



Neutral Citation Number: [2019] EWHC 3468(Ch)

Case No: CH-2019-000059

IN THE HIGH COURT OF JUSTICE
CHANCERY APPEALS (ChD)

Royal Courts of Justice
Rolls Building, 7 Rolls Buildings
Fetter Lane, London EC4A 1NL

Date: 13th December 2019

Before :

MR JUSTICE MANN

Between :

AIWA CO. LIMITED
- and -
AIWA CORPORATION

Appellant

Respondent

Richard Davis (instructed by **Hoffmann Eitle**) for the **Appellant**
Charlotte Blythe (instructed by **Edwin Coe LLP**) for the **Respondent**

Hearing date: 21st November 2019

Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

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MR JUSTICE MANN

MR JUSTICE MANN:

Introduction

1. This is an appeal from the UK Trade Mark Registry and a decision of the hearing officer (Mr Mark Bryant) delivered on 4th February 2019. In that decision Mr Bryant considered whether the sale of second-hand goods was sufficient “genuine use” with the consent of the proprietor of various trademarks of Aiwa Co Ltd (“Limited”) to enable a registration to avoid revocation for non-use and to prevent the registration of similar marks by Aiwa Corporation (“Corporation”).
2. The numbers of the marks appear in the heading to this judgement; they all consist of the use of the word “Aiwa” in various styles. The classes of use for which they were registered can be summarised for these purposes as being audio, radio and television apparatus, and other electronic apparatus. The precise content of the classes does not matter for present purposes.
3. The marks were formerly owned by Sony Corporation but there have been no retail sales of new goods using that mark since 2008. In 2017 Limited was set up in order to re-establish the brand after having acquired the marks from Sony Corporation. Corporation filed its own application to register an Aiwa mark in July 2017 and Limited opposed the registration based on its already registered marks. Corporation then commenced revocation proceedings based on non-use of Limited’s registered marks for a five year period, and relied on the same non-use as standing in the way of the opposition under section 6A of the Trade Marks Act 1994. The main question before the hearing officer was whether or not that non-use was established, or more precisely whether use with the consent of the proprietor had been established in the relevant period. That period can be taken to be August/September 2012 to August/September 2017. Technically the relevant periods were slightly more refined than that, but that was the five year period taken by the hearing officer and there has been no objection to that. The main question which he addressed was whether the evidence that he received of second-hand sales of Aiwa products and some other lesser alleged use amounted, in the circumstances, to use which stood in the way of revocation or as a counter to the new registration sought by Corporation.
4. The hearing officer in his decision set out the law in terms of the statute and some case law, considered the evidence of use in the relevant period provided by Limited, reflected on the significance of sale of second-hand goods in establishing “genuine use” with the consent of the owner under the statute, and some other use, and came to the conclusion that no genuine use with the consent of the owner had been shown in respect of any of the claimed goods and services so far as second-hand sales were concerned,

and that other alleged use was not genuine use. He accordingly ordered the revocation of Limited's marks and dismissed the opposition to the registration of Corporation's new marks. Limited appeals on the footing that the hearing officer erred in making a simple unreasoned finding that there was no relevant use with the consent of the proprietor. It is said there was consent to genuine use, when one looks at the facts and law properly.

5. Mr Richard Davis appeared for the appellant, Limited. Miss Charlotte Blythe appeared for the respondent, Corporation.

The relevant statutory law

6. The hearing officer identified the correct provisions which were central to the issues which he had to decide, which can be summarised and particularised as follows.
7. Section 6A of the 1998 Act prevents registration of a mark in the face of an existing registered similar mark if the "use condition" is met, and the use condition is defined in subsection (3):

“(3) The use conditions are met if

(a) within the period of five years ending with the date of publication of the application the earlier trade mark *has 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, or

(b) the earlier trade mark has not been so used, but there are proper reasons for non- use.”

I have emphasised the important words for present purposes.

