

IN THE MATTER OF THE TRADE MARKS ACT 1994

AND IN THE MATTER OF INTERNATIONAL REGISTRATIONS NO. 1023046 and 1023047 IN THE NAME OF NATUREX

AND IN THE MATTER OF OPPOSITIONS THERETO NOS. 72160 and 72161 BY TONYSON'S TRADE LINKS (OVERSEAS) LTD

AND IN THE MATTER OF UK TRADE MARK REGISTRATION NO. 2040736 IN THE NAME OF TONYSON'S TRADE LINKS (OVERSEAS) LTD

AND IN THE MATTER OF THE REVOCATION APPLICATION NO. 83853 BY NATUREX

AND IN THE MATTER OF AN APPEAL FROM A DECISION OF MR. OLIVER MORRIS DATED 27 OCTOBER 2011

DECISION

1. This is an appeal against a decision of Mr Oliver Morris on behalf of the Registrar dated 27 October 2011, in which he revoked UK trade mark 2042736 NAT for non use and, as a result, rejected an opposition based upon that mark. Tonyson's Trade Links (Overseas) Ltd ("Tonyson"), the proprietor of the NAT mark, sought to appeal the decision by adducing fresh evidence of use of the mark. For the reasons given below, I am not prepared to exercise my discretion to permit the fresh evidence to be adduced on the appeal and the appeal therefore fails.

Background

2. Naturex holds International Registrations 1023046 for the mark NAT SELECT and 1023047 for the mark NAT PROTECT. Priority was claimed for both marks from 17 April 2009 based upon an application in France. The specifications of the two marks are not identical. The '046 specification is for:

Class 3: Soaps; perfumes; cosmetics; essential oils; odoriferous substances; cosmetics in galenic form and mainly containing plant extracts, not for medical purposes; nutritional additives that may contain plant extracts and/or purified molecules extracted from plants, for beauty or skin, body, facial, hair or nail care, in the form of capsules, tablets, ampoules, yeast, powders, bars, creams or beverages, for cosmetic purposes.

Class 5: pharmaceutical, veterinary and sanitary preparations, all of which may contain plant extracts; dietetic substances adapted for medical use; nutritional

O-147-13

additives for medical purposes; mineral food supplements; plant extracts for nutritional additives for medical purposes.

The '047 specification is for a variety of chemical goods in Class 1 and the same specification of goods in Class 3 as the '046 mark.

3. Opposition was launched against the protection of both of the international registrations by Tonyson, based upon its own UK trade mark 2042736 for NAT. The registration procedure for the NAT mark was completed on 21 June 1996. It is registered for soaps; medicated soaps; hand creams; face creams; toiletries; deodorants; perfumes; lipsticks; hair lotions; and face powder, all in Class 3. The opposition so far as effective was based on subsections 5(1), 5(2)(a) and 5(2)(b).
4. Naturex put Tonyson to proof of use of its mark, and also applied pursuant to section 46(1)(b) for the revocation of the mark on the grounds of non-use during the period 25 August 2005 to 24 August 2010. The issue of genuine use was vital to both proceedings and the Hearing Officer therefore dealt with that first.
5. The course which the proceedings took before Mr Morris is of significance to this appeal. Evidence was filed by Tonyson in the form of a witness statement from its director, Mr Hamalis, dated 28 October 2010. He stated that the mark had been used in relation to all of the goods covered by the specifications. He relied upon a number of letters from Tonyson's suppliers and a UK agent, identified on its letter only as Pak's, as showing that genuine use had been made of the mark in relation to the goods.
6. It appears that Naturex challenged the sufficiency of Tonyson's evidence. At a case management conference which took place before Mr Morris on 12 July 2011 the question of whether further evidence was to be filed was discussed. Mr Hamalis indicated that Tonyson did not wish to file any further evidence, as it thought that the evidence was sufficient. Mr Morris wrote to the parties on the same day to that effect and subsequently recorded those matters in paragraph 12 of his decision. Mr Hamalis confirmed at the appeal before me that paragraph 12 was an accurate record of what happened. He told me that he had decided that he did not wish to put in further evidence at that stage because he did not wish to disclose to his competitor, Naturex, matters which were commercially sensitive.
7. No further evidence was filed before the hearing took place before Mr Morris on 22 August 2011 when Naturex was represented by Mr Mooneapillay of Fry Heath Spence and Mr Hamalis appeared for Tonyson. It seems likely that Tonyson had not taken professional advice about the proceedings.
8. Mr Morris considered with some care the evidence which had been filed on behalf of Tonyson. He was concerned in paragraph 17 to note that no evidence had been provided of any sales of the products bearing the NAT mark, nor were there any exhibits showing whether/how the mark had been presented to the public. In addition, the evidence in the form of letters from third parties was inadequate in a number of respects to prove use of the mark, or to prove the range of goods upon which the NAT mark was said to have been

