

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK REGISTRATION NO. 2297238 IN THE
NAME OF JOHN GILFILLAN**

**AND IN THE MATTER OF APPLICATION NO. 83051 FOR REVOCATION
THEREOF BY BREADTALK PTE LTD**

**REGISTERED PROPRIETOR'S APPEAL TO AN APPOINTED PERSON
FROM THE DECISION OF MS LOUISE WHITE DATED 21 MAY 2009**

DECISION

Introduction

1. This is an appeal by the registered proprietor of United Kingdom trade mark no. 2297238 against the revocation of that registration on the grounds of non-use under section 46(1) of the Trade Marks Act 1994 (“**the Act**”), pursuant to a decision of the Registrar’s hearing officer, Ms Louise White, on 21 May 2009. The appeal is brought under section 76 of the Act.
2. The registration in issue is for the mark “BreadTalk” (“**the Mark**”) in respect of the following specification of goods:

Class 29: Meat, fish, poultry and game, meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; edible oils and fats, soups and potato crisps.

Class 30: Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle, yeast, baking powder; salt, mustard; vinegar, sauces (condiments), spices; ice, ice-cream.
3. The Mark was applied for on 8 April 2002 and was granted registration on 30 August 2002. The registered proprietor of the Mark is an individual, Mr John Gilfillan. The applicant for revocation is a Singaporean company, Breadtalk Pte Ltd (“**BPL**”).

Legislation and relevant authorities

4. The relevant parts of section 46 of the Act provide as follows:

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

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

(2)

(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)

(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.

5. These provisions reflect articles 10, 12(1) and 13 of Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version) (“**the Directive**”) insofar as those articles relate to revocation for non-use. They correspond to articles 15, 51(1)(a) and 51(2) of Council Regulation (EC) No. 207/2009 of 26 February 2009 on the Community trade mark (codified version) (“**the Regulation**”).

6. The European Court of Justice (“**ECJ**”)¹ has issued guidance on the meaning of “genuine use” of trade marks in the following three cases: *Ansul BV v Ajax Brandbeveiliging BV*, Case C-40/01, [2003] ETMR 85 (ECJ); *La Mer Technology Inc v Laboratoires Goemar SA*, Case C-259/02, [2004] FSR 38 (ECJ); and *Silberquelle GmbH v Maselli-Strickmode GmbH* Case C-495/07, [2009] ETMR 28. I

¹ Now officially just the “Court of Justice”, but “ECJ” remains convenient shorthand for now.

have recently summarised a series of principles derived from these decisions (in *SANT AMBROEUS Trade Mark*, BL ref. O/371/09), as follows:

- (1) Genuine use means actual use of the mark by the proprietor or a third party with authority to use the mark: *Ansul*, [35] and [37].
- (2) The use must be more than merely “token”, which means in this context that it must not serve solely to preserve the rights conferred by the registration: *Ansul*, [36].
- (3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin: *Ansul*, [36]; *Silberquelle*, [17].
- (4) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, i.e. exploitation that is aimed at maintaining or creating an outlet for the goods or services or a share in that market: *Ansul*, [37]-[38]; *Silberquelle*, [18].
 - (a) Example that meets this criterion: preparations to put goods or services on the market, such as advertising campaigns: *Ansul*, [37].
 - (b) Examples that do not meet this criterion: (i) internal use by the proprietor: *Ansul*, [37]; (ii) the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle*, [20]-[21].
- (5) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including in particular, the nature of the goods or services at issue, the characteristics of the market concerned, the scale and frequency of use of the mark, whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them, and the evidence that the proprietor is able to provide: *Ansul*, [38] and [39]; *La Mer*, [22] - [23].
- (6) Use of the mark need not always be quantitatively significant for it to be deemed genuine. There is no *de minimis* rule. Even minimal use may qualify as genuine use if it is the sort of use that is appropriate in the economic sector concerned for preserving or creating market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor: *Ansul*, [39]; *La Mer*, [21], [24] and [25].

7. The burden of proof applicable in cases brought under section 46 is set out in section 100 of the Act as follows:

“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.”