8. The same words are relevant to the revocation claim, in relation to which section 46 provides:

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

(a) that within the period of five years following the date of completion of the registration procedure it has not been put to

genuine use in the United Kingdom, *by the proprietor or with his consent*, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use;

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

Again, I have emphasised the words around which the application turned. The question considered by the hearing officer was whether the evidence established “genuine use ... by the proprietor or with his consent.”

The structure of the decision

9. There is a dispute in this case as to what findings the hearing officer made, and whether he had sufficient internal reasoning to support some of them. In those circumstances it is necessary to set out verbatim some parts of his judgment.

10. The decision starts by outlining the applications and the marks in question, and setting out some background material. Then the hearing officer identified the relevant legislation and turned to the case law on “genuine use”. He summarised the nature and source of the evidence he had received and recited his rejection of some late evidence. His decision then has a major heading “Proof of Use/Genuine Use” with an immediate sub-heading “Legislation”. That section sets out the relevant legislative provisions and adds “the guiding case law for considering genuine use” in the form of paragraph 219 of the judgment of Arnold J in *The London Taxi Corporation Ltd v Frazer-Nash Research Ltd* [2016] FSR 579.

11. In paragraph 18 he then said:

“18. With this [viz remarks about the applicable dates] in mind, the respective periods for which I need to consider genuine use of Party A’s [ie Limited’s] ... marks are [the periods summarised above].”

That suggests that he is going on to consider the question of “genuine use”.

12. There is then a heading “Party A’s evidence of use” under which he summarised the use relied on. This is followed by a short paragraph summarising limited evidence from Corporation.

13. Then he has a heading “Considerations of genuine use” which is followed by headings for each separate category of alleged use. The first is “Second-hand sales” and it is under this heading that the paragraph crucial to Mr Davis’s appeal appears. In paragraph 25 he records Mr Davis’s submissions as to what the evidence showed and Mr Davis’s reference to *London Taxi* and goes on to reach an important decision in paragraph 27:

“25) Mr Davis submitted that the evidence shows third parties offering for sale second-hand AIWA items. These items would have been produced by Party A’s predecessor in title up to 2008 and include some much older, in one case from the mid-1970s. Mr Davis referred me to the comments of Arnold J in *London Taxi*. Arnold J described the issue he was considering in the following terms:

“220. [...] an issue which arises in the present case is whether sales of used vehicles bearing the trade mark by the trade mark proprietor [my emphasis] are sufficient to constitute genuine use of the trade mark. [...]”

26) After some analysis, Arnold J concluded (at para 223) that this was a difficult question in law and that “it is one which would ultimately have to be resolved by the CJEU”. He did not have to try and answer the question in that case and, therefore, declined to do so.

27) I acknowledge that there may be circumstances where second-hand sales may be sufficient for a finding of genuine use. However, the facts of the current case are sufficiently different to those before Arnold J, in particular, the fact that in *London Taxi* the second-hand sales were made by the proprietor. In the current case, if there are any second-hand sales, they are by third parties unrelated to the proprietor (being Party A). Unlike in *London Taxi*, the sales were not made with the proprietor’s consent. This is a requirement as set out in both section 6A(3)(a) and section 46(1)(a) of the Act. These sections state that the use condition is satisfied where, in the relevant period, use of the mark is made by the proprietor or with his consent. Whilst I

recognise that such use may be a moot point yet to be decided by higher authority, on a plain reading of the Act, it is my view that such third party use cannot constitute genuine use because it is not use by the proprietor or with its consent. For this reason, I dismiss Mr Davis' submission that it makes no difference that the re-seller is a third party who does not have the consent of the proprietor."

The underlinings in those paragraphs are the hearing officer's. Mr Davis criticises the finding as to consent as being a mere statement without reasoning, and says that the hearing officer did not make a relevant finding. That being the case, he says, this court should make the finding in a considered fashion and come to the conclusion that there was consent by the proprietor to a genuine use in the form of second-hand sales.