O-147-13

used. Mr Morris concluded that the evidence supplied by Tonyson fell short of establishing that the mark as registered had been genuinely used in the relevant periods. As a result, the revocation action succeeded and the opposition failed.

9. An appeal was filed on behalf of Tonyson. The basis of the appeal was stated extremely briefly on the Form TM55. There was no criticism of Mr Morris's findings on the basis of the evidence which had been before him. Instead, Tonyson stated that it had now taken "proper advice from a trade mark attorney" and wished to provide more information such as invoices, specimens of cartons and evidence as to turnover. No evidence was included with the Form. Despite the fact that Mr Hamalis stated in the Form TM55 that he had taken professional advice before lodging the appeal, no attempt was made at that stage to make a formal application to launch fresh evidence nor to provide the fresh evidence which Tonyson wished to rely upon. The grounds of appeal were, therefore, based only upon the wish to set the decision aside on the basis of fresh evidence, to be provided at a future date.
10. Naturex lodged a Respondent's Notice which noted the inadequacies of the TM55 and referred to Tonyson's previous decision not to file any more evidence. It invited me to strike the appeal out. However, I considered that I should not strike the appeal out without considering any additional evidence or any explanation which might be proffered for its late production, and there followed an exchange of correspondence between the Treasury Solicitors and Mr Hamalis, as a result of which I made an order requiring Tonyson to file any fresh evidence which it wished to adduce in support of the appeal by 26 November 2012. I ordered that the witness statement should exhibit any documents upon which Tonyson wished to rely and explain whether the evidence could have been due produced with reasonable diligence before Mr Morris and if not, why not, as well as to explain the significance of the evidence upon the case.
11. Mr Hamalis made and filed a further witness statement dated 21 November 2012. This had again plainly been drafted without professional advice and it complied only in part with the Order which I had made. In particular, it included copies of packaging showing use of the NAT mark, a summary of UK sales figures for 2004 - 2010 and some invoices. I took the view that as the appellant had produced some additional evidence which might be said to have some significance in relation to the question of genuine use, it would be appropriate to have a hearing of the appeal, rather than decide the matter on a peremptory basis. At the hearing of the appeal, Mr Hamalis appeared in person and Naturex was represented by Mr Barrett of Fry Heath Spence.
12. In the circumstances, the essential question for the appeal was whether it would be appropriate to grant Tonyson permission to adduce Mr Hamalis's fresh evidence.
13. As May LJ said in *Du Pont De Nemours & Company v S.T. Dupont* [2003] EWCA Civ 1368, [2004] FSR 15, [2006] 1 WLR 2793 at [95] on "an appeal by way of review the court will not receive evidence which was not before the lower court unless it orders otherwise. There is an obligation on the parties to bring forward all the evidence on which they intend to rely

O-147-13

before the lower court, and failure to do this does not normally result in indulgence by the appeal court.”

