

O-376-15

TRADE MARKS ACT 1994

INTERNATIONAL TRADE MARK 841773A

IN THE NAME OF NATURE UP EURL

AND

APPLICATION No. 500402 BY LORIS AZZARO SAS

TO REVOKE THE PROTECTION OF THE MARK IN THE UK

BECAUSE OF NON-USE

Background and pleadings

1. Nature Up Eurl, a French company (“the holder”), is the holder of international trade mark registration No. 841773A (“the IR”), which consists of the following trade mark.

AZZARO

2. The IR was registered on 7 May 2004. The UK was designated for protection on the same date. The IR was protected in the UK on 17 February 2008.

3. The IR is protected in the UK for the following goods:

Class 34: Tobacco, ie cigarettes, cigars and pipes

4. Loris Azzaro SAS (“the applicant”) seeks revocation of the protection afforded to the IR in the UK based upon Section 46(1)(a) and/or (b) of the Trade Marks Act 1994 on grounds of non-use.

5. The periods of alleged non-use are 18 February 2008 to 17 February 2013 and 8 May 2009 to 7 May 2014 (“the relevant periods”).

6. The applicant asks for revocation to take effect from 18 February 2013 or 8 May 2014.

7. The holder filed a counterstatement denying the grounds for revocation. The holder claims that there was a proper reason for non-use. This is because the applicant and the holder have been engaged in litigation in France since 2010, which has meant that neither the holder nor its licensees have been able to use the mark.

8. Both sides seek an award of costs.

The holder’s evidence

9. The holder’s evidence takes the form of two witness statements by Jean Louis Da Ré and two by Luke Spear. Mr Da Ré is a Director of the holder. He says that he has been employed by his company since 2002 and that his evidence comes from his own knowledge or from the company’s records. Luke Spear is a qualified translator.

10. According to Mr Da Ré, the applicant issued a summons on 9 August 2010 to the Tribunal de Grande Instance de Paris in relation to Nature Up EURL’s use of AZZARO. A certified translation of the summons is in evidence¹. Contrary to the

¹ See exhibit LS2 to the first witness statement of Luke Spear

impression given by Mr Da Ré, the document shows that summons was not issued by the applicant, but served on the applicant at the request of Nature Up SARL (which may or may not be the same entity as Nature Up Eurl), Loris SARL and the Institut Loris Azzaro.

11. Mr Da Ré continues:

“In short, the applicant is challenging the rights of my company to use the trade mark. My company was granted a licence by the applicant to permit its use of the trade mark. Licences dated 4 October 2002 (with an expiry date of 4 October 2012) and 25 June 2005 (with an expiry date of 25 March 2008) were granted by the applicant in favour of my company.”

12. The holder provided translations of the documents in the French proceedings². These include copies of licence agreements dated 4 October 2002 and 25 March 2005. The first is between Mr Loris Azzaro and Nature Up SARL. The second is between the company Loris Azzaro SA and Nature Up SARL. This came into force on 25 June 2005.

13. The first licence records that Mr Loris Azzaro had filed an application in Tunisia to register AZZARO as a trade mark in classes 30, 33 and 34. It gave Nature Up SARL an exclusive and irrevocable licence to commercialise the mark in Tunisia and throughout the world, with the exception of France. This included filing applications in the name of the licensor to protect the mark.

14. It appears that Mr Loris Azzaro died before the date of the second licence in March 2005. Mr Da Ré says that “*the applicant*” (i.e. Loris Azzaro SAS) assigned its rights in the trade mark to the holder on 20 June 2006 and that this was recorded at WIPO on 2 April 2008. It appears from the terms of the 2002 licence that the IR was recorded in the name of Mr Loris Azzaro rather than the applicant. In any event, there is no dispute that the holder was recorded as the proprietor of the IR from 2 April 2008.

15. The second licence records that:

- Loris Azzaro SA is the owner of several French registrations of AZZARO and LORIS AZZARO in classes 30, 33 and 34, which predate the Tunisian registration and the IR.
- Nature Up SARL has an exclusive licence to use the marks filed by Mr Loris Azzaro throughout the rest of the world.

