Mr Yip states that the POS system was a computer running a point of sales application to serve as a till or cash register; it was not a till or a cash register. Mr Yip states that he was informed that the POS application was written in Visual FoxPro, a programming language produced by Microsoft. Mrs Wei-in To informed him that the system frequently crashed during normal operations.

41) Mr Yip states that as the POS terminal is no longer in existence and as there were no data backup and no additional technical information available about the system, it was not possible to conduct any system tests. He states that through

his interview with Ms Wei-in To he concluded that the computer was using the Windows 98 operating system. He states that this was known to have stability issues. He states that the fact that the POS software was written to run on Windows 98 indicates that it was unlikely to have "enterprise-level reliability". He states that it is, therefore, likely that such a system would have stability issues resulting in system crashes during normal usage.

42) Mr Yip states that when a user enters data from a sales transaction the data is first written into the database. When a receipt is printed, data is retrieved from the database then output to the printer to produce the receipt. Mr Yip notes that none of the receipts were actual receipts but were copy receipts. He states that the date on the receipt is dependent upon the accuracy of the database and how the POS application retrieves the data. Mr Yip states that without detailed code analysis of the POS application and of the database structure, it is impossible to ascertain precisely how the data was retrieved. He states that it was feasible that the data was corrupted if the system crashed whilst writing transaction data to the database. He states that all databases are vulnerable to integrity and corruption issues during the writing phase.

43) Mr Yip states that Microsoft published a document on 28 January 2005 entitled *Possible causes of data corruption in Visual FoxPro*. Mr Yip does not exhibit a copy of the document but gives a synopsis of the problems identified in it:

"Abnormal termination of the application while manipulating data. This would include loss of power, voltage spikes, internal consistency errors, page faults, and fatal exception errors.

Substandard or faulty network components: Because FoxPro handles data so quickly, it can stress the network. These components may include network drivers, network interface cards, cabling, hubs, and switches.

Data storage components: Storage devices should be checked regularly for errors and fragmentation.

File locking issues: If one user performs an action that results in a table's memo file being locked, and a second user attempts to open the same table and access the memo field information, the second user may open the memo file with an incorrect blocksize, resulting in memo file corruption. See the "References" section in this article for details.

Conflicting software: Software such as Antivirus packages, screen savers, and terminate-and-stay-resident applications (TSRs) can cause conflicts with Visual FoxPro that could cause data corruption.

Incompatible video drivers: Certain video drivers can cause FoxPro to become unstable and terminate abnormally. See the "References" section in this article for more details.

Network Settings and Service Packs: Make sure that your servers are running the latest service packs, check client settings (such as caching), and even try switching network client drivers (such as from the Novell Netware client to the Microsoft client for Netware)."

44) Mr Yip notes that the time and date of the two receipts is the same whilst the other information is different. He considers that if a crash occurred in the middle of a transaction then, if the system is rebooted, it would be feasible for the receipt number to stay the same while all of the other information might change. He states that the reason for this is that different parts of data might be in different fields of the database and, therefore, when there is a crash, different parts of the database may be affected in different ways.

45) Mr Yip states:

"My overall conclusion is therefore that whilst the machine was capable of producing accurate receipts (and I have no reason to doubt the accuracy of the other four receipts displayed above) data corruption on that POS system was feasible and it is likely that this is the reason for receipts being issued for separate transactions but having identical receipt numbers and timestamps. The till system used was essentially a computer running a POS application and should therefore be treated as such."

Second witness statement of Mr Simon Rickard

46) Mr Rickard's statement is in response to the statement of Mr Yip. Mr Rickard states that he has sold and programmed stand alone cash register machines and machines linked to back office computer software from most manufacturers. In 1979 he worked for Midland Cash Registers, in 1981 he was sales manager for Decimo UK Ltd, being responsible for the sale of cash registers in the United Kingdom, in 1983 he was sales manager for Cotons of Leamington Spa, in 1996 he formed his own company, Ace Business Machines, and in 2001 he purchased Cash Register Services in Coventry. Mr Rickard notes that Mr Yip does not give details of the exact system used by Sun and, therefore, he has not been able to research the claims in relation to the instability of the system. Mr Rickard states that although there are differences between a dedicated till and a computer attached to a printer, for example the data of the sales will be transferred to the PC at the end of each day, so that the PC holds the data, there are also many similarities. He states that any system will produce an end of day total which can be printed on a computer printer or the printer on the cash register. Mr Rickard states that this printout is called an audit trail. He states that the audit trail details every transaction with date, time, receipt no, details of items purchased and

method of payment. He states that the audit trail would normally be retained by the shop or the company because Customs and Excise can require its production.

47) Mr Rickard states that many businesses including offices and shops used Windows 98 as their operating systems. He has installed some of these and has never experienced a problem with his customers, nor has he heard of a problem which resulted in two till receipts having the same information upon them. Mr Rickard notes that the receipt number, date and time are all the same on the two disputed receipts. It is his opinion that if the system was to develop a fault whilst in use the information printed on the receipt is liable to be completely random and would not print exactly the same information on two receipts.

48) Mr Rickard notes that the receipts are copy receipts. He states that copy receipts are produced because two copies of the receipt are produced to be given to the customer or because the receipt function of the till is turned off and customers are only given receipts on demand. Mr Rickard is not aware of any of his customers who keep copy receipts. He states that the information which is kept for legal reasons is the audit trail and does not include information such as the company name or the name of the store. Mr Rickard knows of no system which automatically prints copy receipts.