8. This is not an unduly high burden: the usual balance of probabilities test applies. But the proprietor’s evidence must be more than bare assertion: see, for example, *Extreme Trade Mark* [2008] RPC 2 at [31].

The proceedings to date

9. BPL filed its application for revocation by Form 26(N) on 16 October 2007, claiming that the Mark had not been put to genuine use at all between completion of the registration procedure (i.e. 30 August 2002) and the date of the application for revocation, thus seeking revocation under sections 46(1)(a) and/or (b) for non-use:

(1) between 31 August 2002 and 30 August 2007; and/or

(2) between 3 October 2002 and 2 October 2007, –

and requesting a revocation date of 31 August 2007 or 3 October 2007 respectively.

10. Mr Gilfillan defended the revocation application, filing a Notice of defence and counterstatement (Form TM8), in which he vehemently denied the allegations of non-use. The Form TM8 was accompanied by a witness statement made by Mr Gilfillan, supported by a number of exhibits, aimed at establishing that use had taken place during the relevant periods.

11. BPL filed a witness statement made by Ms Katrina Peebles, a partner of BPL’s trade mark attorney firm, Ablett & Stebbing. Mr Gilfillan then filed a short second witness statement before close of the evidence stage.

12. Neither side requested a hearing, so the case was dealt with by Ms White on paper. She had the benefit of written submissions from BPL and a letter from Mr Gilfillan as well as the evidence filed. She issued her decision on 21 May 2009 (“**the Decision**” – BL ref. O/141/09). As indicated in the introduction, she found for BPL and ruled that the Registration should be revoked in its entirety with effect from 31 August 2007. She ordered Mr Gilfillan to pay £1,100 as a contribution towards BPL’s costs.

13. The proprietor lodged a notice of appeal to the Appointed Person on 18 June 2009, seeking to overturn the Decision. A hearing was arranged for 19 November 2009, by agreement of both parties. On 14 November 2009, Mr Gilfillan notified me and BPL by e-mail that he would be unable to attend after all and asked for the hearing to be rearranged. BPL was reluctant to do this, given the short notice and the time and cost

that would be wasted as a result. I notified Mr Gilfillan that I would only consider an adjournment if he explained his reasons fully in writing. I received a skeleton argument from BPL's Counsel on 17 November 2009 (also copied to Mr Gilfillan). Early in the morning of the hearing, Mr Gilfillan sent written submissions by e-mail in support of his substantive appeal, and requested that the case proceed in his absence. The hearing went ahead on 19 November 2009. BPL was represented by Counsel, Tim Ludbrook, instructed by Ablett & Stebbing. Mr Ludbrook submitted a short supplemental skeleton argument to deal with a point raised by Mr Gilfillan in his e-mail, referring to the Human Rights Act 1998.

Standard of review

14. An appeal from the decision of a Registry Hearing Officer is a review, not a re-hearing. In a case in which there was no oral evidence, I should show "a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle": *REEF Trade Mark* [2002] EWCA Civ 763, [2003] RPC 5 at [28].
15. In conducting my review, I have taken account of the fact that Mr Gilfillan was not represented either at first instance or on the appeal, and that he may not be aware of the relevant legal authorities and tests to be applied to the question of genuine use. I appreciated the assistance offered by Mr Ludbrook in this regard. I have read Mr Gilfillan's witness statements and exhibits thoroughly, and taken into account his detailed grounds of appeal set out in a letter attached to the Notice of appeal (Form TM55) as well as the subsequent e-mail submissions referred to above.

