

# O-317-16

## TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 3031978  
IN THE NAME OF DELOREAN MOTOR COMPANY LIMITED**

**AND IN THE MATTER OF OPPOSITION No. 401867 THERETO  
BY DELOREAN MOTOR COMPANY**

**AND IN THE MATTER OF REGISTRATION No. 2390542  
IN THE NAME OF DELOREAN MOTOR COMPANY LIMITED**

**AND IN THE MATTER OF REVOCATION APPLICATION No. 500330 THEREOF  
BY DELOREAN MOTOR COMPANY**

**AND IN THE MATTER OF APPEALS TO THE APPOINTED PERSON  
BY THE OPPONENT AND THE REGISTERED PROPRIETOR  
AGAINST DECISIONS OF MRS JUDI PIKE DATED 8 JULY 2015**

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## DECISION

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### **Background**

1. On 23 November 2013, Delorean Motor Company Limited, Minshull House, 67 Wellington Road North, Stockport, Cheshire, United Kingdom, SK4 2LP applied under number 3031978 to register as a series of 2, the designations De Lorean and DE LOREAN for use as trade marks in the UK in Class 12 in relation to:  
  
Vehicles; apparatus for locomotion by land, air or water; wheelchairs; motors and engines for land vehicles; vehicle body parts and transmissions
2. Series application number 3031978 was published in the Trade Marks Journal on 13 December 2013. On 13 March 2014, DeLorean Motor Company, 15023 Eddie Drive, Humble, Texas, United States of America, 77396, filed on Form TM7 Notice of opposition and statement of grounds against Series application number 3031978 under Section 5(4)(a) of the Trade Marks Act 1994, relying on alleged earlier unregistered rights in, and including, the designation DeLorean protectable in the UK through the law of passing off.
3. Contemporaneously on 13 March 2014, DeLorean Motor Company filed with the UK IPO on Form TM26(N) Application to revoke registration number 2390542 standing in the name of Delorean Motor Company Limited for reasons of non-use under Section 46(1)(a) and 46(1)(b) of the Act. Registration number 2390542 concerned the

same series of De Lorean and DE LOREAN trade marks, which had been entered on the UK Register on 16 December 2005 in respect of:

Motor cars, and parts thereof (bodies, mechanical parts, fittings, accessories) included in Class 12

4. Delorean Motor Company Limited filed on Forms TM8 and TM8(N) Notices of defence and counterstatement taking issue with the grounds of opposition and non-use revocation on 24 June and 28 July 2014 respectively.
5. Both sides filed evidence covering both proceedings, which were consolidated by the UK IPO and together came to be heard by Mrs Judi Pike, acting for the Registrar, on 12 May 2015. Mrs Pike issued her decision in writing under number BL O/320/15 on 8 July 2015. She revoked Registration number 2390542 from the earliest effective date of revocation under Section 46(1)(a) of the Act on 17 December 2010, and dismissed the Section 5(4)(a) opposition against Series application number 3031978. She ordered Delorean Motor Company Limited to pay DeLorean Motor Company the sum of £300, representing a small award towards the latter's costs of considering the voluminous evidence adduced by the other side.
6. On 4 August 2015, DeLorean Motor Company filed on Form TM55P Notice of appeal to the Appointed Person under Section 76 of the Act against the Hearing Officer's decision to reject the opposition. On 5 August 2016, Delorean Motor Company Limited filed on Form TM55P Notice of appeal to the Appointed Person under Section 76 of the Act against the Hearing Officer's decision to revoke for non-use Registration number 2390542. There were no Respondent's notices.
7. The appeals were also consolidated. At the consolidated appeals hearing before me, Mr Jeremy Heald of Counsel, instructed by Boulton Wade Tennant, appeared for DeLorean Motor Company. Delorean Motor Company Limited was represented by Mr Hassan Webb, Director.
8. The Hearing Officer referred to Delorean Motor Company Limited as "Stockport" and to DeLorean Motor Company as "Texas". She decided first, the revocation proceedings and second, the opposition proceedings. I shall follow suit in both instances.

**A. Revocation of UK Registration 2390542**

9. The relevant periods of non-use were:
  - (1) Under Section 46(1)(a), 17 December 2005 to 16 December 2010 (effective date of revocation 17 December 2010).
  - (2) Under Section 46(1)(b), 12 March 2009 to 11 March 2014 (effective date of revocation 12 March 2014).
10. During those periods the onus was on the registered proprietor, Stockport, to prove that the trade marks De Lorean and/or DE LOREAN had been put to *genuine use* in the UK (by Stockport or with Stockport's consent) in relation to the goods in Class 12

for which the trade marks were registered, or alternatively that there were proper reasons for such non-use (ss. 100 and 46(1)(a) and 46(1)(b)).