14. *Ladd v Marshall* (1954] 1 WLR 1489, [1954] 3 All ER 745, [1954] EWCA Civ 1 identified three considerations for admitting fresh evidence on appeal. These apply to trade mark appeals. May LJ went on in *Du Pont* to say at [103-4]:

“103 Pumfrey J in my view correctly summarised the position in paragraph 57 of his judgment [in *Wunderkind Trade Mark* [2002] R.P.C. 45], where he said:

‘There is no doubt that in a trade mark appeal other factors outside the *Ladd v. Marshall* criteria may well be relevant. Thus in my judgment it is legitimate to take into account such factors as those enumerated by Laddie J in *Hunt-Wesson*, provided always that it is remembered that the factors set out in *Ladd v. Marshall* are basic to the exercise of the discretion to admit fresh evidence and that those factors have peculiar weight when considering whether or not the overriding objective is to be furthered.’

104. This passage, in my view, properly recognises that the same principles apply in trade mark appeals as in any other appeal to which Part 52 applies; but that the nature of such appeals may give rise to particular application of those principles appropriate to the subject matter.”

15. Hence, whilst factors other than the *Ladd v. Marshall* requirements may be relevant to trade mark appeals, they are basic to the exercise of my discretion. The three points are: (1) the evidence could not have been obtained with reasonable diligence for use at the hearing below, (2) the further evidence is such that, if given, it would probably have an important influence on the result of the case, though it need not be decisive, and (3) the evidence is such as is presumably to be believed.

16. The additional/overlapping considerations relevant to trade mark appeals identified in *Wunderkind* and *Hunt Wesson* are:

- “1. Whether the evidence could have been filed earlier and, if so, how much earlier.
2. If it could have been, what explanation for the late filing has been offered to explain the delay.
3. The nature of the mark.
4. The nature of the objections to it.
5. The potential significance of the new evidence.
6. Whether or not the other side will be significantly prejudiced by the admission of the evidence in a way which cannot be compensated, *e.g.* by an order for costs.
7. The desirability of avoiding multiplicity of proceedings.
8. The public interest in not admitting onto the register invalid marks.”

17. The first requirement is therefore that the new evidence could not have been obtained with reasonable diligence for use at first instance. Mr Hamalis described to me at the hearing of the appeal certain difficulties which he had experienced in obtaining the fresh evidence, for although he is based in the UK the company is registered in Cyprus and he told me he had

needed to get the documents from the company's accountants in Cyprus. That, he said, explained the delay in providing that evidence even on the appeal. I did not find that explanation particularly satisfactory, especially in the light of various points made in the course of the correspondence to which I have referred above, but in any event it was not an explanation of why the evidence had not been produced before Mr Morris. On the contrary, it was plain from what Mr Hamalis told me that he had taken a policy decision at first instance to produce a minimal amount of evidence proving use of the NAT mark, because he thought that the evidence he would have to produce would be confidential or commercially sensitive. It is in my judgment plain, therefore, that had Tonyson wished to file the evidence contained in Mr Hamalis's November 2012 witness statement for the hearing below, it would have been able to do so, even if it might have been necessary to ask Mr Morris to give it further time to obtain the documents from Cyprus. As a result, the first requirement is not satisfied and the explanation offered is not such as to excuse the failure to produce the evidence below.

18. The second *Ladd v Marshall* requirement (No. 5 in the *Hunt Wesson* list) is that the new evidence would probably have an important influence on the result of the case. This requirement is satisfied here in part. The new evidence does provide some turnover figures, although they are not substantiated by documents for all of the years given. Where documents have been provided in the form of invoices for 2008-2010, they correlate to the relevant annual figures only when allowing for a possible typographical or arithmetical error, which leads me to have some concerns about the reliability of the earlier annual figures given. Mr Hamalis repeated his earlier statement that the NAT mark had been used on all of the goods within the specification, but the invoices produced apparently represented the whole of the turnover for 2008-2010, and they all relate to the supply of medicated soaps and no other goods at all and to a sole purchaser, Pak's, which Mr Hamalis described as Tonyson's agent. A copy of a medicated soap packet showed use of the NAT mark upon it, which Mr Hamalis said in the witness statement had been used since 1969, a date which he said at the hearing was an error and should have been 1996.
19. At best, therefore, in my view, the witness statement and the fresh documentary evidence proved use of the NAT mark upon medicated soap during the relevant period. No satisfactory proof of use on any other goods was provided. Whilst Mr Hamalis exhibited a packet for a skin lightening cream, there was no documentary evidence of any sales of such a product. The turnover figures alone do not, in my judgment, suffice to prove use of goods other than medicated soap, where the only invoices produced were for soap and represented the whole of the stated turnover for those years. Mr Hamalis indicated that Tonyson had (again) not wanted to exhibit other invoices, but the result was that genuine use of other goods was not proved by the evidence before me. The evidence therefore had some significance, but of rather narrow scope. To a limited extent, therefore, the fresh evidence would probably have an important influence on the result of the revocation application and possibly also on the opposition.
20. The third *Ladd v Marshall* requirement is that the fresh evidence is to be believed. Although I have some concerns, mentioned above, as to the extent of use of the NAT mark, and