14. Ms Blythe for Corporation relied on what was said in paragraph 28:

"28) In addition, Ms Blyth pointed out that Arnold J, having considered the findings of the CJEU in *Ansul BV v Ajax Brandbeveiliging BV* [2003] RPC 40 (that dealt with the issue of after-sales services such as the sale of accessories or parts in respect of the goods in which use was claimed to qualify as genuine use as well as after-sales servicing and repair) concluded (at para. 226) that the CJEU's reasoning was "rather specific to the facts of that case [and that] it cannot be concluded from this that simply re-selling used goods bearing a trade mark either definitely does or definitely does not amount to genuine use of that trade mark". Therefore, the answer is dependent on the facts of the case, and as I have already stated in the previous paragraph, the facts of the current case do not lead me to conclude that the second-hand use relied upon amounts to genuine use."

15. Those are the paragraphs critical to this appeal, and I will come back to them.
16. The hearing officer then had a heading "Sony Corporation's repair services provided since 2008" in which he considered the evidence on that topic and held that while such activities could, generally speaking, qualify as genuine use, on the actual facts of the case the evidence was too sparse to qualify as genuine use for the purposes of the matter before him (paragraph 39). Then, under a heading "Preparations to beginning trading" he considered the evidence under that topic and found that the evidence demonstrated, at best, the exploration of options, which did not qualify as genuine use (paragraph 44).

17. Without then introducing a separate heading the decision goes on to draw strands together and reach a conclusion:

“45) I have found that individually, the second-hand sales by third parties and the claimed service support by Sony Corporation does not amount to “genuine use”. Further, I have also found that the activities undertaken by Party A, within the relevant periods, do not amount to “genuine use”. Mr Davis submitted that I should not look at each category of claimed use in isolation, but that I should stand back and look at the evidence as a whole, and that when I do so, I should conclude that it illustrates genuine use during the relevant periods. I agree that it is appropriate that I look at the evidence as a whole, but even when doing so the sum of the evidence does not amount to an illustration of genuine use, in the UK, of Party A’s AIWA marks during the relevant periods.

46) In summary, the use shown is insufficient for me to conclude that there has been genuine use within the meaning of Section 46 of the Act or that proof of use has been demonstrated for the purposes of section 6A of the Act.”

18. The closing paragraphs express more conclusions, which were that the revocation application succeeded and the opposition to Corporation’s mark failed, with the result that the mark could proceed to registration.

The basis of the appeal

19. Mr Davis’s appeal hinges first around the finding as to consent to user in paragraph 27. His short point was that that conclusion was merely a statement without reasoning. If the hearing officer was to reach such a conclusion it ought to have been on the basis of a consideration of the law and with some reasoning. The paragraph contained neither and the missing elements did not appear elsewhere in the decision either. That required that one go on to consider whether there was genuine use within the statute, and this appeal court then had to consider the question of consent which the hearing officer had not dealt with adequately.
20. It is not at all clear to me how far this narrow line of reasoning is fair to the hearing officer because it is not clear to what extent the consent point was argued before him. The nature of any consent or how it might have arisen does not really figure at all in the written submissions of Limited leading up to the hearing. That element of the provisions is largely ignored, and the focus is on the extent and nature of the use. The written submissions of Corporation do take the consent point and say that the second-

hand sales do not demonstrate use by the proprietor or consent, and that point is not dealt with in reply submissions. I do not know how the matter was dealt with at the hearing, but if there was no more than that then it is understandable that the hearing officer would be brief about the point.