### **What constitutes genuine use?**

11. The Hearing Officer instructed herself by reference to the summary of principles set out by Arnold J. in *Stichting BDO v. BDO Unibank Inc.* [2013] EWHC 418 Ch, paragraph 51 (in turn referring to the summary set out by Anna Carboni sitting as the Appointed Person in *SANT AMBROEUS Trade Mark* [2010] RPC 28, para. 42), gleaned from applicable decisions of the Court of Justice of the European Union (“CJEU”).

12. The Hearing Officer added a reference to the subsequent Order in Case C-141/13 P, *Reber Holding GmbH & Co. KG v. OHIM*, 17 July 2014, paragraph 32, where the CJEU stated that:

“... not every proven commercial use may automatically be deemed to constitute genuine use”.

13. Arnold J. updated his summary of principles to include amongst others the CJEU decision in *Reber in The London Taxi Corporation Limited v. Frazer-Nash Research Limited* [2016] EWHC 52 Ch, paragraph 219, as follows (without authorities):

“(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark ...

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark ...

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin ...

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns... Internal use by the proprietor does not suffice ... Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter ... But use by a non-profit making association can constitute genuine use ...

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark ...

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector

concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use ...

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no de minimis rule ...

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use ...”

14. I considered the *Reber* case in BL/O/528/15, *STRADA Trade Mark* (paras. 24 – 45). The facts of *Reber* were that the mark had been used in relation to hand-made chocolates sold from a bakery in a small border town in Germany and in advertising on (but not sold from) the proprietor’s website. Given the size of the German market for chocolates, the proven use albeit commercial, was too small in volume and geographical spread to constitute *genuine* use.
15. As the CJEU made clear in *Reber* (referring to its previous case law) the *genuineness* of proven use must globally be assessed. The question for the tribunal is whether the use is warranted in the economic sector concerned to maintain or create a share in the market for the registered goods or services. That involves the tribunal making a consideration of all the relevant facts and circumstances in any particular case including the nature of the goods or services in question, the characteristics of the market concerned and the scale, geographical scope and frequency of the proprietor’s use for those goods or services.

### **Uses relied on by Stockport**

16. The uses relied upon by Stockport essentially fell into 3 categories: (1) domain name parking generating advertising income; (2) shared website use; and (3) potential buyer/supplier correspondence.

#### **Parking of domain names**

17. In 2008, Stockport bought several domain names including the word “delorean”. Shortly afterwards it used the parking services of [www.sedo.co.uk](http://www.sedo.co.uk) to earn money from the display of advertising linked to its domains. The Hearing Officer described the evidence thus:

“22. ... Mr Webb states:

“[sedo.co.uk] runs a parking service where you can display the web page on the internet with relevant ads on it to earn commission should users who see the adverts then click through on one of the advertiser’s links.”

23. Exhibit DMC1 and 1(1), and DMC2 and 2(1), show how the parked pages for deloreanmotor.com and deloreandmc.com appear. There are a number of adverts for different websites: webcrawler.com, wowshop.co.uk, adrianflux.co.uk, ask.com and wow.com, under headings such as DeLorean DMC12 Insurance and DeLorean Parts. Webcrawler.com and ask.com are search engines, not car parts sales companies. There is no evidence about what the user would be taken to if he clicked on any of these links, but Mr Webb maintains that the “website directs those accessing it to UK related website links that satisfy the needs of the UK Delorean enthusiast. The keywords serve to optimize the types of advertisers displaying their ads and assist users to find the site through their interaction with search engines.” Mr Webb gives explanations about click through rates which it is not necessary to detail here, but I note that his evidence of use is entirely based upon ‘clicks’ on the advertiser links hosted on the three domain name parked pages.

24. Exhibit DMC12 gives visitor figures for the deloreanmotor.com parked page. 47% of the visitors were from the UK. These figures only relate to the 12 months to July 2014 (after the relevant dates) and they all occurred in February 2014 or afterwards. There were only 15 unique visits in total, worldwide.

25. Mr Webb states:

“I refer to exhibit DMC16. The total website traffic recorded as received by these three parked websites (deloreanmotor.com, deloreandmc.com & dmcdelorean.co.uk) between April 2008 and January 2014 (with the query manually cut off at the end of January due to the mid month Opposition date) was 196 unique visitors of which 16 visitors/customers clicked through during this period due to finding what they were looking for, giving a good click through rate of 8.16%”.