49) Mr Rickard states that it is his opinion that if a fault occurred it is unlikely that the same receipt numbers would be produced on a till receipt. It is his experience that when standalone till systems and computer systems have gone wrong due to corruption the time or date will come out as “really strange figures”, normally complete rubbish will be printed. He states that if the data was corrupted it is improbable that two receipts would have the same date, time, shop number and/or receipt number. Mr Rickard states that it is highly unlikely that two receipts would be produced from a computer based POS system with the same receipt numbers, time and date. He is of the opinion that Sun should be able to corroborate sales with an audit trail.

Witness statement of Mr Stanley Clifford Michaels MA, FCCA

50) Mr Michaels states that he has been qualified since 1970 and is the managing director of Harford Michaels Limited, chartered certified accountants. Mr Michaels states that it is usual business practice, in accordance with the rules of HM Revenue & Customs, that records of a business should be maintained for a minimum of six years, the limitation period within which contractual claims may be brought.

Cross-examination

51) Four witnesses were cross-examined: Ms Lee, Mr Yip, Mr Redman and Mr Rickard.

52) I found Ms Lee a straightforward and honest witness. Her answers were those that one would expect from a busy, business person who had been asked to get hold of some evidence, without being given chapter and verse as to the exact requirements.

53) Mr Rickard struck me as an honest witness who gave honest answers that reflected his long experience in his trade.

54) Mr Redman was precise, straightforward, intelligent and honest in his answers.

55) Mr Yip was very a different kettle of fish to the other witnesses. As Mr Yip was portrayed as an expert witness in criminal trials I cannot imagine that he was intimidated by appearing as a witness before this tribunal. It was difficult to get the ultimate answers to questions from him, in my view he obfuscated. His responses undermined parts of his own evidence and that of Ms Wei-in To, who decided to absent herself from the hearing and so cross-examination. It transpired that Ms Wei-in To had not advised him that the operating system used was Windows 98 but that he had suggested this to her and that she had agreed. Mr Yip stated, after being pushed upon the point, that he had "a very personal relationship" with the sister of Ms Wei-in To and that he had met the latter on a number of occasions. It transpired that the information that Mr Yip received about the operating system was from Mr Edwin Lee, whom he described as the operations manager. He once referred to Mr Lee as Ed, to use the diminutive form of a forename of someone that one doesn't really know strikes me as surprising. It is also surprising that if Mr Lee knows about the operating system that was in use that he did not give evidence to this effect. All of Mr Yip's evidence about the system that was in use is hearsay evidence from a person who could have given evidence himself. Mr Yip, Mr Lee and Ms Wei-in To do not identify the application software that was used, but Mr Lee does, apparently, know the language in which it was written. This strikes me as on the astonishing side of surprising. The application software is not identified but the language in which it was written is! Unless one was writing code it is difficult to know why anyone would know the language of application software. On the basis of the nature of the hearsay evidence before me in relation to the computer system used, especially on the basis of the absence of evidence from Mr Lee, who would, if he knows the language that applications are written in, appear to be an expert in software and so should be able to give very thorough answers, I am not prepared to accept any of the evidence in relation to either the nature of the operating software or the language in which the unnamed application software was written. What I am prepared to accept, in relation to the computer system, from the evidence of Mr Yip and Ms Wei-in To, is that sometimes the computer system crashed or froze; I think that the two words are interchangeable in this context. (I am not sure if there are any computer systems that do not crash, I certainly have never had the good fortune to have access to such a system.) I

am also prepared to take into account, owing to Mr Yip's expertise in computing, his opinion as to what the effects of such a crash might be.

The probity of the evidence of Sun

56) The evidence of JAKKS and the submissions and cross-examination of Mr Ludbrook questioned the probity of the evidence of Sun. The main thrust of the attack concentrated on the two till receipts which had certain identical details, including the receipt number. Other matters that formed part of the questioning were: the relationship between various of the undertakings for whom invoices had been produced, the relationship of Mr Yip with persons associated with Sun and the claims to use of the trade mark in relation to a computer game.

57) There are two distinct opinions as to how two copy receipts had the same number; one that they were forged, one that they could have been the result of a computer crash. Mr Rickard in his first statement was quite definite about the cause of the receipts sharing details. In his second statement and under cross-examination he was less definitive but clearly still of the view that the most likely cause was forgery and that the other possibility was just that a possibility rather than a probability. Mr Rickard in his evidence talks about programming stand alone cash register machines and machines linked to back office computers. However, from his cross-examination it transpired that what he referred to as programming was in fact inputting data. Mr Rickard has neither the expertise nor the knowledge to write or amend code, which is what I consider an essential ability for someone who programmes a computer. Mr Rickard has long experience of installing point of sales systems, he has long experience of inputting data; he does not have experience or knowledge that goes behind the application programmes or gives him an insight into the effects of a computer crash. He stated that two receipts having certain identical data, when they should not have, had never been brought to his attention by customers. Mr Rickard commented upon the "audit trail", which is the list of transactions for a period of time, this could be held in electronic form or on a till roll. Mr Malynicz raised the question as to why anyone would notice such an error; any such error, as part of the audit trail, would be unlikely to be noticed, he submitted. I consider that Mr Malynicz's point is well made, that is the sort of error that, unless one is putting the audit trail under the microscope, is most unlikely to be noticed. I consider, therefore, that Mr Rickard not having come across such an error says very little. Mr Rickard is not an expert on the way that computers work and the theories and possibilities that underlie such errors. For all my doubts about parts of the evidence of Mr Yip, I see no reason to doubt what he says about the effect that a computer crashing during the processing of a transaction could be. There is no evidence to contradict what he writes.