The evidence

16. Mr Gilfillan sets out the following list of facts at paragraph 2 of his witness statement:
 - *The trademark 'Breadtalk' was registered by me in the UK on 30th August 2002 (no. 2297238) in respect of classes 29 and 30.*
 - *Summer 2002 – research meetings held with:*
 - *Ian Hay, the CEO of the Scottish Association of Master Bakers, 4 Torpichen Street, Atoll House, Edinburgh, EH3 8JQ*
 - *Peter Ford, formerly of Fords the Bakers, Prestonpass, Scotland*
 - *www.breadtalk.co.uk – registered 1st April 2002*
 - *Breadtalk Ltd – company number 4407914, established 2ND April 2002*
 - *CTM E2922383 was registered by the opposition on 29th June 2004 in respect of classes 30 and 42²*

² This is a reference to Community trade mark no. 2922383 ("BreadTalk" in a rectangular device) in respect of various goods and services in classes 30 and 43. This was applied for by BPL on 6 November

- www.breadtalk.eu – registered 2nd June 2006 and website built
- Email correspondence with eyeondomain (website providers) in January 2007 to resolve hosting problems for www.breadtalk.co.uk
- I refer to the advertisements placed in the Metro newspaper on February 15th and February 16th 2007 marked EXHIBIT JG12 AND JG13 that are within the 5 year period during which alleged ‘non-use’ has been claimed.
- 16th July 2007 – application made to OHIM to revoke CTM on grounds of invalidity. Please note that the revocation request was made by me to the OHIM before the 5 year anniversary of the registration of my trademark.

17. The witness statement continues with a narrative discussing the content of and circumstances surrounding the various exhibits. Exhibits JG1 to JG11 all comprise copies of correspondence dated between 1 December 2004 and 16 July 2007, mostly between Mr Gilfillan and BPL’s representatives, Ablett & Stebbing, about the parties’ respective rights to register and use the mark “BreadTalk” and the dispute between them, and the possibility of BPL acquiring the Mark as part of a settlement arrangement. Although some of this correspondence would have been privileged and/or subject to an obligation of confidentiality, it was clear by the time of the hearing before me that both sides had waived any right to prevent the other from relying on the content of the correspondence in these proceedings. However, none of it referred to any actual use of the Mark beyond that said to be illustrated in Exhibits JG12 to JG14, discussed below.

18. The hearing officer accurately described Exhibits JG12 to JG14 in her decision, as follows:

“8. ... JG12 and JG13 are two copies of a newspaper, called “Metro”, dated 15 and 16 February 2007 respectively. Both contain an advertisement for “BREADTALK”. Appearing above the trade mark are the words “Discuss, Debate, Reveal, Revolt” and directly below is the phrase “Everything you should know (about bread) but probably don’t!”. There is then a reference to a website (www.breadtalk.co.uk) which the reader is invited to visit to find out more information. Exhibit JG14 is a print from that website. The website appears to be primarily directed at providing information about bread and related products. There are references to articles that have been written about bread, nutritional information, recipes, and a forum for discussion. There is also a “quick survey” function which invites the reader to cast a vote for their favourite type of bread....”

19. I think it is worth expanding on the description of Exhibit JG14, which Mr Gilfillan says is the home page of Mr Gilfillan’s website at www.breadtalk.co.uk, and indicates that is also reached through the address, www.breadtalk.eu. This starts off with a welcome message, “Welcome to the home of the Breadtalk!”, above the title of an article (‘Under The Rolling Pin’) and an invitation to click to read more, under the words ‘Why is bread & pastry so bad for you?’. The text continues as follows:

2002 and was in fact registered on 29 January (not June) 2004. Mr Gilfillan has applied to invalidate this registration, but those proceedings have been suspended pending the final outcome of this case.

“Breadtalk – everything you should know about bread ...!”

Everyday most of us have a sandwich or a pastry. Some of us even have two or three!

You may think you know all about the bread and pastry you eat, but how much do you really know?

Breadtalk is a site dedicated to informing and educating us all about bread. It is a community site (funded mainly by revenues from advertising) which means it is FREE to you! You can read articles, post recipes, share nutritional info and chat to others in our forum.

We hope you enjoy using our site and trust you will leave knowing a little more about bread each time...”

Finally, at the bottom of the page, three “recommended books” about bread are identified. The date of the printout was 19 January 2008.

