

O-095-07

TRADE MARKS ACT 1994

IN THE MATTER OF

**REGISTRATION NO. 2027376
IN THE NAME OF BACTIGUARD AB
OF THE TRADE MARK :**

BACTI  **GUARD**

**AND THE APPLICATION FOR REVOCATION
BY REASON OF NON-USE THERETO
UNDER No. 80161**

BY

FENCHURCH ENVIRONMENTAL GROUP LIMITED

Trade Marks Act 1994

**IN THE MATTER OF Registration no. 2027376
in the name of BACTIGUARD AB
and Application no 80161 for Revocation
by reason of Non-Use
by Fenchurch Environmental Group Limited**

THE BACKGROUND

1. On 18 July 1995 Trade Mark Ad Tech Holdings Limited of St Helier, Jersey, the Channel Islands, UK, hereafter referred to as Ad Tech, applied for the trade mark



This was registered as trade mark no. 2027376 for goods in the following classes:

- | | |
|----------|---|
| Class 1 | Chemical preparations and substances for use in industry and science. |
| Class 5 | Pharmaceutical and sanitary preparations and substances; antimicrobial and antiseptic preparations and substances; disinfectants; fungicides. |
| Class 10 | Surgical, medical and dental apparatus and instruments; prosthetic devices |

The registration procedure was completed on 29 November 1996.

2. On 30 November 2001, Fenchurch Environmental Group Limited, hereafter referred to as Fenchurch, applied for this registration to be revoked. They did so on the following basis:

“2. Fenchurch Environmental Group Limited (hereinafter referred to as the Applicant) is the proprietor of UK Trade Mark Application No. 2229037 BACTI G, the subject of Opposition No. 51424 by the Proprietor, said opposition being based upon a conflict with UK Trade Mark Registration No. 2027376.

3. The Applicant is unaware of any use of the trade mark, the subject of UK Registration No. 2027376, in the United Kingdom in relation to the goods for which it is registered. Upon being requested to provide the Applicant with evidence of such use, the Proprietor has failed to do so. The Applicant therefore believes that UK Registration No. 2027376 is vulnerable to revocation for non-use.

4. UK Trade Mark Registration No. 2027376 should therefore be revoked under Section 46(1)(a) of the Trade Marks Act 1994 on the basis that within the period of five years following the date of completion of the registration procedure the trade mark has not been put to genuine use within the UK, by the Proprietor or with its consent, in relation to the goods for which it is registered, and there are no proper reasons for non-use.”

3. On 11 March 2002, Boulton Wade Tennant acting as agents for Ad-Tech, filed a Counterstatement with an Exhibit and a witness statement dated 11 March 2002 from Mr Paul Glazier with two associated Exhibits. The relevant parts of the counterstatement are reproduced below:

“3. Paragraph 3 of the Applicants’ statement of case is not admitted but the Applicant is put to strict proof its relevance in its proceedings.

4. Paragraph 4 of the Applicants’ statement of case is denied. The Proprietor has put its BACTIGUARD and device trade mark to use in the United Kingdom and/or the trade mark has been used in the United Kingdom with the consent of the proprietor. In confirmation of this we attach the witness statement of Paul Howard Glazier as initial evidence, along with Exhibits 1 and 2. Further evidence of use in the UK will be provided during the course of these proceedings if necessary.

5. In addition, these parties entered into an agreement, in settlement of a dispute concerning the BACTIGUARD and device trade mark, a copy of which is attached as Exhibit 2. In filing this application for revocation we believe that the Applicant is in breach of clause 5 of that agreement.”

4. The Exhibit attached to the Counterstatement, and referred to within as Exhibit 2, is copy of the Agreement between Ad-tech and Fenchurch dated June 1998. This settlement or delimitation agreement comprised 8 clauses and given its relevance to the case at issue, clause 5 is reproduced below:

“5. Fenchurch agrees not to object to AD Tech’s use and registration of the marks BACTI GUARD and BACTI GUARD and Device for any medical products, device, equipment or application including but not limited to those in Classes 1, 5 and 10, or as these classes may change in the future.”

5. The Witness Statement from Paul Howard Glazier, a Director of Ad-tech, dated 11 March 2002 accompanied by two Exhibits, was filed with the counterstatement as evidence of use under Rule 31(3) (all references to the rules or a specific rule are to the Trade Mark Rules 2000 as amended).

6. Under cover of a letter dated 21 June 2002, Fenchurch filed the Witness Statement of Marjorie Diana Nicholson with one Exhibit (MDN1) as evidence in reply under rule 31(4).

7. Ad-tech did not file any further evidence under rule 31(6). In a letter to the Trade Marks Registry dated 20 September 2002, Boulton Wade Tennant commented as follows:

“The registered proprietor decided that no further evidence will be filed in relation to this case.

As the Registrar may be aware, these parties entered into an agreement in June 1998 and a copy of that agreement is attached for your information. This agreement was entered into evidence in relation to Opposition No. 51424 to UK Trade Mark Application No. 2229037 by virtue of the witness statement of Marjorie Diana Nicholson dated 4 July 2001.

Clause 5 of that agreement states:

“Fenchurch agrees not to object to AdTech’s use and registration of the marks BACTI GUARD and BACTI GUARD and device for any medical products, device, equipment or application including but not limited to those in Classes 1, 5 and 10, or as these classes may change in the future”.

We believe that the present action must be regarded as being an objection to the registration of the BACTIGUARD and Device, and as such the very bringing of this action appears to be in breach of the contractual agreement between the parties. In view of recent decisions concerning these types of clauses, we believe that it is perfectly enforceable, and as this entire non-use revocation action has been brought in breach of contract, we request that the action be struck out.”