58) A point was also made about the copy receipts, as to why they should exist in the first place. Ms Lee, who sometimes worked in the shops, explained this: when a sale was made two receipts were produced, one for the customer and

one for the shop, the copy receipt. The copy receipt was either put on a spike or placed in the till.

59) Mr Ludbrook questioned the claims to the use of STORM in relation to the computer games. (Computer games on disc have always been in class 9 and so they cannot help to protect the class 28 specification.) This questioning goes again to the probity and validity of the evidence of Sun. Ms Lee was asked about the arrangement between Sun and Acclaim, the makers of the game. She said that there was not any written agreement and that Sun was paid in kind for the use of its trade mark on the game. On the face of it, it might seem odd that Sun and Acclaim should conduct business on no more than a shake of a hand. However, in my experience, considerably larger deals, involving considerable sums of money, have been completed on little more. The get-up of STORM in use on the computer games is identical to the get-up shown elsewhere. There are two invoices, to Blue Gem and Gimikko Ltd, for what appears to be a version of the computer game, which would support Ms Lee's statement about being paid in kind. JAKKS has furnished no evidence to cast doubt upon the statement of Ms Lee, there is no evidence that JAKKS attempted to contact Acclaim to clarify this matter; it certainly has not put in evidence in relation to any such enquiries.

60) Some of the invoices are to undertakings that are linked by way of common officers or shareholders to Sun. Some of them are not, and some of the links are verging on the link by the sixth degree of separation. There is no evidence to suggest that the invoices are not genuine, companies with far closer links to one another invoice each other eg overseas companies send invoices to wholly owned United Kingdom subsidiaries.

61) The e-mail from Mr Maloney of Carratu does not identify the person to whom he spoke. Neither I, nor Sun, have any idea as to whether this person would be in a position to know all of the ins and outs of Sun's business. As Mr Malynicz submitted, this is hearsay evidence of the very worst kind. Hearsay evidence with which, owing to its paucity of detail, is impossible for Sun to deal. In the face of the other evidence I give no weight to this reported telephone call.

62) Underlying the criticism of the evidence of Sun was the absence of more evidence. The implication is that if Sun had been trading as it stated it could have produced an audit trail, it has to keep records for HM Customs and Revenue purposes. This is damning the probity of Sun for the evidence that it has not produced. Lacunae in the evidence will give rise to problems in maintaining the registration but they do not indicate that the evidence lacks probity. I have had many years of experience in dealing with evidence in relation to proof of use and the failings of registered proprietors in the evidence that is presented has long ago ceased to surprise or shock me. Ms Lee was asked to produce certain evidence by her trade mark attorney. She did this to the best of her understanding, as a business person rather than an intellectual property lawyer. In relation to the nature of the quality of the evidence that ought to be

presented in proceedings before this tribunal Mr Ludbrook appears to have the optimistic world view of Dr Pangloss; however, it is invariably not the best of all possible evidence that is presented before this tribunal. Experience has taught me to expect little and often to be presented with even less.

63) Part of the case of JAKKS has been predicated upon the suspicion of conspiracy by Sun. JAKKS has not justified those suspicions. I do not consider that the evidence of use by Sun is tainted by dishonesty.

Consideration of the goods for which use is claimed

64) Certain of the goods for which there is evidence of use are not clearly defined or would appear to be appropriate to another class. Mr Malynicz had an interesting interpretation and application of the judgment of the Court of Appeal in *Altecnic Ltd's Trade Mark Application* [2002] RPC 34. I consider that this judgment means that the goods are defined by the class into which they are placed. In this case, for instance, the computer game on a machine readable disc, despite being a game, is in class 9. The class 28 specification cannot include this. Similarly, the registrar has decided that no badges, whether for amusement purposes or not, are in class 28. (Novelty badges are placed in class 26.) Under section 34(2) of the Act:

“Any question arising as to the class within which any goods or services fall shall be determined by the registrar, whose decision shall be final.”

The only goods that are covered in class 28 of the specification are those goods that are in class 28, the specification of Sun cannot include goods that are not in the class and the use shown can only be judged on this basis. Mr Malynicz wanted to expand the parameters of the specification to include anything that could be played with or which could amuse.

65) Ms Lee refers to the sales of pewter racing cars, helicopters and F-16 jet fighters. The copy receipts show sales of four pewter racing cars, two pewter helicopters, one pewter bike and one pewter aeroplane. There are photographs of a pewter F16 jet fighter and a pewter motorbike at AL-1. In the absence of other evidence I take these illustrations as indicative of the type of the products that were sold as pewter racing cars and helicopters. These are not products that are accurate, detailed models of the things upon which they are modeled. These are not goods that are playthings. The public at large will see these goods as ornaments; as they are of pewter, they will be ornaments in class 6. Consequently, they are not included in Sun's specification and so are of no assistance to it. Mr Malynicz accepted that the neon plane was a light and so in class 11, the same applies, in the absence of further evidence, to neon cars. The goods described as Shia clear pendant, Senza man necklace, Senza man bracelet and blue pewter clock are appropriate to class 14. The Storm camera is appropriate to class 9.