21. However, the point is now taken, and in fact there is another difficulty with the hearing officer's reasoning. It seems to elide the concepts of "genuine use" and the consent of the proprietor. Paragraph 27 seems to say that because there was no proprietor consent, therefore there can be no genuine use. He does not consider any other factors which go to genuine use, despite having set out those parts of Arnold J's decision which go to genuine use. This analysis is apparent from the lead up to his critical finding and from what follows it. In the lead up, in paragraph 25 the officer cites a short passage from paragraph 220 of *London Taxi* in which Arnold J describes the issue in that case as concerning the sale of used cars by the trade mark proprietor, and the hearing officer emphasises the words "by the trade mark proprietor" (the emphasis in the above extract is the hearing officer's). So he is focusing on the user element, not the use element. Paragraph 27 makes it plain that he considers that the difference between his case and Arnold J's is that his case involved sales by third parties and not the proprietor - see the second and third sentences. Although he does not underline the words "were not made with the proprietor's consent" in the fourth sentence, a proper reading of the paragraph reveals that that is where the emphasis of the sentence lies.
22. That analysis is supported by the rest of the decision. The last sentence of paragraph 28 shows that the hearing officer thinks he has decided genuine use in relation to second-hand sales, not just the question of consent, as does the first sentence of paragraph 45. Since he has not considered the application of the sort of matters referred to by Arnold J in *London Taxi* and cited in paragraph 16 of the decision, he can only be referring to his consent finding when he says he has decided there was no genuine use.
23. In my view that approach is erroneous, or at least is likely to obscure what needs to be considered. There are two elements in relation to non-use – first, genuine use, and second, use by the proprietor or with its consent. That is most apparent when one considers a case like *London Taxi* where the only potential user was the proprietor. There still had to be a consideration of whether the use was "genuine". The elements were separate. They should have been considered separately by the hearing officer and it should not have been assumed that the absence of proprietorial consent automatically meant that there was no genuine use. As a result of his error the hearing officer did not consider either element properly.
24. Having said that, as will appear, the consent of the proprietor, in a case of third party second-hand sales, turns out to be an important element of genuine use. It may well be difficult to establish genuine use in the case of third party use without demonstrating something like proprietorial consent, but nonetheless it would be a mistake to assume that the absence of such consent, without more, automatically, means that there is no genuine use.
25. For those reasons, therefore (the failure to consider in a reasoned manner whether there was consent, and the automatic assumption that the absence of consent meant there was no genuine use) the decision cannot stand as such and the matters fall to be reconsidered on this appeal. It was not suggested that a remission was appropriate. I was invited to

decide the appeal on the basis of the summary of the evidence in the decision and by reference to short trips into the documentary material.

26. In the light of the link between consent and genuine use, it will be useful to consider the question of consent first, because of its potential impact on the genuine use question. This needs to be considered in the context of the second-hand sales which occupied centre stage in terms of the alleged genuine use. The other two heads of use were use by the proprietors at the time and there is no consent issue.

Consent and second-hand sales

27. The nature of the evidence of second-hand sales (and their associated marketing) appears below. There is no question of any express consent of the proprietor to the second-hand sales by third parties in this case. Mr Davis said there was implied consent in this context and that was sufficient for the purposes of the statutory provisions involved. He relied on *The Sunrider Corp v OHIM* EU Case T-203/02 as establishing that implied consent would qualify and I accept that proposition.
28. When it came to establishing implied consent in this case the main part of his submissions involved the following chain of propositions:
- (i) The concept and nature of consent was the same whether the question was non-use, exhaustion of rights or infringement. In this respect he relied on *Einstein Trade Mark* [2007] RPC 23, a decision of Mr Geoffrey Hobbs QC sitting as The Appointed Person.
 - (ii) When Sony Corporation put its marked goods on the market in the UK it exhausted its rights. That concept involved implied consent to onward sales in the UK (with the result that sales thereafter could take place without infringement).
 - (iii) That implied consent to onward sales was also capable of being, and was, a consent to genuine use of the mark in the course of onward sales, including second-hand sales.
29. Miss Blythe disputed this line of reasoning and the end result. She challenged the analysis of *Einstein* and invited me to look closely at the facts, though she accepted the uniformity of the concept of consent. However, she focused on what the nature of the required consent was and said that while what was required was implied consent (in the absence of express consent), there was no implied consent to subsequent sales for these purposes. At most there was deemed consent and that was not enough to amount to consent for any of the purposes of this action. In that context she relied on *Zino Davidoff v A & G Imports* (Joined cases C-414/99 to C-416/99).