8. In a letter of 29 November 2002, Marks & Clerk, the agents acting for Fenchurch, asserted that

“the subject revocation proceedings were not commenced in breach of contract and should not be struck out.”

9. In an Official letter to both sides, dated 13 January 2003, the Trade Marks Registry commented as follows:

“I can confirm that the Hearing Officer has now considered the request from the agent for the Registered Proprietor for the striking out of the Revocation. Taking into consideration the comments made by both parties and the circumstances of the case, the Hearing Officer is of the preliminary view that, as the Revocation proceedings appear to be based upon the non-use of an existing registration, the agreement between the parties would not appear to impact upon these Revocation proceedings, and that therefore the Revocation proceedings should continue and should not be struck out.”

Following comments received in letters dated 16 and 22 January 2003 from the agents acting for the Ad-tech, the Registry’s view of the matter remained the same and an Interlocutory Hearing was arranged. This took place on 27 March 2003, before the Hearing Officer, Mr C J Bowen, and both sides were informed of his decision by letter dated 30 May 2003. Ad Tech requested a written statement of the grounds of the decision. This was issued on 30th September 2004 as decision number O/300/04..

10. In his decision, Mr Bowen concluded at page 18 of his decision that:

“(i) on the pleadings, it was open to the Registered Proprietor to seek to have this application for revocation struck-out;

(ii) whilst on its face the Agreement between the parties appears to suggest that the Applicant for Revocation would not challenge the Registered Proprietor’s registered trade mark, the Agreement was formulated in the context of the parties trading activities at the time the Agreement was entered into. In reality, in my view, neither party had actually turned its mind to the question of what was open to them to do (or not to do) if a particular trade mark became vulnerable on the basis of non-use;

(iii) trade mark law in relation to potentially unused trade marks is absolutely clear. Trade marks should be used, and if not used, should be subject to revocation. Any Agreement which seeks to avoid this consequence should be considered in restraint of trade.”

11. The Registered Proprietor appealed this decision to the Appointed Person on two issues:

(i) the proper construction of clause 5 of the agreement and, in particular, whether it prohibits revocation proceedings for non use;

(ii) if clause 5 does prohibit revocation proceedings for non use, whether the Hearing Officer was right to conclude on this strike out application that the clause 5 is invalid as an unreasonable restraint on trade.

12. David Kitchin QC (as he then was, now Kitchin J) sitting as the Appointed Person issued a written decision (no. BL O/236/05) on 25 August 2005 in which he concluded, at pages 17-18, that:

“43. ... the Hearing Officer was right to dismiss the application to strike out the revocation proceedings but I disagree with the reasoning behind his conclusion.

44. First, clause 5 of the agreement does, on its proper interpretation, prohibit Fenchurch from seeking to revoke registered trademark number 2027376 for non use.

45. Secondly, the Hearing Officer fell into error in concluding that such a no challenge cause in a settlement of a genuine dispute should necessarily be considered to be void as being an unreasonable restraint of trade. The presumption is that the restraint, having been agreed between the two parties most involved, represents a reasonable division of their interests. It is for the party seeking to avoid the agreement to show that there is something which justifies such a course.

46. Thirdly, I am satisfied in the present case that there are potential grounds for concluding that there was no reasonable basis for including such a no challenge clause or that the clause is contrary to the public interest because it goes beyond the legitimate purpose of seeking “to avoid confusion or conflict between the parties”. But resolution of these issues requires

an investigation of the factual circumstances which has not been undertaken on this strike out application.

47. Accordingly, the appeal must be dismissed. Nevertheless, I direct that the matter be remitted for further consideration by the Registrar in the light of my conclusions.”

13. The Appointed Person also instructed (see paragraph 42, page 17, of that decision):

“Accordingly, and in the rather unusual circumstances of this case, I think it desirable that [that] Ad Tech be given a short further time in which to supplement its evidence (if so advised) and thereafter Fenchurch a short time to respond before the matter is brought on for further hearing. I also consider it would be desirable to dispose of all the issues relating to the validity of clause 5 and non use at one further hearing.”

14. On 19 September 2005, the registered trademark was assigned from Ad-tech Holdings Limited to Bactiguard AB, Nora Strand 3, SE-182 38 Danderyd, Sweden.

15. Following the Appointed Person’s invitation, further evidence under rule 31(6) was filed on behalf of the new registered proprietor Bactiguard AG comprising the Witness Statements of Rochelle D. Alpert, dated 10 January 2006, and Emma Louise Pettipher, dated 14 February 2006, and their associated Exhibits. In response, Fenchurch filed the Witness statement of Frederick Ian Wood, dated 20 June 2006, and its associated Exhibits.

16. Following completion of these further evidence rounds, a hearing was held before me on 16 November 2006 to deal with all the outstanding issues. Both sides filed written submissions. The Applicant for revocation, Fenchurch, was represented by Fiona Clark of Counsel, instructed by Marks & Clerk Trade Mark Attorneys. The Registered Proprietor, Bactiguard AB (formerly Ad-Tech), was represented by Mr Julius Stobbs of Boulton Wade Tennant Trade Mark Attorneys

THE EVIDENCE

EVIDENCE PROVIDED BEFORE THE APPOINTED PERSON’S DECISION

Registered Proprietor’s Evidence of use – Paul Howard Glazier

17. The witness statement of Paul Howard Glazier and its two associated Exhibits, filed with the counterstatement, address the issue of use of the registered trademark. Mr Glazier was a director of Ad-tech, the predecessor in title to the registered trade mark and proprietor of the mark when the application to revoke it was made. He states that “I have been informed about, and, as a result, am familiar with the BACTIGUARD and Device mark”. I note that Mr Glazier does not explain who has informed him of these facts or how he gained access to them.