66) The descriptions of certain goods does not allow me to know what they are, despite Mr Malynicz's helpful attempts to bring evidence into the proceedings by way of submission and the exhibition of various products on the table in front of him. I have no idea of the nature and use of the following goods: nut man, nut care, nut bike, fibre optic bush, plasma ball, pin screen, mooky white metal, navigator blue, torp ice, cybernault black met, flat lite blue, zora ice metal, expo blue metal, milli curvex blue me, pirello black, essence ice blue met, discoe silver, mini lucre silver, lexton blue metal, micro blue me, wallet city s/coin, discoe ice blue, groovy grey meta, new asteroid silver lexton black metal, essence blue metal, mini chronologic sil, exe grey blue, ribo purple, discoe violet, milli curvex silver, torp ice, mini lucre silver, surge curvex blue, vexton r-ring, mini lucre violet, vylenent blue, futura ice blue, exe black, cybernault black met, cargo black black le, new asteroid ice blue. In the absence of supporting evidence to assist me in coming to a conclusion as to the nature and use of the goods, I must omit these goods from my deliberations.

67) A picture of an anti-stress ball is included in the evidence but there is no evidence as to sales in any of the relevant periods and so this item, if it is in class 28, cannot assist Sun. There is also no evidence as to sales of the model car or the talking duck, pictures of which are exhibited at AL-1. In the absence of explanatory evidence it is impossible for me, also to come to a conclusion as to whether a talking duck would be encompassed by the class 28 specification. A claim is made as to sales of kaleidoscopes but again there is no evidence as to their actual sales in the relevant periods.

68) The following products are left to be considered: dancing flowers, 4 and 5 ball swinging pendulums being executive toys, music boxes and kaleidoscopes combined and teddy bears. Music boxes are in class 15, unless they are toy music boxes, when they are in class 28. Kaleidoscopes are in class 28. Consequently, a combined music box and a kaleidoscope could be in either class 28 or 15 and so these goods are not excluded from consideration in relation to this revocation action.

Genuine use

69) The considerations to be taken into account in relation to genuine use were given by the European Court of Justice (ECJ) in *Ajax Brandbeveiliging BV v Ansul BV* Case C-40/01:

“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 the origin of goods or services to the consumer or 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-à-vis third parties cannot continue to operate if the mark loses its commercial *raison d'être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade mark proprietor or, as envisaged in Article 10(3) of the Directive, by a third party with authority to use the mark.

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 service 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 service concerned on the corresponding market.”

In *MFE Marienfelde GmbH v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-334/01* the Court of First Instance (CFI) considered the practical application of the *Ansul* criteria:

“32 In interpreting the concept of genuine use, account must be taken of the fact that the rationale for the requirement that the earlier mark must have been put to genuine use if it is to be capable of being used in opposition to a trade mark application is to restrict the number of conflicts between two marks, in so far as there is no sound economic reason resulting from an actual function of the mark on the market (Case T-174/01 *Goulbourn v OHIM – Redcats (Silk Cocoon)* [2003] ECR II-789, paragraph 38). However, that provision is not concerned either with assessing the commercial success of an undertaking or monitoring its economic strategy, or designed to reserve the protection of trade marks for large-scale commercial uses of them.

33 As stated in the judgment of the Court of Justice in Case C-40/01 *Ansul* [2003] ECR I-2439, concerning the interpretation of Article 12(1) of Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), the content of which essentially corresponds to that of Article 43 of Regulation No 40/94, there is 'genuine use' of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services, thereby excluding token use for the sole purpose of preserving the rights conferred by the mark (*Ansul*, paragraph 43). In that respect, the condition concerning genuine use of the trade mark requires that, as protected in the relevant territory, it be used publicly and outwardly (*Ansul*, paragraph 37; *Silk Cocoon*, paragraph 39).

34 When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly 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, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark (*Ansul*, paragraph 43).

35 Concerning the extent of the use made of the earlier mark, account must be taken, in particular, of the commercial volume of all the acts of use on the one hand and the duration of the period in which those acts of use occurred, and the frequency of those acts, on the other.

36 In order to examine, in a given case, whether use of the earlier mark is genuine, an overall assessment must be made taking account of all the relevant factors in the particular case. That assessment implies a certain interdependence between the factors taken into account. Thus, a low volume of goods marketed under that trade mark may be compensated for by a high intensity or a certain constancy in time of the use of that trade mark or vice versa. Moreover, the turnover achieved and quantity of product sales under the earlier mark 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 exploiting the mark, and the characteristics of the products or services on the market in question. For that reason, the Court has held that use of the earlier mark need not always be quantitatively significant for it to be deemed genuine (*Ansul*, paragraph 39).

37 However, the smaller the commercial volume of the exploitation of the mark, the more necessary it is for the party opposing new registration to produce additional evidence to dispel possible doubts as to its genuineness.

(In *La Baronía de Turis, Cooperativa Valenciana v Office de l'harmonisation dans le marché intérieur (marques, dessins et modèles) (OHMI)* Case T-323/03 the CFI confirmed the position in *MFE Marienfelde GmbH*¹.) In *The Sunrider Corp v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case C-416/04 P the ECJ stated:

“71 The question whether use is sufficient to maintain or create market share for the goods or services protected by the mark thus depends on several factors and on a case-by-case assessment. The characteristics of those goods and services, the frequency or regularity of the use of the trade mark, whether the mark is used for the purpose of marketing all the identical goods or services of the proprietor or merely some of them, or evidence of use which the proprietor is able to provide, are among the factors which may be taken into account (see, to that effect, order in *La Mer Technology*, paragraph 22).