There was a single visitor to the dmcdelorean.co.uk site, but that visit generated no income at all, which implies that there were no clicks on the advertised links. For the other two domains, a total of 0.72 Euros was earned. In paragraph 71, Mr Webb describes the activity like this:

“Our earlier method of use of this mark [provided] a portal for links to providers to OEM stock Delorean items, or items remanufactured by the closely knit supplier base ...”

18. The Hearing Officer’s findings on this evidence were:

“36. Moving to the evidence relating to the parked pages of the three websites pointing to sedo.co.uk, these display automatically selected adverts. There is

no evidence as to what the links lead to, and two of them are simply search engines, which do not sell car parts. Dmcdelorean.co.uk is the only one of the three websites which can be said to be aimed at the UK (the others end in.com). However, there was a single visitor to this website during a six year period, which generated no click-through income. Visitor numbers for deloreanmotor.com amounted to 15, all in the month prior to the end of the relevant period and less than half can be attributed to the UK. The 16 visitors for the six years between 2008 and 2014 generated less than a Euro's worth of income. I agree with Texas that the evidence does not show than any of the three websites are the websites of an active car parts business. At best, this activity might constitute some sort of retail 'portal' service. It is certainly not genuine use of the trade mark in relation to the class 12 goods for which it is registered. It is on such a minute scale over such a long period of time that it cannot be said to be warranted in the economic sector concerned to maintain or create a share in the market – even the spares market in the UK for DeLorean cars.”

19. Stockport's Reasons for appeal challenged (without further explanation) the basis for the Hearing Officer's determination that there had been no genuine use during the relevant periods of the De Lorean and DE LOREAN series of trade marks for the registered goods. Mr. Webb's profuse skeleton argument (responded to in a second skeleton argument submitted by Texas) posed a number of questions to the Appointed Person including whether she knew of any case law that contradicted the Hearing Officer's findings on Stockport's alleged use in parked page format.
20. I explained to Mr. Webb first, that this appeal was concerned only with the Hearing Officer's determination that there had been no genuine use of UK Registration number 2390542 during the relevant period(s) and/or that there were no proper reasons for non-use. Questions relating to whether certain types of conduct amounted to trade mark use in the abstract were beyond my remit to answer.
21. Second, as Mr. Heald reminded me, Stockport's appeal was by way of review, not rehearing. I should be reluctant to interfere with the Hearing Officer's decision in the absence of material error on her part (*REEF Trade Mark* [2002] EWCA Civ 763, para. 28). No error was identified by Stockport in this part of the Hearing Officer's decision, nor did I detect any.
22. [www.hillmanmotors.co.uk](http://www.hillmanmotors.co.uk)  
In 2012, Mr. Webb commissioned the setting up of a website at [www.hillmanmotors.co.uk](http://www.hillmanmotors.co.uk) from which “to develop and sell remanufactured auto spares for a number of old classic cars including Deloreans” (First Witness Statement of Hassan Webb dated 21 September 2014, paras. 34 – 40). A print-out of the website dated 20 August 2014 was exhibited by him at DMC11. The Hearing Officer said this in relation to use on the Hillman Motors website (footnote my own):

“37. Ms Wolfe's evidence casts doubt upon the reliability of Mr Webb's exhibit DMC11<sup>1</sup>, which shows pictures of Delorean sills for sale on the

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<sup>1</sup> Searches conducted on the Wayback Machine Internet Archive were said by Ms. Wolfe to show that the Delorean sills did not appear on the [www.hillmanmotors.co.uk](http://www.hillmanmotors.co.uk) website until 16 May 2014.

hillmanmotors.co.uk exhibit. However, even without this doubt, Mr Webb's evidence as a whole fails to convince me that Stockport made genuine use of the mark in the relevant period in relation to the goods for which the mark is registered. The screen shot shown in exhibit DMC11 shows six other pictures of body parts, for other car marks, such as Hillman. The logos of various car makes appear at the top of the screen. Beneath these are the words "Steel & Stainless Steel Replacement Body Panels For Your Hillman, Commer, Sunbeam Rapier, Sunbeam Alpine & Sunbeam Tiger, Singer & De Lorean." Underneath the pictures of the car parts (the representation of this exhibit is poor) is printed the name of the car for which they are replacement parts. For the two pictures of sills, the words DeLorean [something illegible] sill £150 appear. (Mr Heald must have seen a better copy of this exhibit: he described the wording underneath one of the pictures as "DeLorean nearside sill £150"). This is not trade mark use of De Lorean; the average consumer would consider this to be a retail service by an undertaking called Hillman Motors, selling sills for (amongst body parts for other cars) De Lorean cars."