20. Mr Gilfillan states that he has undertaken research into his project and has spent time and money on advertising and on the development of his website. He also asserts that he has used the Mark for the goods for which it is registered, but has not done so as extensively as he would have liked due to financial constraints and legal uncertainty (i.e. the dispute with BPL).

21. At paragraph 9 of his witness statement, Mr Gilfillan explains his business plans, as follows:

“..., given that I have used the trademark surely I deserve a chance to refine my approach to how to make this business a success? My advert makes reference to the things you should know about bread but probably don’t. The idea of the business is to get people to talk about bread, coffee, other eateries and drinks that on the surface appear to be healthy but are often not. The development of the website was to act as a forum for discussion. When a consumer sees the trademark ‘Breadtalk’ they will associate this with an opportunity to talk about bread which is the aim of my website. The business opportunity behind the use of the website as a discussion forum is to attract as many people as possible to the site with articles of interest. Once users visit the website they would be exposed to targeted advertising campaigns from 3rd parties. It is the sale of advertising to third parties that I believe will generate revenue in the long term – i.e. 10 years. I need to attract users to the website in the first instance and I believe the trademark will help me to do that. As the brand becomes widely known, consumers will associate the trademark with the website and its usefulness as a discussion forum.”

22. Ms Peebles’ witness statement covers two points. First, she exhibits a printout from the website at www.breadtalk.co.uk as at a date between 26 February and 7 March 2007 and a second as at 15 March 2007. These both bear the statement at the top of the page: “We are building our website!” and then state, “Thank you for visiting <http://www.breadtalk.co.uk/>. Whois look up available here.”, before listing a number of web links under the following headings: Travel, Finance, Health, Shopping, Entertainment and Internet/Computing. None of the content of Exhibit JG14 is present. Secondly, Ms Peebles states that, on telephoning the number for placing advertisements with Metro, taken from Exhibits JG12 and JG13, the caller was

informed that the number related to the edition of the magazine that covered Cardiff, Newport and Swansea.

23. Mr Gilfillan's second witness statement exhibited a letter from "Ian Hay OBE" dated 30 September 2008 in the following terms:

"To whom it may concern

I confirm that during 2001/2002 John Gilfillan spoke to me in my capacity as Chief Executive and subsequently Chairman of the Scottish Association of Master Bakers about plans he had to establish a new business which I recall he was to name Breadtalk. The company was to be related to bakery and other food products.

In order to help him assess viability I put him in touch with Mr Peter Ford who at the time was managing director of Fords the Bakers Ltd based in Prestonpass."

The Hearing Officer's decision and the Grounds of Appeal

24. The hearing officer tackled the case in a logical order under the following headings:

- (1) Background
- (2) The legislation
- (3) The leading authorities
- (4) The relevant five year periods
- (5) Has there been genuine use of the mark?
- (6) Proper reasons for non-use
- (7) Conclusion

25. The content of the first four sections of the decision has not been attacked specifically, and I see no reason to criticise them. The hearing officer fairly set out the background facts; then the text of sections 46(1) and 100 of the Act; followed by key extracts from *Ansul v Ajax* and *La Mer Technology v Laboratoires Goemar*; and then a discussion of the two relevant five year periods.

26. Mr Gilfillan does of course appeal against the conclusion that the Mark be revoked with effect from 31 August 2007, and asserts that the hearing officer was wrong to conclude under the fifth heading that there had not been genuine use of the Mark or, if the use was insufficient, she should have concluded that this was for proper reasons. There were four grounds of appeal set out in the original Notice of appeal, as expanded in Mr Gilfillan's e-mail submissions. I summarise these and re-arrange them into the order in which I shall deal with them:

- (1) The hearing officer did not properly take into account the various uses of the Mark involved in the steps taken to create his business, including building his

website, carrying out research, placing advertisements and dealing with the Trade Marks Registry and with OHIM. All of these were proper business activities and amounted to genuine use.

