

# O-658-17

TRADE MARKS ACT 1994

IN THE MATTER OF AN APPLICATION UNDER NO 500454 BY BAG THAT  
TRADING LIMITED TO CANCEL REGISTRATION NO 2447521 FOR A SERIES  
OF TWO TRADE MARKS **BAG THAT** and **Bag That**  
IN THE NAME OF DAVID PHIPPS T/A BAGTHAT

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## DECISION

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### INTRODUCTION

1. This is an appeal from the decision of Ms Ann Corbett, hearing officer for the Registrar, whereby she upheld in part an application to revoke UK TM Registration No. 2447521 (series **BAG THAT and Bag That**). The mark was permitted to remain registered in respect of “Arranging Mortgages” in Class 36 on the basis that these were not challenged by the applicant for revocation.
2. The proprietor, Mr David Phipps, (“the appellant”) contends on this appeal that she ought to have permitted the mark to remain registered for a wider class of services. The applicant for revocation on the appeal (“the respondent”) contends that the hearing officer was right for the reasons that she gave.

### LAW

#### Statutory framework

3. Section 46 of the Act provides:  
“(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;

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

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

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

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

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

(4) An application for revocation may be made by any person, and may be made either to the registrar or to the court, except that—

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(5) Where grounds for revocation exist in respect of only some of the goods or services for which the trade mark is registered, revocation shall relate to those goods or services only.

(6) Where the registration of a trade mark is revoked to any extent, the rights of the proprietor shall be deemed to have ceased to that extent as from—

(a) the date of the application for revocation, or

(b) if the registrar or court is satisfied that the grounds for revocation existed at an earlier date, that date.”

4. The onus is on the proprietor to prove use. Section 100 of the Act provides:

“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.”

### **Proof of use - general**

5. The relevant principles, to which the hearing officer referred, are set out in *The London Taxi Corporation Ltd (t/a The London Taxi Company) v. Fraser-Nash Research Ltd & another* [2016] EWHC 52 (Ch) at [217]-[219] as follows:

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“217. In *Stichting BDO v BDO Unibank Inc* [2013] EWHC 418 (Ch), [2013] FSR 35 I set out at [51] a helpful summary by Anna Carboni sitting as the Appointed Person in *SANT AMBROEUS Trade Mark* [2010] RPC 28 at [42] of the jurisprudence of the CJEU in Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, Case C-259/02 *La Mer Technology Inc v Laboratories Goemar SA* [2004] ECR I-1159 and Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759 (to which I added references to Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237). I also referred at [52] to the judgment of the CJEU in Case C-149/11 *Leno Merken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16 on the question of the territorial extent of the use. Since then the CJEU has issued a reasoned Order in Case C-141/13 *P Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and that Order has been persuasively analysed by Professor Ruth Annand sitting as the Appointed Person in *SdS InvestCorp AG v Memory Opticians Ltd* (O/528/15). [218] ...

219. I would now summarise the principles for the assessment of whether there has been genuine use of a trade mark established by the case law of the Court of Justice, which also includes Case C-442/07 *Verein Radetsky- Order v Bundervsvereinigung Kamaradschaft 'Feldmarschall Radetsky'* [2008] ECR I-9223 and Case C-609/11 *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR 7, as follows:

(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].

(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: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Centrotherm* at [71]; *Leno* at [29].

(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: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Centrotherm* at [71]; *Leno* at [29].

(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: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

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(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: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71].

(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: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34]; *Leno* at [29]-[30], [56].

(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: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].”

### Approach to evidence of use

6. In *Plymouth Life Centre*, O/236/13, when sitting as the Appointed Person, I said, at para. 20:

“The burden lies on the registered proprietor to prove use..... However, it is not strictly necessary to exhibit any particular kind of documentation, but if it is likely that such material would exist and little or none is provided, a tribunal will be justified in rejecting the evidence as insufficiently solid. That is all the more so since the nature and extent of use is likely to be particularly well known to the proprietor itself. A tribunal is entitled to be sceptical of a case of use if, notwithstanding the ease with which it could have been convincingly demonstrated, the material actually provided is inconclusive. By the time the tribunal (which in many cases will be the Hearing Officer in the first instance) comes to take its final decision, the evidence must be sufficiently solid

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and specific to enable the evaluation of the scope of protection to which the proprietor is legitimately entitled to be properly and fairly undertaken, having regard to the interests of the proprietor, the opponent and, it should be said, the public.”