30. In my view the answer to this debate lies in considering carefully what part consent has to play in the concept of exhaustion of rights, because Mr Davis's argument depends on a relevant form of consent flowing from it as well as being a necessary ingredient of its arising in the first place. Exhaustion in the UK's national legislation is provided for in section 12 of the 1994 Act:

“12. Exhaustion of rights conferred by registered trade mark

(1) A registered trade mark is not infringed by the use of the trademark in relation to goods which have been put on the market in the European Economic Area under that trade mark by the proprietor or with his consent.”

31. The section must be interpreted consistently with Article 7 of the Trade Mark Directive:

“Exhaustion of the rights conferred by a Trade Mark

(1) The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.”

32. For present purposes there is no material difference between those two provisions. It can be seen that consent arises as a necessary precondition for the operation of the rest of the section. The goods must have been put on the market by the proprietor or with the proprietor's consent.
33. The *Davidoff* case deals with the nature of the consent that has to exist at that stage of the enquiry. The first question in that case was whether the consent must be express, or whether it may also be implied. The answer to that question was that it must be “unequivocally demonstrated” – see para 45. The consent can obviously be express, but it can also be implied where the circumstances justify it.

“47... the consent... may be implied, where it is to be inferred from facts and circumstances prior to, simultaneous with or subsequent to the placing of the goods on the market outside the EEA which, in the view of the national court, unequivocally demonstrate that the proprietor has renounced his right to oppose placing of the goods on the market within the EEA.”

34. The Court went on to consider whether implied consent may be inferred from mere silence. The answer was that it could not (see paragraph 55). Consent:

“... must be expressed positively and that the factors taken into account in finding implied consent must unequivocally demonstrate that the trademark proprietor has renounced any intention to enforce his exclusive rights.”

35. In the course of its judgment the Court indicated that “deemed consent” is not applicable. This paragraph was one heavily relied on by Miss Blythe:

“A rule of national law which proceeded upon the mere silence of the trademark proprietor would not recognise implied consent but rather deemed consent. This would not meet the need for consent positively expressed required by Community law.”

36. Mr Davis went further and said that the concept of exhaustion operated through implied consent. Subsequent sellers had implied consent to sell into the market after exhaustion, and that consent had the effect that they could not be sued for infringement. Since that consent was operating in that context and since the same type of consent operated in the realms of the non-use provisions, the effect was that there was consent to the use made by second-hand sellers in this market.

37. In support of his concept of the identical quality of types of consent Mr Davis relied on the *Einstein Trade Mark* case. In that case Mr Hobbs QC, as the Appointed Person, had to consider consent to use in the same statutory context as in the present case. His case involved an allegation of consent to use by an associated entity of the proprietor and one of the questions was whether consent had been established. He held that on the facts it had.

38. The passage relied on by Mr Davis is at para 22:

“The rules stated in Art. 10(3) of the Directive and Art. 15(3) of the CTMR is reflected in the provisions of Art.7(1) of the Directive and Art.13(1) of the CTMR relating to exhaustion of rights. The latter Articles provide for exhaustion of the rights conferred by registration of a trade mark in circumstances where goods are “put on the market under the trade mark by the proprietor or with his consent”. I do not see how use of a trade mark in relation to goods “put on the market” in the United Kingdom “by the proprietor or with his consent” could be sufficient, in principle, to satisfy the requirements for exhaustion without also being sufficient, in principle, to support a claim for

protection defined by reference to use or to defeat an application for revocation on the ground of non-use. I therefore think it is appropriate to adopt and apply the same basic concept of use “by the proprietor or with his consent” in all three contexts.”