72 It follows that 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 or not. A de minimis rule, which would not allow OHIM or, on appeal, the Court of First Instance, to appraise all the circumstances of the dispute before it, cannot therefore be laid down (see, to that effect, order in *La Mer Technology*, paragraph 25). Thus, when it serves a real commercial purpose, in the circumstances referred to in paragraph 70 of this judgment, even minimal use of the trade mark can be sufficient to establish genuine use (order in *La Mer Technology*, paragraph 27).”

The CFI considered *The Sunrider* principles in *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-325/06:

“32 To examine whether an earlier trade mark has been put to genuine use, an overall assessment must be carried out, which takes into account all the relevant factors of the particular case. That assessment entails a degree of interdependence between the factors taken into account. Thus,

¹ Quant à l'importance de l'usage qui a été fait de la marque antérieure, il convient de tenir compte, notamment, du volume commercial de l'ensemble des actes d'usage, d'une part, et de la durée de la période pendant laquelle des actes d'usage ont été accomplis ainsi que la fréquence de ces actes, d'autre part. Ainsi, plus le volume commercial de l'exploitation de la marque est limité, plus il est nécessaire que la partie ayant formé l'opposition apporte des indications supplémentaires permettant d'écartier d'éventuels doutes quant au caractère sérieux de l'usage de la marque concernée (arrêt HIPOVITON, précité, points 35 et 37).

the fact that commercial volume achieved under the mark was not high may be offset by the fact that use of the mark was extensive or very regular, and vice versa. In addition, the turnover and the volume of sales of the product under the earlier trade mark cannot be assessed in absolute terms but must be looked at in relation to other relevant factors, such as the volume of business, production or marketing capacity or the degree of diversification of the undertaking using the trade mark and the characteristics of the products or services on the relevant market. As a result, the Court has stated that use of the earlier mark need not always be quantitatively significant in order to be deemed genuine. Even minimal use can therefore be sufficient to be deemed genuine, provided that it is viewed as warranted in the economic sector concerned in order to maintain or create a share in the market for the goods or services protected by the mark (*VITAFRUIT*, paragraph 27 above, paragraph 42, and *LA MER*, paragraph 26 above, paragraph 57; see, by analogy, *Ansul*, paragraph 24 above, paragraph 39, and the order in Case C-259/02 *La Mer Technology* [2004] ECR I-1159, paragraph 21).

33 The Court of Justice also added, in paragraph 72 of the judgment in *Sunrider v OHIM*, paragraph 27 above, that 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 or not, which means that a *de minimis* rule, which would not allow OHIM or, on appeal, the Court of First Instance, to appraise all the circumstances of the dispute before it, cannot therefore be laid down. Thus, the Court of Justice has held that, when it serves a real commercial purpose, even minimal use of the trade mark can be sufficient to establish genuine use (*LA MER*, paragraph 26 above, paragraph 58).”

Internal use

70) Part of the argument of JAKKS revolves on whether sales of goods were internal. I cannot see that there can be any argument as to those goods for which copy receipts have been produced; these goods were sold to the public and so the use cannot be classified as being internal. The invoices include sales to Fredonline 321, which has no link to Sun. (Ms Lee in her evidence stated that Sun had previously supplied Fredonline 321 with clothing and watches, hence the connection in trade.) All of the other invoices are to separate legal entities, although some may have officers or shareholders in common with Sun. Ms Lee stated that the recipients of the invoices paid Sun for the goods to which they related. The use shown was clearly external use.

Teddy bear use

71) The invoices for teddy bears cover the period from 5 November 2003 to 1 November 2006 and a total of 4648 items. The goods are described as STORM

teddy bears on the invoices. (There are copy receipts for sales of teddy bears from both the Neal Street and Carnaby Street stores.) Photographs are exhibited showing the bears wearing jumpers bearing STORM, there is always the problem with such photographs that they emanate from after the event. Taking into account the description on the sales invoices, which is use of the trade mark to a third party, the period of sales and the scale of sales, Sun has established a genuine use of the STORM trade mark in relation to teddy bears such that the application for revocation must fail in relation to such goods.

Use in relation to dancing flowers, 4 and 5 ball swinging pendulums being executive toys, music boxes and kaleidoscopes combined

72) The photographs exhibited at AL-1, with the exception of the anti-stress ball and the computer game, show goods that do not have the STORM name upon them; included in these photographs is a picture of a combined music box and kaleidoscope. I do not understand Sun to contend that STORM was on the goods. However, Ms Lee states, and confirmed under cross-examination, that swing tags bearing the STORM name were attached to the goods. She also stated that the goods were in shops bearing the STORM name and that the goods were wrapped in tissue paper bearing the STORM name and placed in bags bearing the STORM name. The only trade mark that would be associated with the product is STORM. Mr Ludbrook suggested that the nature of the use described was retail use rather use in relation to the goods. In *Euromarket Designs Incorporated v Peters and Another* [2000] ETMR 1025 Jacob J stated:

“57. In this connection it should be borne in mind that the Directive does not include an all-bracing definition of "use", still less of "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 Kodak film in Boots and it is put into a bag labelled "Boots", only a trade mark lawyer might say that 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, 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.”