### THE DECISION

7. The hearing officer undertook a full review of the evidence submitted relating to use, bearing in mind the principles set out above. She noted that the applicant had applied for a large number of domain names (238 later reduced to 53) of which BAG THAT a or the dominant element but the evidence of actual business (or even advertising) of the marks was slight. She said at paras 9-13 of the decision:

“9. In his witness statement of 24 August 2015, Mr Phipps refers to his purchase, from some unspecified date in 2006, of some 238 domain names (at some later but unspecified date reduced to 53). He states that each of these “were pre fixed with BAGTHAT and followed into the product”. In light of the list of domain names he exhibits at DP2, I take this to mean that the domain names include BAGTHAT along with a word descriptive of goods or services e.g. bagthatcompensation.co.uk and bagthatdownload.com. Whilst I have no reason to doubt that Mr Phipps owned each of the numerous domain names listed, the ownership of a *domain name* cannot, of itself, create or maintain a market for goods or services and, on that basis, cannot constitute genuine use of a *trade mark*.

10. Mr Phipps does give some evidence about his trading activities. He states:

“Bagthatcar.com was published via auto exposure...Autoexposure are probably the UK’s leading internet solutions provider to the motor trade.”

He continues:

“Bagthatcar was generating in excess of £500,000 per annum from 2006 to 2008.”

Mr Phipps does not give any indication of how the sums he refers to were generated but, in any event, there is no evidence that any of it was generated within the relevant period or under either of the marks as registered.

11. Mr Phipps also states that Bagthatroom and baghattable were “white-labeled” with ‘late rooms’ and ‘toptable.com’ respectively but,

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again, gives no evidence of what trade, if any, may have come from that association nor when or under which mark any such trade took place.

12. Mr Phipps also states:

“Nov 2008 Bagthatloan, was fully operational and was mainly trading as the finance vehicle for Bagthatcar that was published through auto exposure.”

And;

“Since 2012 I have had a web presence as bagthatmortgage.co.uk.

This has been optimized on facebook and twitter and by Bagthat Tradings own admission has been used on facebook since November 2012.”

Again, Mr Phipps does not give any further details of any of this trade but he has exhibited a number of documents at DP9, DP10 and DP11 in support of his claims. DP9 includes pages from the bagthatmortgage.co.uk website along with a “standing data Application Form” showing contact details held by the FSA which show Mr Phipps t/a Bagthat being recorded by them with effect from 29 January 2013. DP10 consists of a number of bank statements relating to business accounts of three limited companies as well as Mr Phipps’ own business account. DP11 consists of a copy of a registration certificate from the Information Commissioner’s Office, a receipt from the Finance Industry Standards Association dated 20 November 2007, a letter from HM Revenue & Customs dated January 2008, a notification of registration as an intending trader dated October 2007 and a certificate of registration for VAT dated July 2007 from HM Customs and Excise. These latter documents relate to two of the limited companies referred to in documentation included within DP10. Whilst these documents refer to a number of businesses in which Mr Phipps may be involved, nothing in any of these exhibits goes any way to show what use, if any, might have been made by him as the registered proprietor or with his consent in respect of the marks as registered. Consequently, none of it assists the registered proprietor in these proceedings. Additionally, the material at DP9 and the remaining documentation within DP11 appear to relate to the arranging of mortgages which are services for which the applicant does not seek cancellation of the registration in any event.

13. The remainder of Mr Phipps’ witness statement refers to his future plans to develop a “bagthatbargain website” as per the business plan he exhibits at DP7 and do not assist in showing use of either of the marks as registered during the relevant period.”