18. Mr Glazier provides 2 Exhibits with his witness statement. Exhibit 1 is a photocopy of “the packaging for product bearing the registered BACTIGUARD and Device mark which was used in the United Kingdom and elsewhere in the European marketplace”. Mr Glazier does not state

what the product is – he refers to it merely as product. He goes on to explain that the registered trade mark was licensed by Ad-tech to Adhesive Technology (International) Licensing B.V., described as an “affiliated entity” of Ad-tech. In turn, Adhesive Technology (International) Licensing B.V. licensed its coating technology and use of the registered trade mark to C. R Bard Inc. I note that no details of the terms or dates of either of these licensing arrangements are provided.

19. I consider that Exhibit 1 comprises 3 panels. The first and main panel of the packaging is located about two-thirds the way down the photocopied page and comprises a number of prominent numeric codes, letter codes and symbols. I note the expression “2 way” in this panel (and 5 other language versions of the word ‘way’) and also the word “sterile”. The second panel is situated underneath this main panel, and begins with the expression “Bardex* I.C.”. The * symbol is not explained in this panel. Below this title is listed, in 5 different languages starting with English, what I conclude to be a description of the product, i.e.,

“Hydrogel/Silver ** Coated Foley Catheter.

And underneath this is the statement

“Inflate with stated ml of sterile water.”

In the centre of the main panel, there is a circular symbol with “10 ml” printed inside it which I infer is the volume of sterile water necessary to inflate the catheter.

The ** symbol used in the product description is explained at the bottom of the main panel. Here the registered trademark BACTIGUARD & device appears in the phrase:

“** [Bactiguard + Device] coating technology is licensed from Adhesives Technology (International) Licensing B.V.”

The third and final panel comprises that portion of the packaging situated above the main panel and has notes in 6 languages, with the English version at the top, and above this, in smaller print with what appears to be a border or underlining, is the following text:

“ * Trade Mark © Bard Limited PK7872/???? ”

I have used the ? character to indicate numbers that I am unable to decipher. The * symbol used in the second panel in the expression ‘Bardex* I.C.’ is explained here to denote a trade mark. The English notes in this third panel include the expressions “STERILE unless packaging is open or damaged”, “Single Use”, and “use a Luer tip syringe”. The information on the packaging is copyright of Bard Limited.

20. Taking all of this data together I conclude that the product that Mr Glazier is referring to in Exhibit 1, but does not identify, is a catheter. A catheter is a tube inserted into the body for removing fluid. A common type of catheter is the urinary catheters, used to drain urine from the bladder of a patient, usually an elder male patient, to provide relief from blocked or restricted

urethra in such patients. The catheter referred to in Exhibit 1 is a Foley catheter which is a specific type of catheter used to remove urine from the bladder (see Exhibit ELP3). This particular catheter product is sterile, it has a hydrogel-silver coating to provide anti-microbial action, it has a 2-way action, it is for single use, and it is used with a syringe or needle of a specific type, i.e., a Leur tip.

21. I note that underneath the word 'Sterile' in the main panel is a symbol in a rectangular box which has the appearance of an hour-glass and the numerals '2003' followed by a space and then '02'. This could be interpreted to be a date, i.e., possibly February 2003, but, if it is one, to what does it refer – is it the date that the product was packaged in the sterile state or the date by which the product must be used if its sterile state is to be guaranteed? However, if this is a date, it falls significantly after the date of the delimitation agreement (June 1998) and also falls outside the relevant five year period (November 1996 to November 2001) with which the revocation for non-use is concerned. However, given the level of uncertainty surrounding whether or not this is a date and if so what it means, I am unable to draw any firm conclusion about if and/or when (in terms of dates) this product was in use in the market.

22. Exhibit 2 from Mr Glazier is a photocopy of “a marketing brochure used in connection with sale of product in the United kingdom and Europe bearing the registered BACTIGUARD and Device mark”. This brochure describes the characteristics of a product called 'Biocath I.C.' which is identified on the first page as a Bard Biocath I.C. Foley catheter. It was produced for Bard as indicated by the Bard logo on the first and last pages. It gives the names and addresses of Bard local agents in a number of European countries on the last page. The language of the brochure is English and on page 2 it explains:

“With the Biocath I.C. Foley Catheter, Bard has combined the advantages of hydrogel with the infection control benefits of silver to offer a totally new level of protection against nosocomial urinary tract infections”.

The brochure explains that “Urinary tract infections account for 40% of all nosocomial infections” and that “75% of all patients with nosocomial urinary tract infections (NUTI)” have experienced “urological instrumentation, usually catheterisation, prior to infection”. On pages 2 and 3 of the brochure, the beneficial effect of silver and hydrogel, the two components of the anti-microbial coating, are explained and a number of experiments and scientific papers showing these benefits are referred to. I note that the dates of publication of these scientific papers referred to on page 4 are one in 1989 and two in 1990. Mr Glazier in his witness statement does not state what the product referred to in Exhibit 2 is or indeed its relationship to the product referred to in Exhibit 1. The registered trade mark is used in exactly the same way as in Exhibit 1 to indicate that the coating technology is licensed from Adhesive Technology (International) Licensing B.V. Other than the dates of the scientific papers, there is no date on this brochure to show when it was used. Mr Glazier does not provide any further information on when or how this brochure was used.

23. In paragraph 4 of his witness statement Mr Glazier provides the following information regarding sales:

“Product using the BACTIGUARD anti-microbial coating and bearing the registered BACTIGUARD and Device mark have been sold continuously in the United Kingdom since at least as early as 1993. In every year from and including 1993, the anti-microbial coating has been used on and product bearing the registered BACTIGUARD and Device mark has been sold specifically in the United Kingdom. During each of these years 1993 through 2001, there have been sales of product bearing the registered BACTIGUARD and Device mark ranging from a low of 20 units to a high of 170 units.