In this case there is nothing else for the customer to associate the goods with other than the STORM name, this is the Boots bag with an item which bears no other trade mark. The purchaser can only identify the source of the goods with STORM, this is not similar to a retail environment where the goods bear a different trade mark to that of the retailer. The use of STORM in this context is use in relation to the goods.

73) Ms Lee in her evidence does not give a detailed breakdown of sales by amount or period in relation to the goods in question. In relation to the level of sales, the figures given relate, inter alia, to goods which are not included in the specification, not being in the relevant class. It is not possible from the evidence to gain a clear picture of the scale of the trade in the particular goods under consideration here; all that I have are a series of snapshots from the copy till receipts. These are, however, snapshots that cover the period from 5 July 2003 to 24 April 2004 and so a reasonable period within the relevant periods for this revocation action. Toys and the like do not contribute substantially to the turnover of Sun but the general, approximate sales figures are not nugatory. The individual items are quite expensive, dancing flowers retailing for £24.99, £29.99 and £34.99, the combined music box and kaleidoscope retailing for £99.99, £139.99 and £149.99 and pendulums for £34.99 and £39.99. In considering the matter I also take into account the witness statement of Ms Lee and that under cross-examination I found her an honest and reliable witness. I find no reason to doubt what is written in her statement. There is nothing to suggest that the use is for the purposes of maintaining the trade mark registration. I consider that, despite the failings of the evidence, Sun has established that, in relation to the particular goods under consideration here, that its use of the trade mark STORM served a real commercial purpose which was warranted in the economic sector, that of toys and playthings, and that in the relevant periods there has been use in relation to the trade mark STORM.

Fair specification

74) It is necessary to decide upon a fair description for the goods for which genuine use has been shown and which fall within the parameters of the specification. I must not be over-*pernickety*². It is necessary to consider how the

² *Animal Trade Mark* [2004] FSR 19:

"20 The reason for bringing the public perception in this way is because it is the public which uses and relies upon trade marks. I do not think there is anything technical about this: the consumer is not expected to think in a *pernickety* way because the average consumer does not do so. In coming to a fair description the notional average consumer must, I think, be taken to know the purpose of the description. Otherwise they might choose something too narrow or too wide. Thus, for instance, if there has only been use for three-holed razor blades imported from Venezuela (Mr T.A. Blanco White's brilliant and memorable example of a narrow specification) "three-holed razor blades imported from Venezuela" is an accurate description of the goods. But it is not one which an average consumer would pick for trade mark purposes. He would surely say "razor blades" or just "razors". Thus the "fair description" is one which would be given in the context of trade mark protection. So one must assume that the average consumer is told that the mark will get absolute protection ("the *umbra*") for use of the identical mark for any goods coming within his description

relevant public, which for these goods would be the public at large, describe the goods³. Mr Malynicz submitted that the fair specification would be, if one lined all of the goods up together, how the public would describe them collectively as a category; one would then be asking them a leading question by presuming that the goods could be put into one category and allowing the public only one category in which to put them. I am not aware of any authority that supports such a test. Indeed it seems to be contrary to the judgment of the CFI in *Reckitt Benckiser (España), SL v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-126/03*:

and protection depending on confusability for a similar mark or the same mark on similar goods ("the penumbra"). A lot depends on the nature of the goods--are they specialist or of a more general, everyday nature? Has there been use for just one specific item or for a range of goods? Are the goods on the High Street? And so on. The whole exercise consists in the end of forming a value judgment as to the appropriate specification having regard to the use which has been made."

³ *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2003] RPC 32:

"29 I have no doubt that Pumfrey J. was correct to reject the approach advocated in the Premier Brands case. His reasoning in paras [22] and [24] of his judgment is correct. Because of s.10(2), fairness to the proprietor does not require a wide specification of goods or services nor the incentive to apply for a general description of goods and services. As Mr Bloch pointed out, to continue to allow a wide specification can impinge unfairly upon the rights of the public. Take, for instance, a registration for "motor vehicles" only used by the proprietor for motor cars. The registration would provide a right against a user of the trade mark for motor bikes under s.10(1). That might be understandable having regard to the similarity of goods. However, the vice of allowing such a wide specification becomes apparent when it is envisaged that the proprietor seeks to enforce his trade mark against use in relation to pedal cycles. His chances of success under s.10(2) would be considerably increased if the specification of goods included both motor cars and motor bicycles. That would be unfair when the only use was in relation to motor cars. In my view the court is required in the words of Jacob J. to "dig deeper". But the crucial question is--how deep?

30 Pumfrey J. was, I believe, correct that the starting point must be for the court to find as a fact what use has been made of the trade mark. The next task is to decide how the goods or services should be described. For example, if the trade mark has only been used in relation to a specific variety of apples, say Cox's Orange Pippins, should the registration be for fruit, apples, eating apples, or Cox's Orange Pippins?

31 Pumfrey J. in *Decon* suggested that the court's task was to arrive at a fair specification of goods having regard to the use made. I agree, but the court still has the difficult task of deciding what is fair. In my view that task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use. The court, when deciding whether there is confusion under s.10(2), adopts the attitude of the average reasonably informed consumer of the products. If the test of infringement is to be applied by the court having adopted the attitude of such a person, then I believe it appropriate that the court should do the same when deciding what is the fair way to describe the use that a proprietor has made of his mark. Thus, the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use."