23. Mr. Webb criticised the above findings on the basis of a legend at the footer of the website which stated: "As applicable, parts are sold under the Hillman, Commer, Rapier and Delorean product and trading names". This legend was not discernible on the copy of DMC11 in my papers but Mr. Webb supported its existence by reference to copy "snippets" in the general listings resulting from Google searches against "delorean uk" and "delorean parts" carried out on 15 February 2014 (DMC20).
24. In my judgment this evidence was equivocal, and having appraised the evidence relating to the [www.hillmanmotors.co.uk](http://www.hillmanmotors.co.uk) website as a whole, the Hearing Officer was entitled to arrive at the findings that she did. However, even if it were to be accepted (without deciding) that this was trade mark use, the fact of the matter remains that only 2 nearside sills were advertised, no orders were received and no sales made (Webb 1, para. 40). In the absence of further persuasive evidence, having regard to the CJEU authorities, this could not constitute genuine use
25. Mr. Webb opined in written and oral argument that the lack of sales could be explained by the tiny UK market for Delorean parts. To be clear, the goods for which genuine use needed to be proved in this case were the *registered* goods, i.e.:

Motor cars, and parts thereof (bodies, mechanical parts, fittings, accessories) included in Class 12

The UK market in such goods was large.

**Chinese supplier/buyer enquiry**

26. The third type of use relied on by Stockport was email correspondence with a Chinese supplier and/or an enquiry by email from a prospective buyer. The correspondence with the Chinese supplier was in June/July 2012, with Mr. Webb enquiring whether and the Chinese supplier confirming that they could make car spare parts in stainless steel (DeLorean cars were made of stainless steel) (DMC23). The buyer enquiry was entirely unrelated since the part sought was for a Hillman Minx (DMC25). Neither of these could be said to advance Stockport's case.

## **Overall assessment**

27. The Hearing Officer's overall conclusion on Stockport's evidence of use was as follows:

“38. I have come to the clear conclusion that there has not been genuine use for the mark in relation to any of the registered goods at any time since registration (nor since the mark was filed). In reaching this conclusion I have borne in mind that the market for De Lorean parts is niche. As per *Ansul*, I have considered all the facts and circumstances of the case, including that the genuine use assessment is not concerned with assessing commercial success or economic strategy. However, the evidence does not build a picture of use warranted in the economic sector concerned to maintain or create a share in the market, even taking into consideration how specialised that market is.

[...]

40. Stockport's evidence does not show any exhibits which qualify as genuine use ...”

28. I am satisfied that the Hearing Officer undertook the requisite global assessment of whether genuine use of Registration number 2390542 had been established in this case, and that there was no material error in her assessment or overall conclusion.
29. Indeed for the reasons stated at paragraph 25 above, the Hearing Officer's estimation of the size of the market for the registered goods as niche was anyway in Stockport's favour.

### **Proper reasons for non-use**

30. The Hearing Officer further held that there were no proper reasons for non-use of UK Registration number 2390542. Mr. Webb confirmed at the hearing that Stockport did not challenge that finding.

## **Conclusion on Stockport's appeal**

31. In the event, Stockport's appeal has failed. UK Registration number 2390542 is revoked with effect from 17 December 2010. I will deal with the costs consequences at the end of this decision.

## **B. Opposition to Application 3031978**

32. The standard of review on appeal was considered in detail by Mr. Geoffrey Hobbs QC sitting as the Appointed Person in *ALTI Trade Mark*, BL O/169/16 (paras. 19 – 20). Mr. Hobbs referred to the general applicability of the following observations of Lord Neuberger PSC in *Re B (a Child)* [2013] UKSC 33:

“93. There is a danger in over-analysis, but I would add this. An appellate judge may conclude that the trial judge's conclusion on proportionality was (i) the only possible view, (ii) a view which she considers was right, (iii) a view



on which she has doubts, but on balance considers was right, (iv) a view which she cannot say was right or wrong, (v) a view on which she has doubts, but on balance considers was wrong, (vi) a view which she considers was wrong, or (vii) a view which is unsupportable. The appeal must be dismissed if the appellate judge's view is in category (i) to (iv) and allowed if it is in category (vi) or (vii).