These are the only figures provided that describe sales of product. From this information it is not possible to determine how many units were sold in each year or to find out how many catheters are in one unit.

Applicant’s Evidence in Chief - Marjorie Diana Nicholson

24. The evidence in chief provided by the applicant comprised the witness statement of Marjorie Diana Nicholson, Group Communications manager of Fenchurch since 1999, and one Exhibit. In paragraph 12 of her witness statement, Ms Nicholson states:

“My company is not objecting to the “use and registration” of the BACTI-GUARD & DEVICE trade mark by Ad-Tech Holdings Limited in relation to the goods referred to in the clause in question. Rather, my company is seeking to remove from the UK Trade marks register an unnecessary obstacle to third parties seeking to use or register a mark identical with or similar to the mark BACTIGUARD & device in relation to goods other than those for which Ad-tech Holdings Limited can establish use, which on the basis of the evidence filed appears to be merely catheters or anti-microbial coatings for catheters. I do not believe that it is in the interests of the public for a trade mark which has not been used in relation to all the goods for which it is registered to remain on the trademarks register for all those goods”.

In support of this, Ms Nicholson provides Exhibit MDN1, a copy of a letter from Boulton Watt Tennant, trade mark attorneys of Ad-tech, to Marks & Clark, trade mark attorneys for Fenchurch, stating that the use that their client Ad-tech had (or had not) made of the registered trademark was not relevant to the dispute in hand given the existence of the delimitation agreement (and in particular its clause 5). Ms Nicholson considers that this unwillingness to address the issue of use is significant.

25. In this statement, Ms Nicholson also makes a large number of comments regarding the quality of the evidence of use & exhibits provided by the registered proprietor which are submission rather than evidence and these have been treated accordingly.

EVIDENCE PROVIDED AFTER APPOINTED PERSONS DECISION

Further Evidence of Registered Proprietor - Rochelle D Alpert

26. Ms Alpert is a US attorney who practices law in the areas of intellectual property and unfair competition, including trade marks. She and her law firm have acted for the registered proprietor in the US and his predecessors in title since 1995. Her statement and Exhibits relate to the dispute between Ad-Tech and Fenchurch in the USA and how agreement was reached to settle this dispute. None of this material is relevant to the use of the registered trademark in the UK.

27. Reading this evidence however does provide some relevant background information regarding the relationship between Ad-tech and its affiliated entity Adhesive Technology (International) Licensing B.V. Ad-tech is a company based in the Channel Islands, Adhesive Technology (International) Licensing B.V. is a company which its principle business in the Netherlands. Both companies have been represented by Ms Alpert in the USA.

Further Evidence of Registered Proprietor - Emma Louise Pettipher

28. Ms Pettipher is a qualified UK Trade Mark Attorney employed at Boulton Wade Tennant. She assisted Mr Stuart Mayes, a senior partner (retired since 1999) in acting for Ad-Tech, predecessor in title to the registered proprietor, in the UK from December 1997. They took over responsibility for representing Ad-Tech in the UK on 16 December 1997.

29. In her statement Ms Pettipher indicates that, at this time, Ad-tech “was looking to extend its use and protection for its BACTIGUARD trade mark into a number of other countries” and that its use “related to medical devices used by doctors and other medical professionals in hospitals”. Following discussions with their US counterparts, it was clear that Ad-tech’s main concern was to “stop Fenchurch from using or registering its BACTIGUARD trade mark in relation to medical products, and products that were designed for use in the medical profession or field and that they were also keen to negotiate a settlement that would cover all of their respective rights internationally”

30. Of the four exhibits provided by Ms Pettipher, only one relates to the use made by Ad-tech of the registered trade mark, Exhibit ELP2. This comprises three photocopied pages of what Ms Pettipher describes as “some details relating to our clients usage of its BACTIGUARD trade mark at the time”. Pages 1 and 2 contain the same information except that the copy on page 2 is easier to read because it contains the letters missing down the left hand side of page 1. Page 2 indicates firstly that Bard, Bardex and Lubricath are all registered trademarks of C. R. Bard Inc (or an affiliate) and, secondly, that the “[BACTIGUARD and Device trade mark] Silver technology is licensed from Adhesive Technology (International) Licensing B.V. In addition it also refers to “US Patent No. 5,320,908” and states that it is “made in U.S.A”. Page 3 comprises a photocopy of what looks to be instructions regarding use of the catheter for urological use only. The information on this page indicates that the catheter is for single use only, it is sterile, and that the valve type is for use with a Luer syringe. Thus it appears to be a very similar or the same type of catheter as that referred to by Mr Glazier. Page 3 also has a section on the right hand side with a title in bold typeface ‘Labelling Issue Date: 10/94’ which I interpret as October 1994. It is

not possible to read all the text underneath this title but there is a clear implication that if 3 years have elapsed from this date, that the supplier Bard should be contacted. Taking all this information into account I find that this information clearly relates to use in the USA and not in the UK and that the labels of this package were printed in October 1994 which is well before the relevant date for revocation (29 November 1996 to 29 November 2001) or indeed the date on which the delimitation agreement was signed (16 June 1998). Thus this Exhibit does not provide any information on the use that was being made or could reasonably be foreseen in the UK at the relevant time.