39. As I understand his submission, Mr Davis relies on this citation as demonstrating that the consent to the marketing of products under the Aiwa brand in this jurisdiction should be taken to be consent to its use thereafter, which covers second-hand sales for the purposes of the non-use provisions. I consider that that misunderstands what Mr Hobbs was saying. Mr Hobbs was more concerned about the quality of the evidence required for consent and how far that evidence should be taken, and was reflecting that it ought to be the same under the three heads to which he referred. He was not saying that consent to putting goods on the market was enough also to amount to consent for the purposes of considering use within the market. The real question with which he was concerned on the facts of that case appears in paragraph 24 – whether use can be relied on where it is by a person such as a licensee with whom the alleged user is economically linked without showing control over the quality of the goods in question. He was saying nothing about any further type of consent which might be operating in this area, and in particular he says nothing about how the concept of exhaustion works when it is in play.
40. That case, therefore, does not support Mr Davis’s thesis that consent is operating after the act of exhaustion, so thus far his argument fails. There is also a reason in principle why Mr Davis’s argument is misplaced. Consent is relevant to the arising of the “exhaustion” of the rights. It is what gives rise to it. It does not play a part in defining the lawful quality of user thereafter. Once exhaustion has happened, the proprietor cannot complain about infringements of his marks in relation to goods to which his marks are properly applied not because he is taken to have consented to that use, but because he has no more rights in relation to those goods – his rights are exhausted (a concept used in the headings though not in the bodies of the legislative provisions). The provisions are not phrased in terms of consent – they are phrased in terms of not being able to claim infringement or not being able to prohibit the use of the mark.
41. Accordingly there is no element of consent arising from exhaustion which Mr Davis can deploy to say that there is implied consent from the original marketing of the goods. Miss Blythe submitted that the consent that Mr Davis was seeking to rely on from this source was deemed consent, which the Court in *Davidoff* ruled out as being a relevant form, but I do not think that that analysis is correct or even relevant. Deemed consent is not actual consent, and in any event exhaustion does not operate via consent.
42. The only form of consent to user relied on by Limited in the context of second-hand sales is the supposed consent arising from putting the goods on the market in the first

place. Mr Davis did not rely on any other form of consent. In those circumstances that part of his case on consent fails.

43. He does not face the same obstacles in relation to his other heads of user – after sales services provided by Sony Corporation and various activities by Limited – because they are acts of the proprietors. Those factors fall to be dealt with under the heading of genuine use.

“Genuine use”

44. Because the main thrust of this appeal is on the effect of the second-hand sales, I shall focus on that point first even though my finding on consent makes it irrelevant.
45. Guidance on the question of whether the sale of second-hand goods is genuine use for the purposes of the above provisions is contained in the decision of Arnold J in *London Taxi*. That case was the subject of an appeal, but on this point the Court of Appeal agreed with the judge without any comment on his reasoning or analysis – see [2017] EWCA Civ 1729 at para 81. In that case Arnold J had to consider the question in the context of second sales by the proprietor of the mark, not by a third party. Nonetheless, his judgment contains useful guidance for third party sales, as was recognised by the hearing officer who quite rightly cited some of it in paragraph 16 of his decision.
46. At paragraph 220 of his judgment Arnold J embarked on a consideration of two linked questions – first, whether such sales were use of the mark at all, and second, were they genuine use within the meaning of the legislation. At paragraph 223 he considered that the question of whether it was use at all was a difficult question of law and he did not have to decide it because of his decision on genuine use.
47. Arnold J helpfully summarised principles on “genuine use” which can be extracted from the authorities in paragraph 219 of his judgment (cited by the hearing officer in this case):

“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 *Verein Radetsky-Order v Bunderversvereinigung Kamaradschaft ‘Feldmarschall Radetsky’* (C-442/07) [2008] E.C.R. I-9223; [2009] E.T.M.R. 14 and *Centrotherm Systemtechnik GmbH v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-609/11) EU:C:2013:592; [2014] E.T.M.R. 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 [2003] R.P.C. 40 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 [2006] E.C.R. I-4237 at [70]; Verein [2009] E.T.M.R. 14 at [13]; Centrotherm [2014] E.T.M.R. 7 at [71]; Leno Marken [2013] E.T.M.R. 16 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 [2003] R.P.C. 40 at [36]; Sunrider [2006] E.C.R. I-4237 at [70]; Verein [2009] E.T.M.R. 14 at [13]; Silberquelle [2009] E.T.M.R. 28 at [17]; Centrotherm [2014] E.T.M.R. 7 at [71]; Leno Marken [2013] E.T.M.R. 16 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 [2003] R.P.C. 40 at [37]. Internal use by the proprietor does not suffice: Ansul at [37]; Verein [2009] E.T.M.R. 14 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 [2009] E.T.M.R. 28 at [20]–[21]. But use by a non-profit making association can constitute genuine use: Verein at [16]–[23].