- (2) If the above use was insufficient to meet the test of genuine use, account should have been taken of the financial difficulties encountered by Mr Gilfillan in relation to funding the development of the business and the fact that the dispute with BPL made it unattractive to continue investing in the business because of the uncertainty and fear caused.
- (3) Those dealing with the case at the Registry lack the business acumen and entrepreneurial experience necessary to understand the financial implications of building a business in circumstances where a large corporation is making things difficult.
- (4) Revoking the Mark is a breach of Mr Gilfillan's right to peaceful enjoyment of his property under the Human Rights Act 1998, which exacerbates the breaches already committed by BPL in applying to register "BreadTalk" as a CTM and by OHIM in failing to prevent them doing this.

Use in relation to goods of the specification?

27. In the section of the decision under the heading "Has there been genuine use of the mark?", the hearing officer first described Mr Gilfillan's key exhibits (JG12, JG13 and JG14) as quoted above, and then discussed the parties' respective arguments. Her decision and the reasoning for it are found at paragraph 10, reproduced here:

"10. BPL raise a fundamental point, namely, that the use (genuine or otherwise) is not in relation to the goods for which the mark is registered. *Ansul* and *Le Mer* refer to "the origin of the goods or services for which it is registered" and "on the market for the goods or services for which it was registered" respectively. For genuine use to be found, Mr Gilfillan must have created or maintained a market in relation to the actual sale of bread and the other goods for which the mark is registered. He would have to have shown BreadTalk being used as a trade mark for the goods themselves, for example, an advertisement or proof of sales for bread etc. The use on a website with a discussion forum cannot be said to be "warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark" (*Ansul*, para 47, emphasis added). Mr Gilfillan argues that his website and the associated discussion forum demonstrate use of the class 29 and 30 goods because these goods form the subject matter of the website and forum. I am not persuaded by this argument, the website and discussion forum may be associated with bread but it does not relate to the sale of bread so it does not create or maintain a market in relation to the goods. **The use presented does not constitute genuine use in relation to the goods as registered.**"

28. Only the first of the grounds of appeal summarised above relates to the substantive issue of what amounts to genuine use. Mr Gilfillan asserts that this is a very subjective matter and that the use he made of the Mark should have been deemed to be genuine use.

29. The problem for Mr Gilfillan is that the hearing officer's decision at paragraph 10 was based on the conclusion that none of the uses that had been made of the Mark amounted to use **in relation to** the goods in Classes 29 and 30 listed in the specification for the Registration. The fact that this is correct can be seen plainly from Mr Gilfillan's own description of the business that he wished to conduct under the Mark at paragraph 9 of his witness statement. According to his evidence, he has used and intends to use the name "BreadTalk":
- to get people to talk about bread, coffee, other eateries and drinks;
 - to enable the website to act as a forum for discussion;
 - in a way which will result in people associating the Mark with an opportunity to talk about bread;
 - to promote the website as a discussion forum and thereby expose users to targeted advertising campaigns from third parties.
30. We also know that the Mark has been incorporated in two domain names and web addresses and in a company name, all for use in respect of the business described above.
31. None of these uses of the Mark are designed to fulfil the essential function of guaranteeing the identity of the origin of the bread or other food or drinks that are to be discussed on Mr Gilfillan's website. Nor do they or will they in future amount to real commercial exploitation of the Mark on the market for such goods. The ECJ's guidance is clear on this point: to be genuine use, the exploitation of a trade mark must be aimed at maintaining or creating an outlet for the goods or services for which the mark is registered, or a share in the market for such goods or services: *Ansul*, [37]-[38]; *Silberquelle*, [18].
32. In *Silberquelle*, the ECJ concluded that the use of a trade mark on free drinks handed out to purchasers of the proprietor's clothing under the same mark did not amount to genuine use of the mark in relation to drinks because, while the drinks were designed to assist in developing the market for the proprietor's clothing, they did not contribute to creating an outlet for drinks under the mark or to distinguishing the proprietor's drinks from those of other undertakings (see [20]-[21]). Similarly, in this case, the mark "BreadTalk" is intended by Mr Gilfillan to create an interest in his information and education services, and possibly an advertising service; but the fact that such information, education and advertising may be on the subject of bread and other food or drink does not mean that the Mark has been used to create a market for food and drink.
33. While Mr Hay's letter (at Exhibit JG15) states that Mr Gilfillan's company "was to be related to bakery and other food products", Mr Gilfillan himself has never suggested that he has used the Mark for the manufacture or sale of such products or