31. The remaining three Exhibits provided by Ms Pettipher concern the efforts made by Ad-Tech to prevent Fenchurch from using its BACTIGUARD trademark on goods in the medical field. Exhibit ELP1 is a report from an investigation firm, Farncombe International Ltd., commissioned by Ad-tech to find out what use Fenchurch were making of the BACTIGUARD trade mark in the market place. According to Ms Pettipher the principal concern was to find out if Fenchurch was using the trade mark in the same or similar fields to Ad-tech, namely medical applications, uses in medical institutions such as hospitals, and use by medical professionals. Exhibit ELP 3 is a copy of the draft agreement Ad-Tech received from Fenchurch in order to try and reach an international settlement to avoid future disputes over use of the BACTIGUARD & device trade mark. ELP4 comprises a copy of the final agreement signed between both parties which is significantly different to the draft form in ELP3. According to Ms Pettipher Ad-tech's purpose in agreeing the delimitation agreement was to prevent use by Fenchurch in the medical field represented by class 5 which Fenchurch had agreed to do as indicated in the letter from their trade mark agents Marks & Clark in ELP3. However, none of these three Exhibits shed any light on the use the registered proprietor, at this time Ad-tech, were making of the registered trade mark at the time the delimitation agreement was signed or indeed during the relevant revocation period (five years from 30 November 1996).

Further Evidence of Applicant – Frederick Ian Wood

32. Mr Wood is the Managing Director of Fenchurch and he has held this position since 1991. In his witness statement Mr Wood provides information on the use that Fenchurch made of the BACTIGUARD word mark in the period from 1993-1998. Most of this use was prior to entering into the agreement with Ad-tech.

33. Fenchurch (and its subsidiaries) manufacture air filters used in mechanical ventilation systems and in domestic appliances such as cooker hoods and vacuum cleaners. Such filters can facilitate the growth of pathogenic micro-organisms, or allow them to pass through the filter into the air supply. Thus, Fenchurch developed filters with anti-microbial properties as a means to minimise and/or prevent this risk. In 1994, Fenchurch developed an anti-microbial additive that could be added to air filters, floor and wall coatings, ventilation ducting and domestic appliances such as cooker hoods. Fenchurch used the trade mark BACTIGUARD to denote this anti-microbial additive.

34. In the period 1993-1997, Fenchurch had the following estimated turnover in goods using the BACTIGUARD trade mark:

Year	Filters for Domestic Appliances (£)	Filters for air conditioning and ventilation apparatus (£)	Anti-Microbial Additives (£)
1993	0	0	20,000
1994	0	100,000	30,000
1995	200,000	185,000	50,000
1996	1,500,000	275,000	80,000
1997	2,600,000	385,000	100,000

35. Following the agreement with Ad-tech in 1998, Fenchurch started to use the trade mark BACTI G to describe its anti-microbial additive. Use of BACTIGUARD continued only in reference to those goods where it had been successfully used by Original Equipment manufacturers (OEMs) to establish their own brand. An example of this, Exhibited at IW2, shows a BACTIGUARD coated air filter in use with a leading brand of vacuum cleaners. Fenchurch continued to use BACTIGUARD as a secondary or house mark in conjunction with other trade names e.g. BACTI-CELL to indicate specific air filtration products such as cartridge filters that have an anti-microbial additive or coating.

36. Mr Wood provides, as Exhibit IW3, an extract from the website of Bard's Medical division which claims that Bard is the market leader in Foley Catheter Technology worldwide. This extract lists 4 different types of Foley catheter: 2-way, 3-way, paediatric and temperature-sensing. It indicates that Bard manufactures Foley catheters with "a wide variety of coatings designed to protect the urethral mucosa from irritation during insertion, and to help minimise encrustation and patient discomfort". It also states that "In 1994 Bard introduced the BARDEX I.C. Catheter, the first catheter proven to have a direct contribution in reducing nosocomial NUTI". The final entry on this page indicates that the above information is copyright of Bard and is dated 1998.

37. Mr Wood states that his company carried out a number of activities to determine the specific commercial areas of interest of Ad-tech, for example, internet searches, financial enquiries, and questioning of personnel with whom Fenchurch had contact in the medical field. Fenchurch became aware that the Ad-tech coating was based on a metal, silver, which is not suitable for use in air filtration and that the components of the Fenchurch coating – a quaternary ammonium compound and isothiazoline would not be suitable for use in catheters.

38. Much of the remainder of Mr Woods witness statement concerns comments on the evidence of use provided by Mr Glazier and the further evidence provided by Ms Alpert and Ms Pettipher and thus falls into the category of submission and will be treated accordingly.

THE DECISION

39. Before considering the substantive issue at the hearing, I had to consider a preliminary issue raised by Mr Stobbs regarding the purpose of the hearing.

Preliminary Issue

40. Mr Stobbs sought clarification of the purpose of the hearing. He contended that as the subject of the interlocutory hearing and subsequent appeal was whether or not his clients application to strike out the revocation action by Fenchurch based on the no-challenge clause 5 in their delimitation agreement was valid. The appointed person had found that this clause was not a restraint on trade and thus valid. Thus the issue for the current hearing to decide was whether or not his clients application to strike out the revocation action was successful. In effect the present hearing had to decide on the construction of clause 5 following the Appointed Persons decision and there was nothing else to be decided. In particular he did not understand why “we have issues being raised on the substantive merits of the revocation action”. In addition Mr Stobbs indicated that the further evidence “that was filed on behalf of the registered proprietor was directed at the issue determined by Mr. Kitchin, namely whether the agreement, as at 1998, should be considered a restraint of trade and not directed at evidence in chief on a revocation action.” He stated that Fenchurch’s “application to strike out is effectively an interlocutory point and that is how it has been handled throughout. If the evidence rounds were over then any hearing we had would have related to the entirety of the case, not to the interlocutory point. The interlocutory point needs to be determined before there is a case to answer at all.” In effect he considered that the present hearing had to deal only with the application to strike out the revocation action now that the Appointed Person had found that clause 5 in the delimitation agreement on which this application to strike out was based, is in fact a valid clause.