“42 The Court observes that the purpose of the requirement that the earlier mark must have been put to genuine use is to limit the likelihood of conflict between two marks by protecting only trade marks which have actually been used, in so far as there is no sound economic reason for them not having been used. That interpretation is borne out by the ninth recital in the preamble to Regulation No 40/94, which expressly refers to that objective (see, to that effect, *Silk Cocoon*, cited at paragraph 27 above, paragraph 38). However, the purpose of Article 43(2) and (3) of Regulation No 40/94 is not to assess commercial success or to review the economic strategy of an undertaking, nor is it to restrict trade-mark protection to the case where large-scale commercial use has been made of the marks (Case T-334/01 *MFE Marienfelde v OHIM – Vétoquinol (HIPOVITON)* [2004] ECR II-0000, paragraph 32, and Case T-203/02 *Sunrider v OHIM – Espadafor Caba (VITAFRUIT)* [2004] ECR II-0000, paragraph 38).

43 Therefore, the objective pursued by the requirement is not so much to determine precisely the extent of the protection afforded to the earlier trade mark by reference to the actual goods or services using the mark at a given time as to ensure more generally that the earlier mark was actually used for the goods or services in respect of which it was registered.

44 With that in mind, it is necessary to interpret the last sentence of Article 43(2) of Regulation No 40/94 and Article 43(3), which applies Article 43(2) to earlier national marks, as seeking to prevent a trade mark which has been used in relation to part of the goods or services for which it is registered being afforded extensive protection merely because it has been registered for a wide range of goods or services. Thus, when those provisions are applied, it is necessary to take account of the breadth of the categories of goods or services for which the earlier mark was registered, in particular the extent to which the categories concerned are described in general terms for registration purposes, and to do this in the light of the goods or services in respect of which genuine use has, of necessity, actually been established.

45 It follows from the provisions cited above that, if a trade mark has been registered for a category of goods or services which is sufficiently broad for it to be possible to identify within it a number of sub-categories capable of being viewed independently, proof that the mark has been put to genuine use in relation to a part of those goods or services affords protection, in opposition proceedings, only for the sub-category or sub-categories relating to which the goods or services for which the trade mark has actually been used actually belong. However, if a trade mark has been registered for goods or services defined so precisely and narrowly that it is not possible to make any significant sub-divisions within the category concerned, then the proof of genuine use of the mark for the

goods or services necessarily covers the entire category for the purposes of the opposition.

46 Although the principle of partial use operates to ensure that trade marks which have not been used for a given category of goods are not rendered unavailable, it must not, however, result in the proprietor of the earlier trade mark being stripped of all protection for goods which, although not strictly identical to those in respect of which he has succeeded in proving genuine use, are not in essence different from them and belong to a single group which cannot be divided other than in an arbitrary manner. The Court observes in that regard that in practice it is impossible for the proprietor of a trade mark to prove that the mark has been used for all conceivable variations of the goods concerned by the registration. Consequently, the concept of 'part of the goods or services' cannot be taken to mean all the commercial variations of similar goods or services but merely goods or services which are sufficiently distinct to constitute coherent categories or sub-categories.

53 First, although the last sentence of Article 43(2) of Regulation No 40/94 is indeed intended to prevent artificial conflicts between an earlier trade mark and a mark for which registration is sought, it must also be observed that the pursuit of that legitimate objective must not result in an unjustified limitation on the scope of the protection conferred by the earlier trade mark where the goods or services to which the registration relates represent, as in this instance, a sufficiently restricted category."

75) Teddy bears appear in the specification as a discrete item. There are companies that specialise in the manufacture of teddy bears, shops that sell only teddy bears, they are a clearly identifiable and identified type of plaything. Consequently, the appropriate categorisation for these goods is by their generic name, teddy bears.

76) Mr Malynicz considered that evidence justified the maintenance of the portmanteau terms: *toys, games and playthings for humans*. These are very broad categories of goods; especially broad in comparison to the goods in relation to which Sun has shown use of its trade mark: *dancing flowers, 4 and 5 ball swinging pendulums being executive toys, combined music boxes and kaleidoscopes*. Sun has not proved use in relation to anything approaching a wide variation of the goods caught by the portmanteau terms. In considering a fair specification it is necessary to bear in mind that part of the reasoning behind the CFI's judgment in *Reckitt Benckiser (España)* was that a proprietor should not be expected to prove use in relation to "all conceivable variations of the goods concerned" by the portmanteau terms; Sun has not come anywhere close to such proof. In considering a fair specification it is necessary to bear in mind the ratio legis for revocation non-use cases as per recital 9 of Directive 2008/95/EC of 22 October 2008:

“In order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation. It is necessary to provide that a trade mark cannot be invalidated on the basis of the existence of a non-used earlier trade mark, while the Member States should remain free to apply the same principle in respect of the registration of a trade mark or to provide that a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked. In all these cases it is up to the Member States to establish the applicable rules of procedure.”

Allowing specifications of a breadth not justified by the evidence of use could be to thwart the ratio legis and so cannot be an acceptable approach. In this case it is difficult to place certain of the goods in particular sub-categories. However, it would be a sophistic to interpret *Reckitt Benckiser (España)* to mean that where a sub-category or a category which is not overly wide is not readily identified, that a wide ranging, portmanteau term should be adopted; there is no logical corollary to this effect.

77) I take as a notorious fact that *4 and 5 ball swinging pendulums* are what are described as executive toys. I consider that this a recognised category of toys, the adoption of this description to describe *4 and 5 ball swinging pendulums* would not be overly wide, taking into account the ratio legis of the provision.