that he ever intended to do so. All that Mr Gilfillan says in his second witness statement about this letter is that “it demonstrates quite clearly my intentions of using Breadtalk as a business”. Mr Ludbrook invited me to infer that Mr Gilfillan intended this to be a reference to a business of the nature that he had already described in his first witness statement, i.e. the business he wished to conduct through his website. I agree that this is appropriate in all the circumstances. The letter is a piece of hearsay evidence, written six or seven years after a single meeting that Mr Hay had with Mr Gilfillan, and cannot be relied on as evidence that Mr Gilfillan’s business plans went beyond those he has himself described.³ In any event, Mr Hay does not even purport to be aware of what use Mr Gilfillan actually made of the Mark.

34. In summary, I do not see any error of principle in the hearing officer’s reasoning or conclusion that Mr Gilfillan had failed to demonstrate genuine use of the Mark in relation to the goods for which it is registered.

More than token use?

35. In case the decision was subject to an appeal, and the appeal tribunal disagreed with her main conclusion, the hearing officer went on to consider whether the use of the Mark that had been established was sufficient in terms of quantum to amount to more than mere token use. In view of my conclusion that the hearing officer was correct on the main issue, I do not need to consider this aspect of the decision.

Proper reasons for non-use?

36. Since Mr Gilfillan has at no point since registering the Mark shown any intention to use it in relation to the goods for which it is registered (as opposed to in relation to information and education about such goods, and associated advertising business), the question of whether he had “proper reasons for non-use”, which could enable him to resist the revocation application, is somewhat academic. However, I shall deal with it briefly, since Mr Gilfillan will have made a declaration of bona fide intention to use the Mark in relation to the goods in the specification when he first filed it, pursuant to section 32 of the Act. Further, Mr Gilfillan’s second ground of appeal emphasises the financial difficulties that he had in relation to funding the development of his business, particularly in the light of the “uncertainty and fear” that had been created by the dispute with BPL. He argued that he should not be penalised for having chosen to sort out the legal difficulties before building up his use of the Mark.

³ In discussing this evidence, I bear in mind the guidance set out in Tribunal Practice Notice 5/2009 in relation to correspondence solicited for proceedings.

37. The hearing officer dealt carefully with this aspect. She started (at paragraph 14) by referring to Article 19(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 (“TRIPS”), which states:

“19(1) If use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner. Circumstances arising independently of the will of the owner of the trademark which constitute an obstacle to the use of the trademark, such as import restrictions on or other government requirements for goods and services protected by the trademark, shall be recognized as valid reasons for non-use.”

38. She then cited the following extract from the judgment of the ECJ in *Haupt v Lidl Stiftung & Co KG*, Case C-246/05, [2007] ETMR 61 (ECJ) at [54]:

“It follows that only obstacles having a sufficiently direct relationship with a trade mark making its use impossible or unreasonable, and which arise independently of the will of the proprietor of that mark, may be described as ‘proper reasons for non-use’ of that mark.”

39. She also took into account an earlier discussion of “proper reasons” in *Magic Ball Trade Mark* [2000] RPC 439 (Ch), which she set out in the decision.

40. The operative part of the decision on this topic was as follows:

17. Taking full account of these authorities, it is clear that proper reasons for nonuse should not be accepted lightly. That the proprietor has a reason for non-use, from his own subjective point of view, does not automatically mean that it is a proper reason. Assessing whether or not there is a proper reason is, in my view, an objective test. The authorities provide guidance that the test for “proper” reasons is whether there were obstacles, impediments or any other events which caused serious disruption to the running of the business and the use of the trade mark. Importantly, the authorities also make a distinction between events that are independent of the will of the proprietor and events that are within his control.