(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 [2003] R.P.C. 40 at [37]–[38]; Verein [2009] E.T.M.R. 14 at [14]; Silberquelle [2009] E.T.M.R. 28 at [18]; Centrotherm [2014] E.T.M.R. 7 at [71].
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(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 [2003] R.P.C. 40 at [38] and [39]; La Mer [2004] F.S.R. 38 at

[22]–[23]; Sunrider [2006] E.C.R. I-4237 at [70]–[71], [76]; Centrotherm [2014] E.T.M.R. 7 at [72]–[76]; Reber EU:C:2014:2089 at [29], [32]–[34]; Leno Merken [2013] E.T.M.R. 16 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 [2003] R.P.C. 40 at [39]; La Mer [2004] F.S.R. 38 at [21], [24] and [25]; Sunrider [2006] E.C.R. I-4237 at [72]; Leno Merken [2013] E.T.M.R. 16 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 EU:C:2014:2089 at [32].”

48. That summary makes it unnecessary to go to underlying cases such as *Ansul*, whose relevant effect is summarised above.
49. Some of those factors are more relevant to this case than others – heads 3 and 5 are particularly relevant. The significance of the factors underlying heads 3 and 5 appears from other parts of his judgment. At paragraph 232 Arnold J found that disposals for scrap did not amount to use or genuine use, ending the paragraph by saying:

“Still less are such acts calculated to create or maintain a share of the market for the goods.”

And at paragraph 234, where he summarised his conclusions, he said:

“(vii) To my mind, the key consideration is the nature of the activity relied upon. Even assuming that the sales of used vehicles constituted use of the CTM, this simply amounted to recirculation of goods which had already been put on the market under the CTM long beforehand. Moreover, the average price achieved was a fraction of the price of a new taxi at the time (in the region of £30,000). This did not help to create or maintain a share of the market for vehicles bearing the CTM. On the contrary, production of those vehicles had long since ceased and been superseded by the production of later models. Moreover, even the sales of used vehicles dried up.”

50. That observation is pertinent to the present appeal. Arnold J concluded that the use did not amount to genuine use of the mark.
51. I therefore turn to apply those principles to the present case. In doing so I emphasise the words “present case”. It is not possible to come to a general conclusion as to whether all second-hand sales of branded goods amount to genuine use of a mark for the purposes of revocation or preserving the mark in opposition proceedings. Each case will depend on its own facts (though many sets of facts will be similar, and it seems to me to be likely that the facts of the present case will be typical of most others). I shall confine my findings to the present case, while acknowledging that they may have parallel applications in other situations.
52. The most significant factors to be extracted from the above principles for present purposes are in my view:
- (i) Whether the mark amounts to 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.
 - (ii) Is the use of the mark deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services.
53. Mr Davis submitted, and I accept, that the appearance of the mark on second-hand goods was capable of performing that part of the function of a trade mark which involves distinguishing goods originating from Sony Corporation from other goods. That was probably true, to a degree, of the mark in *London Taxi*. However, as appears from Arnold J’s decision, that would appear not to be enough, and I agree. It would mean that virtually any second-hand sale without more is a genuine use of the mark. That would not be consistent with Arnold J’s analysis. Something more is required, as his reasoning demonstrates. One has to consider the matter more widely to see if the additional matters emerging from Arnold J’s judgment arise in the circumstances.
54. One also has to bear in mind, as Miss Blythe pointed out, that the evidence of second-hand sales in this case was rather thin. There was no direct evidence of any sales at all

during the critical 5 year period. There was evidence of various types of goods being advertised on Amazon and Ebay in a printout dated “3/6/18”, and others on undated Ebay searches, but none of those advertisements can be related to actual sales or marketing in the previous period. Limited’s deponent Mr Matsui (its President) said he was aware of shops in various EU countries offering spare parts for Aiwa-branded products, and produced some more printouts, but again they do not clearly demonstrate advertisement in the relevant periods, there are hardly any Aiwa-branded spares shown on the sites; and one of the printouts is actually illegible.