94. As to category (iv), there will be a number of cases where an appellate court may think that there is no right answer, in the sense that reasonable judges could differ in their conclusions. As with many evaluative assessments, cases raising an issue on proportionality will include those where the answer is in a grey area, as well as those where the answer is in a black or a white area. An appellate court is much less likely to conclude that category (iv) applies in cases where the trial judge's decision was not based on his assessment of the witnesses' reliability or likely future conduct. So far as category (v) is concerned, the appellate judge should think very carefully about the benefit the trial judge had in seeing the witnesses and hearing the evidence, which are factors whose significance depends on the particular case. However, if, after such anxious consideration, an appellate judge adheres to her view that the trial judge's decision was wrong, then I think that she should allow the appeal.”

33. After anxious consideration, I have decided that the Hearing Officer’s decision in the opposition was wrong. My reasons are set out below.

**Section 5(4)(a)**

34. The opposition was brought under Section 5(4)(a) of the Act, which provides that a trade mark shall not be registered to the extent that its use in the UK is liable to be prevented by the law of passing off.
35. Texas relied on earlier unregistered rights in the signs DeLorean, DELOREAN, DeLorean Motor Company and DELOREAN MOTOR COMPANY first used in the UK in 1995 in relation to car covers, floor mats, and T-shirts, and at least since 1999 in relation to parts and fittings and accessories for motor vehicles; distributorship services for motor vehicles and for parts, fittings and accessories for motor vehicles; the retailing of motor vehicles and of parts; fittings and accessories for motor vehicles; the provision of advice in relation to restoration of motor vehicles.
36. Texas was founded in 1995, and in 1997 acquired the original DeLorean companies’ parts inventory, racks, manuals, engineering drawings, intellectual property and records (but not goodwill). Texas was based in Houston, Texas with franchise dealerships elsewhere in the USA and in the Netherlands. I have taken on board Mr. Heald’s early point that Texas conducted its business in, and traded under and by reference to, the name DeLorean Motor Company from that date.
37. The Hearing Officer correctly identified the important distinction between reputation and goodwill. A foreign business with no customers in the UK could not avail itself of the law of passing off. It was common ground that Texas had reputation in the UK

for DeLorean spare parts (Decision, para. 56). The question was whether Texas also possessed UK customers.

38. The Hearing Officer referred to the Supreme Court decision in *Starbucks (HK) Ltd v. British Sky Broadcasting Group (No 2)* [2015] UKSC 31. That case was, however, concerned with the different scenario of a TV subscription service provider in Hong Kong, whose service was unavailable in the UK, and who had no UK subscribers.
39. The Supreme Court confirmed in *Starbucks* that as regards a foreign business trading in goods, the Court of Appeal decision in *Anheuser-Busch Inc. v. Budejovicky Budvar NP* [1984] FSR 413 remained good law (paras. 32, 48 – 52). In *Anheuser-Busch*, Oliver LJ stated the position in terms of the foreign business having customers, directly or indirectly, in the UK (p. 465):

“The principle was expressed by Walton J. ... as follows:

“... as a matter of principle, no trader can complain of passing off as against him in any territory – and it will usually be defined by national boundaries, although it is well conceivable in the modern world that it will not – in which he has no customers, nobody who is in a trade relation with him. This will normally shortly be expressed by saying that he does not carry on any trade in that particular country ... but the inwardness of it will be that he has no customers in that country: no people who buy his goods or make use of his services (as the case may be) there.”

This is, I think, a helpful statement, but needs, in the light of the authorities, to be approached with the caveat that “customers” must not be read restrictively as confined to persons who are in a direct contractual relationship with the plaintiff, but includes persons who buy his goods in the market.”

40. No establishment or office in the UK on the part of a foreign business is required. Provided a foreign business can show customers in the UK it is in the same position under the law of passing off as a local trader (*Starbucks*, para. 52).

### **The evidence**

41. The Hearing Officer spent some time in her decision discussing whether Stockport had conceded in its evidence that that Texas had goodwill in the UK. Stockport’s evidence was given by Mr. Webb who was not cross-examined but appeared for Stockport at the first instance hearing.
42. On reviewing this part of the decision in the light of the evidence, I had some concern that the difficult line between arbitration and advocacy in proceedings where 1 party is unrepresented might have been overstepped by the Hearing Officer in concluding that Mr. Webb had accepted in his evidence merely that Texas had reputation in the UK but not goodwill.