18. Mr Gilfillan’s argument is two-fold. Firstly, that he has experienced financial difficulties which prevented him from being able to invest in his business to the extent that he would have liked and as he had planned. Secondly, that there was “uncertainty” surrounding the trade mark and, therefore, it is unreasonable to expect him to invest significant sums of money into his business. By this, Mr Gilfillan is referring to the exchanges between the parties (referred to in his pleadings and evidence) prior to these proceedings relating to the possible sale of the BreadTalk trade mark. BPL’s counterargument is that there is no evidence of any valid reason as to why the use of the mark was not started following registration and that there have been no “abnormal situations” which have prevented use.

19. With regard to Mr Gilfillan’s financial difficulties, no evidence has been provided which show the nature or detail of these difficulties. It is, therefore, impossible to assess whether they constitute a proper reason for non-use. Furthermore, as a matter of principle, I doubt whether exchanges between parties regarding possible sale of the trade mark could ever constitute a proper reason for non-use. Even if this created uncertainty in Mr Gilifillan’s own mind, this should not, in my view, be considered as a proper reason in the terms I have set out above. However, irrespective of all this, there is a more fundamental problem, a problem

which mirrors the fundamental problem identified in relation to genuine use. That is, I must be satisfied that had it not been for the reasons that prevented use, genuine use will have been made in relation to the goods as registered. There is no evidence to suggest that Mr Gilfillan ever intended to trade in relation to the goods. His own evidence explained that the business ethos was to provide an opportunity to inform about and discuss bread. Whilst Mr Hay referred to Mr Gilfillan's business as being "related to bakery and related food products", this does not necessarily equate to a business interest in a trade in such goods, particularly when this comment is contextualised against the evidence as a whole. **For this reason, I am not satisfied that proper reasons exist which have prevented use for the goods as registered.**

41. I can discern no error in the reasoning or conclusion of the hearing officer. As the ECJ confirmed in *Il Ponte Finanziaria SpA v OHIM*, Case C-243/06P, [2008] ETMR 13 at [102]: "The concept of "proper reasons" ... refers essentially to circumstances unconnected with the proprietor of a trade mark which prevent him from using the mark ...". A decision not to use a trade mark because of a dispute with a third party and/or negotiations to sell the mark and/or resultant financial constraints does not fall within the scope of such circumstances. In any event, it appears from the evidence that, even if Mr Gilfillan had not encountered any of these difficulties, the use that he would have made of the Mark would not have been **in relation to** any of the goods listed in his Class 29 and 30 specification in the sense required by the relevant legal authorities.

Lack of business experience of Registry officials

42. Under the third ground of appeal, Mr Gilfillan essentially argues that the Registry officials who have dealt with this case are not in a position to judge that the difficulties outlined above were insufficient to amount to proper reasons for non-use, because they lack entrepreneurial/business experience.
43. I do not believe that any Registry officials other than the hearing officer are relevant here, since the only question is whether or not her decision was right. I have no idea whether her experience to date has included time spent in business, and I regard that as irrelevant. Hearing officers are carefully selected and trained to carry out the job of assessing and deciding a range of cases that come before the Registrar. Some involve everyday products, services and markets, while others involve specialist fields. Some of the evidence that comes before them is straightforward, while some is complex. The job of the parties is to support and explain their case through evidence and submissions, and the job of the hearing officer is to assess such evidence and submissions, to decide what weight to give to the evidence, to consider the submissions in the light of the legislation and the authorities, and to apply the relevant law.
44. If it was necessary to ensure that a hearing officer had specific experience relevant to the parties' businesses in each case that he or she had to decide, the system of

hearings and decision-making would break down. I regard the suggestion that lack of business experience is a proper basis for overturning a Registry decision as a spurious one.

45. In any event, as explained above, the most important element of the decision turned on the legal question of whether the use that had been demonstrated, or that would have been demonstrated but for the difficulties encountered, actually related to the relevant goods. The ability to determine that question rested on legal knowledge and ordinary commonsense rather than business acumen.

Interference with right to peaceful enjoyment of property

46. The Human Rights Act 1998 gives direct effect to Article 1 of the First Protocol to the Human Rights Convention, which states:

“Article 1 – Protection of property

Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law.