O-147-13

several errors were identified in the witness statement, I do not consider that there are reasons to doubt the authenticity of the documents produced by Mr Hamalis. Accepting those documents, it seems to me that the fresh evidence showed sales of medicated soap worth a few thousand pounds each year from 2008-2010. Mr Barrett disputed the adequacy of the sales of soap to prove genuine use of the mark, given the probable size of the relevant market, but in my view such a level of sales would usually suffice to prove genuine use of the mark on medicated soap within the relevant period. Tonyson failed, in my judgment, to show genuine use of the mark on any other products in its specification. When I said as much at the hearing, Mr Hamalis very properly conceded that this was correct.

21. Points 3 and 4 of the *Hunt Wesson* criteria do not apply here, but point 6 – the potential prejudice to Naturex - is of real significance. As Mr Morris decided the revocation application in Naturex's favour, he did not consider the merits of the opposition based upon the NAT mark. If the result of permitting the fresh evidence to be adduced would be to save the NAT mark, albeit for a much reduced specification of goods, the opposition would stand to be decided on the merits. Mr Hamalis indicated at the appeal hearing (for the first time, I think) that Tonyson would not pursue the opposition against certain goods in Naturex's specification, for instance the pharmaceutical products in Class 5, but he maintained that it would oppose the Naturex marks for other goods, for instance, cosmetics.
22. It appears to me that it would not be appropriate for me to decide the merits of the opposition at the appeal stage, in particular because the extent of the similarity (if any) between the goods remaining in contention and Tonyson's medicated soap is not obvious to me. Given the very particular nature of some of the goods, which may be ingredients rather than finished goods, the extent of any similarity would require to be considered with some care. Hence, permitting the fresh evidence to be adduced at this stage would mean remitting the matter to the Registry for a fresh hearing. This would plainly put Naturex to further expense and cause further delay in resolving the matter. In my view, this would cause prejudice to Naturex for which it could not be simply compensated by an award of costs.
23. In my judgment there are two factors in favour of admitting the fresh evidence. First arguably it shows use of the NAT mark on medicated soap alone during the relevant period. Secondly, there may be some risk that in refusing to allow the appeal and allowing the opposition to proceed, further proceedings may at some stage be brought in relation to these marks.
24. However the factors weighing against permitting Tonyson to rely on the fresh evidence are (a) the lack of a proper explanation for the delay in producing it, (b) the inadequate (indeed, rather surprising) reasons given for failing to file the evidence below, (c) the fact that Mr Morris gave Tonyson a clear opportunity to file additional evidence at first instance, at a time when it should have been clear that the existing evidence was challenged, and (d) the prejudice to Naturex were the evidence to be admitted.

O-147-13

25. On balance, it is clear to me that I should refuse to allow Tonyson to rely upon the evidence adduced at this stage.
26. As a result, I dismiss the appeal.
27. The cost of the appeal will follow the event. Tonyson shall pay Naturex's costs based upon the usual scale, in the total sum of £1500, which is to be paid within 14 days of the date of this decision, together with the £2100 costs which Mr Morris ordered Tonyson to pay.

Amanda Michaels
The Appointed Person
8 April 2013

Mr Tony Hamalis represented the Appellant.
The Respondent was represented by Mr Michael Barrett of Messrs Fry Heath & Spence LLP