43. Mr. Webb gave evidence for Stockport in 3 witness statements<sup>2</sup>. In his First Witness Statement dated 21 September 2014, under the heading: “Suppliers of Delorean Spare Parts, Cars and Related Services in the UK”, Mr. Webb spoke to a number of businesses supplying the UK market (locally and internationally), one of whom was Texas (and apparently Texas’s Netherlands franchisee) (para. 8). He also referred to Texas having no local physical base in the UK and relying instead on direct shipments of goods to European customers, consequently incurring additional freight and duty costs (para. 9, and later para. 62).
44. Mr. Webb provided detailed comments on the evidence of Texas in his Third Witness Statement dated 1 February 2015. He talked about the level of sales in the UK claimed by Texas in relation to DeLorean cars and car parts and associated services and merchandise, and in summary stated (para. 49):
- “... we have never disputed that Texas are likely to have had sales and therefore some form of reputation within the UK.”
45. Generally speaking, elsewhere in his First and Third Witness Statement when Mr. Webb addressed the question of reputation, it was in the context of multiple parties supplying the UK market (retail and wholesale) with spare parts for DeLorean cars so that Texas could not claim exclusive UK reputation. Mr. Webb also made the valid point (noted above) that the goodwill and reputation of the original company set up by John DeLorean in Belfast, Northern Ireland was not acquired by/transferred to Texas.
46. I will accept Mr. Heald’s submission that Stockport conceded in its evidence that Texas likely had sales in the UK. I find it unnecessary to dwell further on what Mr. Webb did or did not concede in relation to the UK goodwill/reputation of Texas, and/or justification for the Hearing Officer’s determinations in relation thereto. In my judgment, the crucial question concerned what the evidence of Texas showed – to which I now turn.

#### **Evidence of Texas**

47. The evidence of Texas was given by Mr. Stephen Wynne, CEO of Texas since its inception. In his Witness Statement, dated 12 November 2014, Mr. Wynne said that Texas sold cars<sup>3</sup>, parts and accessories from its base in Houston and through its main website at [www.delorean.com](http://www.delorean.com), its online store at <http://store.delorean.com>, by telephone and by mail order. Texas also sold through its franchise dealerships in the USA and Netherlands. He explained (footnote mine):

“Although DMC (Texas)<sup>4</sup> is based in the US, we take orders from and export to customers worldwide, including the UK. We sell to both retail and wholesale markets.” (para. 12).

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<sup>2</sup> Mr. Webb’s Second Witness Statement dated 13 November 2016 was concerned only with the defence of proper reasons for non-use and was not relevant to the opposition appeal.

<sup>3</sup> New-build cars from 2008 – 2011 only.

<sup>4</sup> He called the Opponent, DeLorean Motor Company, “DMC (Texas)” to distinguish the Opponent from the Applicant (which he called “DMCL (Stockport)” because of the similar name of the Applicant, Delorean Motor Company Limited.

48. Mr. Wynne exhibited copy photographs of some of the merchandise Texas had supplied to customers in the UK including car covers, licence plate insert, t-shirts, technical information manual (SW1). The Hearing Officer observed (and appeared to regard as compelling) that some of these items were not branded with the unregistered signs relied upon (Decision, paras. 13 and 62). However, I take on board Mr. Heald's point that Mr. Wynne's evidence was that these items were supplied to the UK under and by reference to the trading names and signs relied on by Texas. The website pages of DeLorean Motor Company exhibited by Mr. Wynne at SW2 supported Mr. Heald on this. They also confirmed a DeLorean Motor Company/DMC on-line store, a large number of listed car parts apparently being available from DeLorean Motor Company in Europe, a DeLorean Motor Company presence on Facebook (SW3 gave UK visitor numbers) and blogged that DeLorean Motor Company attended in a DeLorean car a gala dinner in Belfast in 2011.
49. A copy printout from the UK DeLorean Club website [www.deloreanclub.co.uk](http://www.deloreanclub.co.uk), which the Hearing Officer accepted spoke to the period before the relevant date (Decision, para. 16) described parts and "new" cars being available by mail order, and through *inter alia* DeLorean Europe (SW4). Mr. Wynne exhibited copies of extracts from DeLorean World, a magazine of the Delorean Owners Association, published in the period 1995 – 1998 (Exhibit SW9). As the Hearing Officer observed DeLorean World appeared to be a US publication and there was no evidence that it was read by UK customers, but this evidence was useful insofar as it also spoke to mail order and global facilities being available from Texas for its cars, parts and services.
50. Mr. Wynne gave shipment values from its base in Houston to the UK for the years 2008 – 2013 inclusive, which sales figures were listed in the next paragraph following on from his statement that:
- “... The products exported to the UK since [1995] include DMC-12 parts, car covers, floor mats and t-shirts ...” (para. 15).
- Mr. Wynne gave estimated annual UK shipment/sales figures for earlier years back to 1995. He explained that whilst records from those earlier years had not been retained, he had been at all times personally involved in his company's bookkeeping and financial affairs. He further gave estimates of shipments to the UK in the years 2006 – 2013 supplied by their Netherlands franchisee.
51. The Hearing Officer surmised from the evidence as a whole that a spike in the UK shipment values for 2010 given by Mr. Wynne could be due to the sale/export by Texas of a re-conditioned car.
52. Mr. Wynne also provided estimated annual advertising spends in the UK for the years 2007 – 2013, over which the Hearing Officer expressed some puzzlement since in general they were considerably higher than Mr. Wynne said he was aiming for (5% of annual UK sales). Mr. Wynne stated that in 2011 he visited the UK, and that he and 3 other officers/employees of the company attended and manned stands at events in the UK hosted by DeLorean owners' clubs<sup>5</sup>. It was possible to glimpse such an event