55. Miss Blythe submitted, in effect, that this did not amount to any real level of second-hand sales at all. There was no direct evidence of sales in the relevant period, and she submitted it would be wrong to infer from the Amazon and Ebay material for 2018 that there were prior sales. Limited should have done much better and investigated matters more if it was to demonstrate a healthy second-hand market which might support an averment of genuine use.
56. We do not have the benefit of the hearing officer’s decision as to genuine use and the second-hand sales material because he did not address that point, preferring to go to the question of consent instead – see above. So I have to make my own determination. I do not accept Miss Blythe’s submission that one should not infer any sales at all in the critical 5 year period from advertisements in the post-5 year period. The advertisements do tend to demonstrate some sort of market in the subsequent period (though they do not prove any particular level of sales), and as Mr Davis said it is not likely that is suddenly sprang up in that subsequent period. So it would be right to infer some level of advertisement in the relevant 5 year period. However, what that level was was uncertain. The proponent of use has the burden of establishing genuine use. I am far from convinced that evidence was not available to be able to establish a better picture of the advertisement, and to a degree, the resulting sales, in the relevant period. The proponent should not have the benefit of particularly beneficial inferences when he or she ought to have done better.
57. With those factors in mind, and taking the evidence in the round, and drawing the limited inferences in favour of Limited that I have referred to, I am quite unable to find that the level and nature of activity generated in relation to second-hand sales was capable of “maintain[ing] a market share for goods bearing the [mark]”, or was such that it “preserve[d] an outlet for the goods or services that bear the mark.” That was not the purpose of the use, nor the effect of what happened. The advertisement and sales were advertising and selling goods which had been marketed some time before when the original purpose was fulfilled, and there was no relevant market share to maintain any more. It is impossible to see how Arnold J’s criteria were fulfilled on the facts of these advertisements and sales. In my view this case is firmly in the territory of the kind referred to by Arnold J in his paragraph 234(vii), so far as the second-hand sales are concerned.

58. I reach this conclusion, of course, on the footing that these are sales by persons other than the proprietor of the mark. The involvement of the proprietor of the mark might be one factor capable of moving the use in the direction of one which fulfils Arnold J's criteria, because the proprietor has a real interest in those factors and may be consenting somehow in order to create the important effect described in those factors. That is where consent might have been relevant, had there been any real consent. It might have pointed to a conclusion that the mark was being used to maintain a market, or preserve an outlet for the goods bearing the mark. This sort of interaction demonstrates how it may be difficult to establish genuine use in the absence of proprietorial consent, as foreshadowed above. But whether or not that is true, in this case, so far as concerns second-hand sales, the absence of consent is very material to the use being non-genuine for the purposes of the non-use provisions.
59. Accordingly, the level of second-hand sales gives little or no support to the averment of genuine use. There were, as appears from my description of the hearing officer's decision, other matters relied on, (after sales activities of Sony and Limited's own activities) but bearing in mind the decision of the hearing officer on those points they do not separately, or in aggregate with the others, amount to genuine use. He described Sony's support-related activities as not illustrating anything other than "the most basic after-sales service", and "such sparse and unparticularised activity" was not sufficient to amount to "real commercial exploitation of the mark in the relevant period". More recent activity by the proprietor amounted to no more than exploring options and not preparations for a re-launch, in the relevant period. Those decisions were not really challenged on the appeal.
60. In aggregate, therefore, there was no genuine use.

Conclusion

61. It follows, therefore, that although my reasoning is not the same as the hearing officer's, I find that there was no genuine use with the consent of the proprietor, as did he, and this appeal falls to be dismissed.