² See exhibit LS1 to the first witness statement of Luke Spears

16. The licensor granted Nature Up SARL a three year renewable exclusive licence to use the French trade marks.

17. A translation of the judgment of the French court dated 26 April 2013 is also in evidence³. It appears to show that:

- IR 841773 covered classes 30, 33 and 34 at the time before being split so that IR 841773A covers only tobacco products in class 34 and IR 841773C covers the remaining goods originally covered by these classes.
- In addition to the company Louis Azzaro SAS, the defendants included Clarins Fragrance Group, SDVA Frederic Roger SARL, Polyflame Europe SA, Champagne Abel Lepitre SAS and Escat SL SARL.
- The licence granted to Nature Up SARL on 25 March 2005 to use the French trade marks was replaced by a licence dated 15 June 2005 in favour of Loris SARL.
- In order to simplify the licensing arrangements, Loris SARL granted the holder a sub-licence to use the French marks in 2006.
- Loris SARL and Nature Up SARL granted various licences and sub-licences, including a licence dated 6 July 2006 for Escat SL SARL (with sub-licences to SDVA Frederic Roger SARL and Champagne Abel Lepitre SAS) to use the French marks and IR 841773 in relation to wines.
- Polyflame Europe SA was given a licence in 2008 to use the AZZARO trade marks in relation to smokers' accessories, excluding tobacco, but it is not clear whether this licence was based in any part on IR 841773.
- All the other defendants therefore appear to have been sub-licensees of Nature Up SARL or Loris SARL (Clarins Fragrance Group for goods that are of no relevance to these proceedings).
- In May 2010, the company Louis Azzaro SAS terminated the main licence of 15 June 2005 (i.e. the French licence) with Loris SARL because of alleged contractual breaches.
- Action was then taken in France against the sub-licensees for continued use of the trade mark (summonses being issued on 31 May 2010).

³ See exhibit LS3 to the first witness statement of Luke Spears

- The French litigation referred to by Mr Da Ré was effectively a counterclaim against the applicant.
- The applicant had asked the French court to determine, inter alia, that the IR had no legal existence or was fraudulently assigned to Nature Up SARL.
- The plaintiffs, including Nature Up SARL, asked the French court to order the “forced maintenance” of the French licence and to declare that it had no jurisdiction to determine the validity or assignment of IR 841773.

21. The judgment records that the court dismissed the request for “forced maintenance” of the French licence, held that the sub-licensees were responsible for infringements occurring in France after the lawful termination of the main (French) licence, prohibited Nature Up SARL from further use of the AZZARO mark in France, and refused to rule on the ownership of the IR because the IR was based on an Italian registration and therefore only the Italian courts might have had jurisdiction to determine that matter. However, the court made it clear that the allegations of fraud were, in its view, unsubstantiated.

22. Mr Da Ré states that:

“As a result of this [litigation] my company has stopped all use of the trade mark in the UK. The reason for such non-use is due to on-going litigation pertaining to the ownership of the trade mark. Were my company to continue to use the mark in the UK, despite on-going litigation in France, it would have been vulnerable, and continues to be vulnerable, to adverse remedies ordered by, firstly, the Tribunal de Grande Instance de Paris and now the Paris Court of Appeal.”

The applicant’s evidence

23. The applicant’s evidence consists of a witness statement by Kathleen O’Rourke. Ms O’Rourke is a solicitor with Charles Russell Speechleys LLP, which represents the applicant in these proceedings. The statement is a critique of the evidence of Mr Da Ré.

The holder’s evidence in reply

24. The applicant’s criticisms of the holder’s evidence in chief prompted it to file the second witness statement from Mr Da Ré. This statement gives two examples of third party companies who, says Mr Da Ré, decided not use the AZZARO mark under licence from the holder because of the French litigation.

25. The first example is illustrated in two letters from a company called Magellan Trading, which appears to be an intermediary that was given the job of finding licensees for the AZZARO marks for tobacco products⁴. The first letter dated 24 August 2009 records that the intermediary had visited tobacco firms in Russia and India and that they had shown interest in the mark, provided that there was “*real protection*” for it. The second letter, dated 5 May 2010, states that the Russian company had been willing to acquire the mark “*globally*” in class 34, but had backed out when the company’s lawyers discovered that the applicant had filed an application to register AZZARO (it is not clear where). The Indian company is recorded as having lost interest for the same reason.