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<sup>5</sup> This might have accounted for the extra advertising expenditure.

(but not insofar as I could ascertain, a Texas stand) taking place in Norfolk on 1 of the copy TV programmes exhibited by Mr. Wynne at SW9.

53. Those copy TV programmes comprised episodes of Classic Car Rescue, The One Show and Wheeler Dealers all broadcast in the UK. The Hearing Officer held that these together with a copy issue of Top Gear Magazine clearly showed that Texas had a reputation in the UK at the relevant date as a source of parts for DeLorean cars in the USA. However, in my judgment, the episode of Wheeler Dealers (2011) established something more, which was that the “wheeler dealer” or UK customer in this case travelled to the USA with the specific purpose not only of buying an original DeLorean car (as it turned out privately) but also purchasing the spare parts needed to restore the car to sellable condition from Texas, who the wheeler dealer had identified previously as the desired source of these parts (i.e., this was not simply an instance of a UK visitor who happened to purchase goods/services whilst in the USA, but a UK *customer* albeit “wholesale”). The episode shows the wheeler dealer returning to the UK with the shipped car and parts where the car was restored by a fellow wheeler dealer. The 2 wheeler dealers then sell on the car at a profit to a UK enthusiast at the Norfolk event.

### **Hearing Officer’s conclusion**

54. The Hearing Officer concluded on the evidence that Texas had failed to prove that it had protectable goodwill in the UK at the relevant date (23 November 2013). It is unclear whether her conclusion was that Texas had no customers in the UK<sup>6</sup>, or that the number of UK customers was too insignificant to give rise to protectable goodwill.
55. I agree with Mr. Heald that neither sat comfortably with the Hearing Officer’s apparent acceptance that Texas had exported goods to the UK likely including a car, and/or her statement that (para. 61): “It is not fatal that Texas’ shipment values are small, given the specialised nature of the business ...”
56. The Hearing Officer was critical of the fact that the exhibits provided by Mr. Wynne showed the signs relied only on clothing and memorabilia. I have already dealt with this point at paragraph 48 above. It is not a requirement for passing off (or indeed registered trade mark infringement/use) that a sign actually be affixed to the goods/services in question. Furthermore it ignored particularly the website/online shop evidence at [www.delorean.com](http://www.delorean.com) and <http://store.delorean.com> where a large selection of engine and other car parts (and related services) as well as accessories and memorabilia were advertised/offered for sale under and by reference to the DeLorean Motor Company and DeLorean (upper and lower case) trading names and marks.
57. The Hearing Officer had referred earlier in her decision to a passage from the judgment of Floyd J. in *Minimax GmbH & Co KG v. Chubb Fire Limited* [2008] EWHC 1960, including his observation that under Section 5(4)(a):

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<sup>6</sup> The Hearing Officer said (para. 58): “... The reputation [Texas] has amongst UK De Lorean enthusiasts does not appear to translate to custom in the UK ... The potential for UK enthusiasts to purchase parts from the US website does not equate to actual sales, just as in the *Starbucks* case.”

“... the evidence should show, at least prima facie, that the opponent’s reputation extends to the goods comprised in the applicant’s specification of goods”.