41. Ms Clark stated that

“it is quite clear on the face of this decision [i.e., the Appointed Person’s decision] what was going to happen at this hearing. We say it was quite clear that it was going to be resolving all of the outstanding issues. That Mr Kitchin was determining that this matter was something that had to be determined at the main hearing. Apart from anything else, the issues are interrelated. They relate to use by the registered proprietor. If you actually work through his reasoning, what he is actually saying is, "This has all got to be determined at the main hearing when the person determining the issues will have evidence of use in front of him." It is not suitable for determination as a preliminary issue at all.”

Ms Clark referred Mr Stobbs to paragraph 42, page 17, of the Appointed Persons decision which makes it explicit that all the issues remaining to be resolved in relation to clause 5 and in relation to non-use are to be disposed off at one final hearing which is the present one.

42. Ms Clark also drew Mr Stobb’s attention to the letter dated 20/9/02 issued by Boulton Wade Tennant saying that they did not wish to file any further evidence in this case. This date was prior to the date that either the Interlocutory hearing or the Appointed person appeal hearing took place and represented a completion of the evidence rounds in relation to the original application to revoke. Thus it is clear that at this point the Registered Proprietor considered that they had provided sufficient information for the matter to be decided.

43. Following these submissions and based on my reading of the Appointed Person’s decision, I indicated that the first issue to be decided was whether clause 5 prohibited Fenchurch from seeking revocation for non-use. The Appointed person had concluded that this clause was a reasonable one to have in such a delimitation agreement because it was negotiated and agreed by

both parties. However, although reasonable, such a clause and the agreement of which it is part can be challenged if it is not protecting a legitimate interest. Thus, the second issue to be decided is does Fenchurch have a sufficient reason for seeking to go against a contractual agreement that they entered into voluntarily with Ad-tech, the previous registered proprietor. The Appointed Person at paragraph 46, page 17, of his decision says

“...., I am satisfied in the present case that there are potential grounds for concluding that there was no reasonable basis for including such a no challenge clause or that the clause is contrary to the public interest because it goes beyond the legitimate purpose of seeking “to avoid confusion or conflict between the parties”. But resolution of these issues requires an investigation of the factual circumstances which has not been undertaken on this strike out application.”

Mr Kitchin makes it clear that the investigation of these factual circumstances must be part of the subsequent consideration by the Registry. He refers specifically to an investigation of the actual and foreseeable use by Ad-tech at the time the agreement was entered into by both parties. I am referring here particularly to paragraph 42 of the Appointed Person’s decision, to which Ms Clark referred, and also to paragraph 40 of that decision. I confirmed that, in my view, the purpose of the hearing was to deal with both of the issues, i.e., does clause 5 prohibit Fenchurch from seeking revocation for non-use and does Fenchurch have a sufficient reason to seek the revocation and thus go against a contractual agreement that they entered into voluntarily with Ad-tech.

44. Mr Stobbs acknowledged that the confusion over the purpose of the hearing was his and took note of the point regarding the evidence made by Ms Clark.

SUBSTANTIVE ISSUE

45. In reaching my decision, my first task is to consider carefully what actual use was made by the registered proprietor and what use was foreseeable at the time the agreement was signed in June 1998. I must then decide if this represents, in the words of the Appointed Person at paragraph 40 of decision O/236/05, “a sufficient interest in all the circumstances to justify the indefinite no challenge provision in the agreement”. If it does so, then the application to revoke the registered trade mark on the grounds of non-use cannot proceed and it must be struck out. If I decide, however, that this actual and/or foreseeable use does not represent a sufficient interest then, the application to strike out fails and I must go on to carry out my second task, to consider the application to revoke the registered trade mark under Section 46(1)(a) of the Act. In this respect, I must consider what use of the registered trade mark was made within the five year period following completion of the registration procedure and also to decide if the registered mark should be revoked, entirely or in part.

THE FIRST TASK

46. The approach I have adopted in deciding this first task is to review the interrelationship between the delimitation agreement, especially clause 5, and the use made of the registered mark

quoting the relevant parts of the decision of the Appointed Person, Mr David Kitchin QC (now Kitchin J). I then examine what actual use was made of the registered trademark at the time that the delimitation agreement was entered into by both parties. I will also consider what use, if any, was in preparation or foreseeable at this time. I will pay particular attention to the additional evidence filed by both sides in response to the Appointed Persons decision.

47. Fenchurch and Ad-tech signed the delimitation agreement in June 1998 which falls within the five year period following completion of the procedure for registration when the registered trade mark cannot be challenged for non-use. As a result, Ad-tech have argued that Fenchurch cannot challenge the registration of trade mark number 2027376 after this five year period expires because they were bound not to do so by clause 5 of the delimitation agreement, i.e.,

“5. Fenchurch agrees not to object to AdTech's use and registration of the marks BACTI GUARD and BACTI GUARD and device for any medical product, device, equipment or application, including but not limited to those in classes 1, 5 and 10, or as these classes may change in the future.”

However, following the Appointed Person's decision, if Fenchurch can show that the agreement “extends beyond any legitimate interest held by Ad Tech at the date of the agreement” (see paragraph 37 of the decision) then the perpetual no-challenge restriction of the above clause cannot be used by Ad-tech to prevent a challenge to the registered trade mark. If it can be shown that, at the time the agreement was entered into in June 1998, there were grounds for “concluding that there was no reasonable basis for including such a no challenge clause or that the clause is contrary to the public interest because it goes beyond the legitimate purpose of seeking “to avoid confusion or conflict between the parties” (see paragraph 46 of the decision), then this clause is not relevant and Fenchurch are entitled to seek revocation of the registration for non-use.