26. The second letter, dated 28 September 2012, is from Polyflame Europe SA to the holder. It records the company’s decision not to renew a sub-licence from the holder dated 1 April 2008 because of the French litigation.

Representation

27. Ms Fiona Clark appeared as the applicant’s counsel at a hearing held on 22 July 2015, instructed by Charles Russell Speechleys LLP. The holder was not represented at the hearing. However, written submissions in lieu of attendance were filed by Withers & Rogers, Trade Mark Attorneys.

The law

28. Article 3(3) of the Trade Marks (International Registration) Order 2008 applies section 46 of the Act to IRs to the extent that they are protected in the UK.

29. Section 46(1) of the Act states that:

“The registration of a trade mark may be revoked on any of the following grounds-

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

(b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use;

(c).....
.....

⁴ See exhibits LS5 and LS6

(d).....

(2) For the purpose 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 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.”

30. There is no use of IR 841773A in the UK within relevant periods (or otherwise). The only issue is therefore whether the holder had a proper reason for non-use of the mark after the start of the French litigation in August 2010.

31. Both sides appear to agree that the principal authority on this matter is the judgment of the CJEU in *Armin Häupl v Lidl Stiftung & Co. KG*⁵ in which it held that:

“52. In particular, as correctly stated by the Advocate General in [79] of his Opinion, it does not suffice that “bureaucratic obstacles”, such as those

⁵ Case C-246/05

pleaded in the main proceedings, are beyond the control the trade mark proprietor, since those obstacles must, moreover, have a direct relationship with the mark, so much so that its use depends on the successful completion of the administrative action concerned.

53. It must be pointed out, however, that the obstacle concerned need not necessarily make the use of the trade mark impossible in order to be regarded as having a sufficiently direct relationship with the trade mark, since that may also be the case where it makes its use unreasonable. If an obstacle is such as to jeopardise seriously the appropriate use of the mark, its proprietor cannot reasonably be required to use it nonetheless. Thus, for example, the proprietor of a trade mark cannot reasonably be required to sell its goods in the sales outlets of its competitors. In such cases, it does not appear reasonable to require the proprietor of a trade mark to change its corporate strategy in order to make the use of that mark nonetheless possible.

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. It must be assessed on a case-by-case basis whether a change in the strategy of the undertaking to circumvent the obstacle under consideration would make the use of that mark unreasonable. It is the task of the national court or tribunal, before which the dispute in the main proceedings is brought and which alone is in a position to establish the relevant facts, to apply that assessment in the context of the present action.

55. Having regard to the foregoing considerations, the answer to the second Proper question referred for a preliminary ruling must be that Art.12(1) of the Directive must be interpreted as meaning that obstacles having a direct relationship with a trade mark which make its use impossible or unreasonable and which are independent of the will of the proprietor of that mark constitute “proper reasons for non-use” of the mark. It is for the national court or tribunal to assess the facts in the main proceedings in the light of that guidance.”

32. The holder also relies on earlier decisions of the registrar in the cases of *Invermont*⁶ and *Worth Trade Marks*⁷. The latter decision, in particular, appears relevant because in that case the registrar’s Hearing Officer accepted that uncertainty over possible applications to revoke the trade mark registrations was a proper reason for non-use of the marks. However, as Ms Clark submitted, considerable caution must be exercised in attaching weight to national authorities which pre-date the guidance provided on this matter by the EU courts. As Ms Clark pointed out, in *Naazneen Investments Ltd v OHIM* the General Court was notably less willing to accept that even on-going litigation was a proper reason for non-use. The court held that:

⁶ [1997] RPC 125

⁷ [1998] RPC 875

“70. As regards the revocation proceedings brought on 5 December 2008 by a third party against the mark at issue, the applicant complains that the Board of Appeal took the view that the proprietor of the mark at issue ought to have assessed and calculated the risks, that is to say, of using the mark despite the risk of having to pay damages or of backing down and abstaining from using the mark, and consequently, of cancellation proceedings being brought. According to the applicant, while revocation proceedings were pending against the mark and its validity was called in question, it would have been unreasonable to make additional investments, or to carry out marketing or sales activities and negotiations with interested business partners or potential licensees or sub-licensees.