58. Mr. Heald sought to deduce from this combination of criticism and reference, that the Hearing Officer had narrowed the test for the existence of goodwill by requiring evidence of actual customers for each of the goods covered by Stockport’s application. Mr. Wynne’s evidence was that Texas sold goods within Stockport’s specification to the UK (specifically car parts, car covers and floor mats) but even if the goodwill of Texas in the UK arose in part from the sale of clothing/memorabilia, it was accepted that Texas had a significant UK reputation as a source of DMC-12 parts.

59. In that regard, I was referred to the following passage in The Law of Passing-Off (4<sup>th</sup> Ed.) by Professor Christopher Wadlow (at 3-007):

“Reputation may be relevant to the passing-off action in three respects. The most important is that proof of misrepresentation often turns on the reputation of the claimant’s mark in the sense of its being recognised as distinctive by a sufficiently large proportion of the public. The other two are that the claimant’s reputation, in a somewhat different sense, will suffer if goods passed off by the defendant are inferior; and that the existence of reputation (in either preceding sense) may go some way to proving the existence of goodwill ...”

60. It seems to me that this “deduction” seeks to read too much into the Hearing Officer’s decision. In referring to *Minimax*, she was I think drawing attention to Floyd J’s comment that the nature of the evidence required to be filed at the UK IPO in support of a Section 5(4)(a) objection was non-prescriptive (although that might not fit well with her criticism of the lack of invoice evidence adduced by Texas). Further, I do not accept Mr. Heald’s contention that the Hearing Officer failed to take into account the limited field of customers and potential customers for the products of Texas in the UK (basically owners and enthusiasts of the DMC-12 car), which the Hearing Officer alludes to several times during her consideration of Section 5(4)(a).

### **Conclusion on the Section 5(4)(a) appeal**

61. That said, I have identified a number of failings in the Hearing Officer’s decision, which in my judgment combined overall to mean that her dismissal of the opposition under Section 5(4)(a) was arrived at in error.

62. Given the niche nature of the DMC-12 car/spare parts market, and in the light of the evidence provided by Mr. Wynne and the accepted reputation of Texas assessed overall, I consider that Texas was successful in establishing that on the balance of probabilities, Texas had protectable goodwill in the UK at the relevant date.

63. In my judgment, there would be a misrepresentation calculated to deceive customers and/or potential customers of Texas that Stockport’s goods originated from, or had something to do with Texas (e.g., marketed under franchise) with resulting damage to that goodwill, were Stockport’s series of De Lorean and DE LOREAN trade marks to proceed to registration and use in the UK in Class 12 for vehicles and vehicle spare parts.

64. I do not consider the same would be true in relation to wheelchairs or (despite the “Back to the Future” connotations of the DeLorean DMC-12) apparatus for locomotion by air or water.

65. Accordingly, Series application number 3031978 is permitted to proceed to registration in Class 12 in respect of:

Apparatus for locomotion by air or water; wheelchairs

66. Series application number 3031978 is, however, refused registration under Section 5(4)(a) of the Act in respect of:

Vehicles; apparatus for locomotion by land; motors and engines for land vehicles; vehicle body parts and transmissions

### **Costs**

67. The Hearing Officer assessed the costs of the consolidated proceedings on the basis of a score draw, which is no longer the case.

#### **A. Revocation of UK Registration 2390542**

68. Texas was entirely successful at first instance and on appeal. I will order that Stockport pay to Texas the sum of £1,400.00 as a contribution towards the costs of Texas in the revocation proceedings before the Hearing Officer, and a further sum of £500.00 as a contribution towards the costs of Texas in the revocation appeal.

#### **B. Opposition to Application 3031978**

69. Texas was partially (but to a greater extent than Stockport) successful in overturning the decision of the Hearing Officer in the opposition under Section 5(4)(a) on appeal. I will order Stockport to pay Texas the sum of £800.00 as a contribution towards the costs of Texas in the opposition proceedings before the Hearing Officer, and a further sum of £400.00 as a contribution towards the costs of Texas in the opposition appeal.

70. Stockport is to pay the total sum of £3,100.00 to Texas within 28 days of the date of this decision.

Professor Ruth Annand, 4 July 2016

Mr. Hassan Webb appeared for the Registered Proprietor/Appellant in the Revocation Appeal and for the Applicant/Respondent in the Opposition Appeal

Mr. Jeremy Heald, instructed by Boulton Wade Tennant, appeared for the Applicant/Respondent in the Revocation Appeal and for the Opponent/Appellant in the Opposition Appeal