## THE APPEAL

8. The appellant appeared in person at the hearing of the appeal and submitted a document entitled “Witness Statement of David John Donald Phipps” in advance which I have taken as his skeleton argument. The respondent was not represented but submitted an e-mail by its solicitors inviting the tribunal to uphold the decision for the reasons given in it.

### Approach to appeal

9. In *Apple Inc v Arcadia Trading Ltd* [2017] EWHC 440 (Ch) (10 March 2017), Arnold J said at [11]:

#### “Standard of review

The principles applicable on an appeal from the Registrar of Trade Mark were recently considered in detail by Daniel Alexander QC sitting as the Appointed Person in *TT Education Ltd v Pie Corbett Consultancy Ltd* (O/017/17) at [14]-[52]. Neither party took issue with his summary at [52], which is equally applicable in this jurisdiction:

"(i) Appeals to the Appointed Person are limited to a review of the decision of Registrar (CPR 52.11). The Appointed Person will overturn a decision of the Registrar if, but only if, it is wrong (Patents Act 1977, CPR 52.11).

(ii) The approach required depends on the nature of decision in question (*REEF*). There is spectrum of appropriate respect for the Registrar's determination depending on the nature of the decision. At one end of the spectrum are decisions of primary fact reached after an evaluation of oral evidence where credibility is in issue and purely discretionary decisions. Further along the spectrum are multi-factorial decisions often dependent on inferences and an analysis of documentary material (*REEF, DuPont*).

(iii) In the case of conclusions on primary facts it is only in a rare case, such as where that conclusion was one for which there was no evidence in support, which was based on a misunderstanding of the evidence, or which no reasonable judge could have reached, that the Appointed Person should interfere with it (*Re: B* and others).

(iv) In the case of a multifactorial assessment or evaluation, the Appointed Person 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. Special caution is required before overturning such decisions. In particular, where an Appointed Person has doubts as to whether the Registrar was right, he or she should consider with particular care whether the decision really was wrong or whether it is just not one which the appellate court would have made in a situation where reasonable people may differ as to the outcome of such a multifactorial evaluation (*REEF, BUD, Fine & Country* and others).

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(v) Situations where the Registrar's decision will be treated as wrong encompass those in which a decision is (a) unsupportable, (b) simply wrong (c) where the view expressed by the Registrar is one about which the Appointed Person is doubtful but, on balance, concludes was wrong. It is not necessary for the degree of error to be 'clearly' or 'plainly' wrong to warrant appellate interference but mere doubt about the decision will not suffice. However, in the case of a doubtful decision, if and only if, after anxious consideration, the Appointed Person adheres to his or her view that the Registrar's decision was wrong, should the appeal be allowed (*Re: B*).

(vi) The Appointed Person should not treat a decision as containing an error of principle simply because of a belief that the decision could have been better expressed. Appellate courts should not rush to find misdirections warranting reversal simply because they might have reached a different conclusion on the facts or expressed themselves differently. Moreover, in evaluating the evidence the Appointed Person is entitled to assume, absent good reason to the contrary, that the Registrar has taken all of the evidence into account. (*REEF, Henderson and others*)."

The High Court has adopted that summary in other recent cases (see e.g. *The Royal Mint Ltd v The Commonwealth Mint And Philatelic Bureau Ltd* [2017] EWHC 417 (Ch) (03 March 2017)).

### **Arguments on appeal**

10. At the hearing, it appeared from the helpful submissions made by the appellant and some discussion with the tribunal that he may have misunderstood the nature of the challenge to the marks in question.
  
11. I explained that whether or not the appellant was entitled to registration of the mark on the basis of the use made of it was a separate question from whether he was entitled to use the mark in the future. The absence of registration did not necessarily affect his entitlement to use the mark, subject, of course, to any rights of others. I also explained that a number of points made in the Witness Statement were not matters which it was possible to take into account on this appeal and outlined limited power of this tribunal to overturn a decision of the hearing officer. The appellant was invited to identify aspects of the evidence which the hearing officer was said to have missed or errors of approach and it was pointed out that it was not possible to consider on this appeal any documents which would have been available for the hearing officer but which were not previously submitted.