Validity of Clause 5 of the Delimitation Agreement

48. Although the Appointed Person found that a clause such as clause 5 of the delimitation agreement was not a restraint of trade because it represented a valid attempt by both parties to settle and/or prevent disputes going forward, he made it clear that this was justified only if the agreement was protecting an actual legitimate interest of Ad-tech, the registered proprietor at the time of the agreement. This legitimate interest was dependent on what use was being made by Ad-tech of the registered trade mark at the time that the agreement was entered into by both parties. If Fenchurch can show that Ad-Tech did not have a legitimate interest to protect at the time the agreement was entered into, then their request to revoke the registration cannot be struck out.

49. In paragraphs 32-37 of his decision, the Appointed Person explained in some detail the nature of this legitimate interest, how to determine if it is present and how it provides the basis for the delimitation agreement:

“32. In the light of these cases (*BAT v EU Commission*, *Apple Music v Apple Corp*, *WWF*) I believe that the following general points may be made in relation to the appeal before me. First, there can be no doubt that the agreement in issue represents the settlement of a

genuine dispute, and was designed to define the boundaries of the trading rights of Ad Tech and Fenchurch for the future. The agreement resolved a serious opposition to an application to register a trade mark in the light of the earlier registration of a virtually identical mark.

33. Secondly, it follows from the *WWF* case that the presumption is that the restraints which the agreement includes, having been agreed between the two parties most involved, represents a reasonable division of their interests. It is for Fenchurch, in seeking to avoid the agreement, to show that there is something which justifies such a course.

34. Thirdly, and importantly, it seems to me to be tolerably clear from the *Apple* and *WWF* cases that terms which impose perpetual restraints on trading activities or which prevent a party from challenging existing or future trade mark registrations are not necessarily void and contrary to public policy as a matter of English law. An agreement which, having regard to the nature and extent of the respective businesses of the parties and their use of confusingly similar marks, does no more than avoid confusion or conflict between the parties may be useful and lawful.

35. Fourthly, Fenchurch may nevertheless establish that clause 5 of the agreement is void and contrary to public policy if it can show that the restraint extends beyond any legitimate interest of Ad Tech because, for example, the dispute was “contrived” or because there was no reasonable basis for the rights claimed or because the agreement is otherwise contrary to the public interest.

36. Fifthly, in assessing the extent of any such legitimate interest the tribunal must consider the position of the parties and their respective businesses and their user and proposed user of the marks in issue at the time the agreement was made. The tribunal will, however, take into account what was then reasonably foreseeable.

37. Sixthly, I believe that special care must be taken in relation to a clause which imposes a perpetual restraint on a party from applying to revoke a registered mark for non-use. Such a clause may be particularly vulnerable to the charge that it extends beyond any legitimate interest of the other contracting party. As illustrated by the *Toltecs* case, there is a clear public interest in the cancellation of trade marks that are not used. The tribunal must therefore consider carefully whether the party seeking to enforce the no challenge clause had, at the date of the agreement, a sufficient degree of goodwill or interest in consequence of its user or intended user of the mark in issue for it to be reasonable, in all the circumstances, to restrain the other party indefinitely from challenging its right to use and registration of that mark. To answer the question in any particular case may well require, as it did in the *Apple* case, an investigation of the nature and extent of the use made or likely to be made by the parties of their respective versions of the trade mark in the course of their businesses at the time the agreement was made and the foreseeable consequences of indefinite restraints on those businesses.”

50. Turning to the specifics of the case, the Appointed Person continued in paragraphs 38-42 and 46 to state that:

“38. Fenchurch contends that the no challenge clause in issue imposes a real fetter on its trade and goes beyond any reasonably arguable scope of protection of the intellectual property right in issue. In particular, it contends that there was no reasonable basis for imposing the perpetual no challenge clause upon it and that the clause is contrary to the public interest in going beyond the legitimate purpose of seeking to avoid confusion or conflict between the parties. In this regard *it contends that registered trade mark number 2027376 has not been used at all or only to a limited extent since the completion of registration on the 29th November 1996 and well over a year before the agreement between the parties made in June 1998.*

39. Ad Tech, on the other hand, contends that it has used the mark BACTIGUARD and device continuously in the United Kingdom since at least as early as June 1993 and it has filed some, albeit limited evidence to that effect.

40. In my view Fenchurch has raised a serious case that clause 5 extends beyond any legitimate interest held by Ad Tech at the date of the agreement. In order to resolve the dispute the tribunal must consider the extent to which the parties, and Ad Tech in particular, used the mark BACTIGUARD at the relevant times in the course of their businesses. The actual use of the mark by Ad Tech as at the date of the agreement will be one of the central issues. Having examined the nature and extent of the use and the likely use, and any ensuing goodwill possessed by the parties, the tribunal will then be in a position to determine whether Ad Tech had a sufficient interest in all the circumstances to justify the indefinite no challenge provision in the agreement.

41. It follows that the application for revocation should not be struck out. It cannot be said at this stage that there are no reasonable grounds for bringing the revocation proceedings or that they constitute an abuse of process. To this extent I therefore agree with the conclusion of the Hearing Officer. However, for the reasons I have given, I do not agree that clause 5 is necessarily void. The matter must be approached in the manner I have set out and that will require a consideration of the evidence to determine if the clause extends beyond any legitimate interest held by Ad Tech at the date of the agreement.