71 It must be pointed out, first, that the fact that revocation proceedings have been brought against a trade mark does not prevent the proprietor of that mark from using it.

72 Second, it is indeed always possible that, should such revocation proceedings lead to the revocation of the mark, an action for damages might be instituted. However, an order to pay damages is not a direct consequence of the revocation proceedings.

73 Furthermore, OHIM states, rightly, that it is for the proprietor of a trade mark to conduct an adequate assessment of its chances of prevailing in the revocation proceedings and to draw the appropriate conclusions from that assessment as to whether to continue to use its mark.

74 Accordingly, the applicant cannot claim that the Board of Appeal was wrong to take the view that the revocation proceedings brought in 2008 by a third party did not constitute a proper reason for non-use of the mark at issue.”

33. The key issue, therefore, is whether it was “*unreasonable*” for the holder of the IR to have put it to genuine use in the UK after the initiation of legal proceedings in France in August 2010.

34. In my judgment, the answer to that is ‘no’. This is because, firstly, it appears the proceedings in France were prompted by the termination of the licence held by Loris SARL for France, where the applicant is the trade mark owner. By contrast, Nature Up EURL was the holder of the IR covering the UK throughout the relevant periods. Consequently, the main dispute in France (over the termination of the French licence and the implications for the sub-licensees) could have no direct impact on the legal position in the UK. Secondly, if the holder had conducted an adequate assessment of the chances of the success of the applicant’s claim for the French court to determine that the IR was invalid, it would have concluded that the French court had no jurisdiction to determine that matter (as the holder in fact successfully pleaded) and no jurisdiction to impose “*adverse remedies*” on the holder for using the IR in the UK. Thirdly, there is no evidence that the applicant made any threat to launch proceedings in the UK to revoke or invalidate the protection of the IR here.

35. Ms Clark also reminded me that it is not sufficient for the holder to show that there was a proper reason for non-use without also showing that, but for that reason, there would have been genuine use of the mark in the UK⁸. I accept that submission. I note that the holder has not established that the licence granted in favour of Polyflame Europe SA in 2008 for class 34 products permitted use of the IR in the UK. I also note that the licence appears to have been in relation to smokers' articles rather than tobacco products. As the applicant points out, there is no evidence that the holder has ever used the mark in the UK in relation to tobacco products. I further note that when the holder considered licensing the IR for tobacco products in 2009/2010, the territories under consideration appear to have been Russia and India rather than the UK. I further note that the reason given by the potential licensees for backing out of the prospective licence arrangements was not the litigation in France, but the fact that the applicant had filed a trade mark application for AZZARO. It is not clear where that application was filed, but there is no suggestion that it was in the UK. I therefore find that the opponent's argument that it "stopped" using the IR 841773A in the UK because of the French litigation is manifestly unfounded. Consequently, even if the litigation in France was, in principle, a proper reason for the non-use of the IR, I find that the holder has not been established that it was the actual reason for non-use of IR 841773A in the UK. The French litigation does not therefore constitute a proper reason for non-use of the IR for this reason too.

Provisional outcome

36. Subject to appeal, the IR will be revoked in the UK with effect from 18 February 2013. The International Bureau will be notified accordingly in accordance with paragraph 4 of Schedule 5 to the Trade Marks (International Registration) Order 2008.

Costs

37. I gave the applicant leave to make submissions on costs after receiving this decision. The applicant has 21 days from the date of this decision to make such submissions in writing. Any request for off scale costs must be justified and include a breakdown of the costs. The written submissions should be copied to the holder.

38. The holder has 14 days from the receipt of any such submissions to make written submissions in response, which should be copied to the applicant's representatives.

⁸ *Cernivet Trade Mark* [2002] RPC 30

Next steps

39. I will issue a further decision confirming this provisional decision, dealing with costs, and setting a period for appeal, after I have received the parties' submissions on costs.

Dated this 6th day of August 2015

**Allan James
For the Registrar**