The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties.”

47. Both trade mark registrations and applications are ‘possessions’ within the meaning of Article 1: *Anheuser-Busch Inc v Portugal*, European Court of Human Rights, Grand Chamber, No. 73049/01, 11 January 2007. Mr Gilfillan’s fourth ground of appeal thus raises the question whether the decision to revoke his trade mark registration deprives him of that possession, in breach of Article 1.
48. The reason for the Registrar’s decision to revoke is that Mr Gilfillan was unable to establish genuine use of the Mark pursuant to the requirements of section 46(1) of the Act. Thus the effect of this ground of appeal is to assert that the operation of section 46(1) is itself contrary to the right to peaceful enjoyment of possessions under Article 1. That would similarly mean that the articles of the Directive from which section 46(1) is derived, as well as the equivalent national provisions in all other EU member states and the equivalent articles of the Regulation in relation to Community trade marks, all operate in a way that breaches Article 1.
49. It is clear from the text of Article 1 that there are circumstances in which it is legitimate to deprive a person of his possessions. These include the public interest and laws that are deemed necessary to control the use of property in accordance with the general interest. The European Court of Human Rights has repeatedly stated that a fair balance must be struck between the demands of the general interest of the community and the requirements of the protection of a person’s fundamental rights.

Indeed, the whole of the Human Rights Convention is aimed towards the search for a fair balance where it applies.

50. In the context of trade marks, a balance has to be struck between the interests of a trade mark proprietor in being able to take some time to establish his business under the trade mark and those of third parties who may wish to use or register the same or a similar mark without conflict with an unused trade mark. The signatory states to TRIPS deemed that three years from registration was a sufficient time to give a proprietor the opportunity to start his use of a trade mark (see TRIPS, Article 19(1) reproduced above). The European legislature chose to be more generous to registered proprietors and adopted a five year period.

51. In these circumstances, I see no basis for examining Mr Gilfillan's fourth ground of appeal any further. It is an attack on a well-established piece of legislation with well-understood justification and effects, which in any event is more generous to him as a trade mark proprietor than the minimum standards set by TRIPS. Accordingly, this ground also fails.

Overall conclusion

52. I have found no reason to overturn the hearing officer's decision and I confirm the outcome that trade mark registration no. 2297238 should be revoked as of 31 August 2007.

Costs

53. The hearing officer ordered Mr Gilfillan to pay BPL the sum of £1,100 as a contribution to its costs at first instance. I uphold that order. In relation to the appeal, Mr Ludbrook argued that it was bound to fail. In his submission, even though Mr Gilfillan was unrepresented, the decision set out the requirement of "genuine use" very clearly, with an equally clear explanation of why his defence of the revocation application had failed, and so it should have been obvious to him that his appeal had no merit. On that basis, BPL sought the maximum amount of costs that could be awarded without going off the current Registry scale.

54. Appeals to the Appointed Person are not expressly referred to in the current Tribunal Practice Notice on costs (TPN 4/2007), but there is a well-established convention that regard is paid to this published scale of costs in making awards on appeals. In a case where a trade mark attorney or solicitor represents the party whose costs are to be claimed and Counsel is instructed, recovery of costs even at the top of the scale is far from compensatory. BPL was entitled to choose its representation as it did and, given that the appeal has involved four diverse grounds, all of which have been rejected, it is appropriate to award costs towards the top of the scale.

55. Taking all of these factors into account, I shall order Mr Gilfillan to pay an additional sum of £1,900 as a contribution towards the proprietor's costs of the appeal, making a total of £3,000 to be paid to the proprietor. The usual order is for payment to be made within 14 days of notification of the decision. However, in view of the fact that Mr Gilfillan is an individual, I shall make this 21 days.



ANNA CARBONI

19 February 2010

The Appellant (the registered proprietor) was not represented.

The Respondent (the applicant for revocation) was represented by Counsel, Mr Tim Ludbrook, instructed by Ablett & Stebbing.