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12. The appellant's Witness Statement and argument at the hearing addressed the whole of class 36 but more particularly on two categories of services in respect of which it was said that the hearing officer should have found use: "loans" and "estate agency services".
13. The appellant drew particular attention to the documents in the existing evidence comprising bank records (see DP10) showing various financial transactions including various financing transactions. There was also some discussion of the other documents showing that the appellant was making preparations of various kinds for trading some of which were hampered by the consequences of the financial crisis. These were primarily the documents discussed by the hearing officer in the passage cited above.

### *Discussion*

14. I have considered those documents again since the appeal by reference to the standards of proof required as set out above and, in the light of them, I remain of the view expressed provisionally at the hearing that they did not establish use of the mark for services in the manner required by the law (other than for arranging mortgages).
15. First, mortgages are a type of loan but it does not follow that use of a mark in respect of arranging mortgages entitles a proprietor to retain registration in respect of the broad class of "loans". In *Merck v Merck Sharp & Dohme* [2017] EWCA Civ 1834 at [242] where Kitchin LJ in the Court of Appeal said:

"On the one hand, a proprietor should not be able to monopolise the use of a trade mark in relation to a general category of goods or services simply because he has used it in relation to a few of them. A mark should remain registered only for those goods or services in relation to which it has been used. On the other hand, a proprietor cannot reasonably be expected to use his mark in relation to every possible variation of all of the goods or services covered by his registration."

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That is the position in this case for arranging mortgages and the hearing officer was not obliged, or entitled, to maintain a broader registration for loans or other services on the basis of the limited use proven in the narrower category.

16. Second, it is well established that the registration of domain names and making other “internal” preparations for business are not sufficient to constitute use of a mark (see the summary of legal principles above). I accept that there may have been use by the appellant way of making preparations to trade which may have gone somewhat wider than arranging mortgages. However, it seems to me that the hearing officer was right in her conclusion recorded in para. 13 of the decision set out above that the evidence exhibits do not show what use there was that is relevant for the purpose of the Trade Marks Act 1994.
17. Third, the further material submitted by the appellant to the hearing officer which she considered *de bene esse* did not take this matter further as she said in para. 14 of the decision. What appears to have happened is that the appellant may have assumed that any use of the marks in question, by way of registration of a domain name and the internal business organization for a proposed business counts as use for the purpose of the legislation. That is not so, as the case law shows. Had the test required the appellant to show that it had been making preparations to use the mark during the period, he may have been on stronger ground in principle but, applying the law as it stands, I am not persuaded that the hearing officer fell into error in approaching the matter as she did, namely focusing on actual use.
18. Fourth, I am not satisfied that the limited material provided by the appellant would have been sufficiently solid to show use of the marks (see the reference to the *Plymouth Life Centre* case, above) for any of the other services in any event.
19. For these reasons, the hearing officer’s conclusion was not wrong in the sense required by the case law and the appeal must be dismissed.

**COSTS**

20. The appellant submits that the decision of the hearing officer was also wrong as regards costs in that she awarded £1000 including a sum of £200 in respect of costs increased by the additional work required mainly in dealing with confidentiality of a draft business plan in the proceedings below.
21. The hearing officer awarded the sums of £200 for preparing the statements and considering other side's, the fee of £200, £400 for reviewing and responding to the other side's evidence in chief. Those were reasonable sums on the scale. I also consider that she was entitled to make an award of £200 in respect of the additional work caused by the issue which necessitated a further CMC which she discussed in some detail.
22. The award of costs is discretionary and her award was not unreasonable or based on an incorrect approach. I therefore do not reduce that award of costs. As to the costs of the appeal, since the respondent only sent a short e-mail stating (in so far as relevant) that the decision should be upheld for the grounds given in the decision, I am not satisfied that this merits an award of costs of this appeal and such was not requested in the e-mail in any event.
23. The total costs award will therefore remain at £1000.

DANIEL ALEXANDER QC

APPOINTED PERSON

19 December 2017

**Representation**

The appellant appeared in person. The respondent was not represented.