78) This leaves *dancing flowers* and *combined music boxes and kaleidoscopes* to be considered. These goods are clearly not games, I do not know if they are toys or playthings, the dividing line between the two is very blurred. I am not aware of a sub-category or reasonably limited category into which they would fit. However, to allow these two items to maintain a specification for toys and games at large would be contrary to the ratio legis. It would also be perverse taking into account the breadth of these terms and the very limited and specialised natures of these goods. I consider that in these circumstances that the only reasonable option is to maintain the registration in respect of these specific goods.

Conclusion

79) The registration is to be revoked to the extent that it will be reduced to:

Teddy bears, executive toys, dancing flowers and combined music boxes and kaleidoscopes.

The partial revocation will be effected under section 46(1)(a) of the Act and so will take place with effect from 23 January 2004.

Costs

80) JAKKS has been partially successful, although considerably more successful than Sun. JAKKS is, therefore, entitled to a contribution towards its costs. I have reduced the sum that I would have awarded if there had been complete success by one fifth (other than for the statutory fee).

81) The above paragraph refers to costs 'on the scale'. I also make an award of costs 'off the scale' to compensate the very late evidence that was filed by Sun and the consequent costs incurred by JAKKS. Both parties filed written submissions re costs following the hearing.

82) Mr Malynicz submitted at the hearing that in considering costs I should take into account that Mr Ludbrook had spent a lengthy period on questioning that revolved around a claim of forgery. If I found that there was no case of forgery I should award costs off the scale to Sun in relation to the hearing. JAKKS flagged up its concerns about the evidence of Sun some six months before the hearing. It was only a week before the hearing that Sun reacted. In the written submissions on behalf of Storm it is stated:

“Although Mr Rickard’s Witness Statement was indeed filed 19th May 2008, this was amongst considerable other material put forward by the other side. Receipt of this material was duly indicated to the Registered Proprietors but no instructions were given to A1 to examine and comment upon the material. This was not considered in detail until after the Registered Proprietors had decided to instruct A1 to instruct Counsel 3rd November 2008.”

Taking into account the expert evidence it had received I see nothing untoward in JAKKS exploring the probity of the evidence. It had reasons to have doubts about the evidence and it used cross-examination to test whether these doubts had a firm foundation. In the end I have decided, for the most part, that I should accept the evidence at face value. However, I could not have come to this conclusion without the cross-examination. Under cross-examination, it also transpired that Mr Yip’s and Ms Wei-in To’s evidence did not give a completely accurate account of how information was obtained by the former and his relationship with persons associated with Sun. I do not consider it appropriate to award any costs in relation to the hearing to Sun, either on or off the scale.

83) I have carefully considered the written submissions and breakdown in costs filed by Ablett & Stebbing. The charges incurred by Ablett & Stebbing by third parties include VAT which will be recoverable, I assume that the firm is VAT registered, and so I will make no award in respect of this element. I accept that the investigation by Amsel & Co into Mr Yip, Intelligent Forensics Limited, Ms Wei-in To and Ms Jennie To were reasonable and, as transpired at the hearing, relevant. Consequently, I award the sum of £832.50 in respect of these

investigations. I do not consider that the evidence from Mr Michaels was either necessary or useful and make no specific award in relation to it. The second witness statement of Mr Rickard was inevitable rebuttal evidence following the late, additional evidence of Storm. As a result of the late, additional evidence relating to the till system it transpired that Mr Rickard was “the wrong expert”, an expert in computers would have been appropriate rather than an expert in cash registers and tills. However, as this was not evident until the late, additional evidence was admitted and considered and both Mr Yip and Mr Rickard were cross-examined, I consider that full compensation should be given in respect of his second witness statement, that is £275. Mr Rickard was cross-examined, although there had been no previous request to do so. Owing to the questioning of the veracity of the evidence of Storm and the conflicting views of the expert witnesses, it was clear that Mr Rickard should have been called for cross-examination. The bill for Mr Rickard in relation to the cross-examination was £1,000 plus £60 for taxi fares, £20 for lunch and £110 for rail fare. At the hearing Mr Rickard stated that he can earn over £1,000 per day, there is a difference between what is earned as a gross sum and what is earned as a net sum. I consider that £500 is a fair amount of compensation; so I award £690, including incidental expenses, in compensation for Mr Rickard’s attendance. Ablett & Stebbing comment upon the work that had to be carried out at the weekend, they do not state that a premium rate is charged for working at weekends. The evidence of JAKKS attacking the probity of the evidence of Storm effectively invited additional evidence, albeit that it was filed very late in the day. I am surprised that counsel for JAKKS required six days work on the case; there is not an overwhelming amount of evidence. Consequently, I am not minded to make any further additional awards outwith the scale.

I award costs upon the following basis:

Costs outwith the scale:	£1797.50
Revocation fee:	£200
Statement of case:	£240
Considering counterstatement and accompanying evidence:	£240
Preparation and filing of evidence:	£1,200
Considering evidence of proprietor:	£600
Preparation for and attendance at hearing:	£1,200
 Total:	 £5477.50

I order Sun 99 Limited to pay JAKKS Pacific Inc the sum of £5477.50. This sum is 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 7th day of January 2009

**David Landau
For the Registrar
the Comptroller-General**

Mr Simon Malynicz, instructed by A1 Trade Marks, appeared as counsel for Sun.

Mr Tim Ludbrook, instructed by Ablett & Stedding, appeared as counsel for JAKKS.

The hearing took place on 27 November 2008.