



Use it or lose it: to maintain a CTM registration “genuine use” is required beyond just one Member State

The Sofa Workshop Limited v Sofaworks Limited [2015] EWHC 1773 (IPEC)

In a recent Intellectual Property Enterprise Court decision, the High Court has found two Community Trade Marks (“CTMs”) owned by Sofa Workshop for the words “SOFA WORKSHOP” to be liable to be revoked for non-use and therefore unenforceable in infringement proceedings against Sofaworks. However, the court found that Sofa Workshop could rely on its unregistered rights and it was successful in arguing that the use of the name “Sofaworks” constituted passing off.

Background

Both companies were in the business of selling sofas and other furniture. Sofa Workshop had been using the trade name “Sofa Workshop” in the UK since 1986 and had registered the word mark SOFA WORKSHOP as a CTM in classes 20 and 24 in 1996 and again in classes 18, 20, 24 and 35 in 2005. Sofaworks began trading under that name in December 2013 (previously trading as CSL) and Sofa Workshop issued proceedings against Sofaworks, alleging trade mark infringement pursuant to Article 9(1)(b) of Council Regulation (EC) 207/2009 (likelihood of confusion) and passing off.

Sofaworks counterclaimed for revocation of both CTMs for non-use pursuant to Article 51 and for a declaration that both CTMs were invalid, having been registered contrary to both Articles 7(1)(b) and 7(1)(c) of the CTM Regulation on the basis that the trade marks were devoid of any distinctive character or consisted exclusively of signs or indications which designated the characteristics of the goods.

Revocation for non-use

Brand owners must put their marks to use within the first 5 years of their registration. The geographical extent of Sofa Workshop’s use in this case did not extend beyond the boundaries of one Member State (i.e.; the UK). As a result, the court found that the marks should be revoked for non-use.

Sofa Workshop had used the CTMs extensively in the UK but outside of the UK, its use was limited to adverts in UK magazines which had been distributed in 25 named EU Member States. The judge said that he was prepared to assume that a significant number of European members of the

public had seen the advert. However, he said that “viewed objectively the Sofa Workshop advertorials were not targeted at readers outside the UK. The phone numbers and the invitation [to customers] to ‘pop in’ are not consistent with **targeting anyone except UK consumers**” (our emphasis). This was evidenced by the lack of sales in Europe; merely one customer who had moved abroad to France but ordered furniture to a UK address and a hotel in Copenhagen in 2013.

Invalidity

The judge was of the view that both of Sofa Workshop’s CTMs consisted exclusively of signs which may serve in trade to designate a characteristic of some of the goods for which those marks were registered. Sofa Workshop argued that the marks had acquired distinctive character through use.

The court was satisfied that distinctiveness had been acquired through use **in the UK**. Sofa Workshop had a large customer base and 25% of its customers identified themselves as repeat customers, indicating brand loyalty. However, the CTMs had not acquired distinctiveness outside the UK and, as CTMs, were therefore invalid.

Trade mark infringement

Despite his finding that the marks were both invalid and liable to be revoked, the judge went on to consider the infringement case nonetheless. He found that among “a proportion of relevant actual consumers, which is well above de minimis although markedly less than half the total, there was a belief that because of the similarity between mark and sign that the respective goods of Sofa Workshop and Sofaworks come from the same or economically-linked undertakings.” Furthermore, at least one of the essential functions of the mark (the ability to guarantee trade origin) had been damaged. Therefore, if the CTMs had been valid and not liable to be revoked, they would have been infringed.

Passing off

For the same reasons explained by the judge in relation to whether Sofa Workshop’s CTMs had acquired distinctive character in the UK, the judge found that Sofa Workshop had goodwill in its business in England and Wales associated in the public mind with its trading name.

Notwithstanding the descriptive qualities of that trading name, the judge found that it had acquired a secondary meaning in the mind of the relevant public, that is to say as a badge of trade origin. The judge found that Sofaworks' use of its "Sofaworks" sign resulted in a representation to a proportion of the relevant public that the goods and services of Sofaworks come from a source which was the same as, or was associated in the course of trade with, Sofa Workshop. That proportion was sufficient for Sofaworks' acts to cause material damage to Sofa Workshop's goodwill, enough to warrant a finding of misrepresentation and therefore passing off on the part of Sofaworks.

Concluding comments

Often brand owners will register a CTM rather than a national trade mark in order to gain broader geographical protection in a cost effective way. However, after a grace period of five years, in order to maintain that registration brand owners need to be able to demonstrate that the mark has been put to genuine use in more than one Member State.

Whilst this case may, controversially, suggest that proprietors may risk losing trade mark protection altogether if they cannot show genuine use in more than one Member State, it is possible to make an application to convert a CTM into a national registration in relation to the country in which the mark has been used. This is something Sofa Workshop did not apply to do and the issue was not therefore considered by the judge who was happy to find in Sofa Workshop's favour on the alternative basis of passing off.

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