42. Although I was not addressed in detail upon it I have considered briefly the evidence filed in the revocation proceedings and I have to say I am concerned that it does not elaborate to any great degree the factual circumstances which would enable to a full and proper determination of the issue of validity of clause 5. *In particular, the evidence as to the respective use (and likely use) by the parties of the mark in issue and the goodwill which they had generated by the date of the agreement is rather sparse.* Accordingly, and in the rather unusual circumstances of this case, I think it desirable that [that] Ad Tech be given a short further time in which to supplement its evidence (if so advised) and thereafter Fenchurch a short time to respond before the matter is brought on for further hearing. I also consider it would be desirable to dispose of all the issues relating to the validity of clause 5 and non use at one further hearing.”

and also

“46. Thirdly, I am satisfied in the present case that there are potential grounds for concluding that there was no reasonable basis for including such a no challenge clause or that the clause is contrary to the public interest because it goes beyond the legitimate purpose of seeking “to avoid confusion or conflict between the parties”. ***But resolution of these issues requires an investigation of the factual circumstances which has not been undertaken on this strike out application.***”

The bold and italicised text emphasis has been used by me to highlight the Appointed Person’s comments regarding use of the registered trade mark.

51. Thus, clause 5 of the delimitation agreement is valid only if it can be shown that the registered mark was being used in a fashion or could foreseeably be used in a fashion that would show that the registered proprietor had had a legitimate interest to protect based on actual use and goodwill acquired at the time that both parties signed the delimitation agreement in June 1998.

Use of the Registered Trademark in June 1998

52. Having taken account of all the evidence filed by the registered proprietor, it is clear that in June 1998, the only use that was being made of the registered trade mark was as a consequence of a license agreement between Adhesive Technology (International) Licensing B.V., and C. R Bard Inc. Adhesive Technology (International) Licensing B.V., described as ‘an affiliated entity’ of Ad-Tech by Mr Glazier, were granted a licence to use the registered trade mark. In turn, Adhesive Technology (International) Licensing B.V., according to paragraph 2 of Mr Glaziers witness statement, “licensed its coating technology and the BACTIGUARD and Device mark to C.R. Bard Inc. for use in connection with product which uses its technology”. Exhibits 1 and 2 of Mr Glazier and Exhibit ELP 2 of Ms Pettipher all confirm that that C. R. Bard Inc used this “coating technology” to produce Foley catheters with an internal anti-microbial coating that provided better resistance to infection and/or blockage by microbes. In Exhibit 1 of Mr Glazier, the registered trade mark appears as part of the following statement at the bottom of the main panel:

“** [Bactiguard + Device] coating technology is licensed
from Adhesive Technology (International) Licensing B.V.”

53. In Exhibit 2 of Mr Glazier, exactly the same words, including the registered trade mark, are used to indicate that the “Coating Technology is licensed from Adhesive Technology (International) Licensing B.V.” On page 2 of Exhibit ELP2, it states that the “[BACTIGUARD and Device trade mark] Silver technology is licensed from Adhesive Technology (International) Licensing B.V.” The reference in all three cases is to ‘technology’. Thus, it appears that Adhesive Technology (International) Licensing B.V. has provided Bard with information on how to coat the inner surface of the catheters with the anti-microbial silver hydrogel coating. There is no evidence the that the registered proprietor has used the registered trade mark in relation to goods, either directly or with his consent. There is no evidence that the registered mark has been used in relation to goods such as chemical or pharmaceutical substances or preparations covered by classes 1 or 5 or any surgical or medical devices covered by class 10. There is no indication from the evidence that the registered proprietor was manufacturing the coating and supplying it to

Bard, or that it was applying the coating onto the internal surface of catheters supplied by Bard, or that it was preparing the components of the coating and supplying them to Bard for subsequent inclusion in the catheters being manufactured by Bard, or that it was manufacturing catheters complete with anti-microbial coating for Bard. All of these would be use consistent with the registered trade mark specification. Providing details of the process i.e. information on how to coat the internal surface of the catheters is providing a service not goods and the registered trade mark refers to goods only.

54. It is necessary to consider whether this actual use in relation to “technology” is covered by clause 5 of the delimitation agreement. In this clause, Fenchurch agreed “not to object to Ad Tech's use and registration of the marks BACTI GUARD and BACTI GUARD and device for any medical product, device, equipment or application, including but not limited to those in classes 1, 5 and 10, or as these classes may change in the future.” It is clear that, as Ms Pettipher states (at paragraph 9 in her witness statement), the clauses in the agreement were written with the need firmly in mind to prevent possible disputes arising in the future and that both parties, following negotiation, agreed to be bound by the agreement. Clause 5 makes it clear that it is not restricted to use of the registered mark only in relation to the classes for which the mark is registered, but that it covers use in relation to “any medical product, device, equipment or application”.

55. Ad-tech’s purpose in agreeing the delimitation agreement was, according to Ms Pettipher, to prevent use of the BACTIGUARD trade mark by Fenchurch in the same or similar fields to Ad-tech, namely use “in relation to medical products, and products that were designed for use in the medical profession or field” (see paragraph 7 of her witness statement) or use in relation to medical products that were “designed or sold only for medical, hospital or health authority use” (see paragraph 10). Thus clause 5 uses a number of closely related terms to cover these products or goods – a medical product maybe a medically active substance, such as a drug. Equally it may be a device or a piece of equipment, such as pump for controlling the amount of a drug to be administered, a wheelchair or an artificial or replacement joint or bone. A medical application, uses a medical product, device or piece of equipment, for example, a medical product such as a cream is applied to the skin to treat a burn, thus the cream is being used in a medical application, the treatment of a burn. I do not consider that a technology used to apply a coating to the inside of a catheter falls within the scope of clause 5. It is not a medical product, device or piece of equipment. I also do not think that on balance I can consider it a medical application. It is a process or method for making a coating which has anti-microbial properties.

56. Furthermore, at the time that the delimitation agreement was signed in 1998 sales of product manufactured using this coating technology and bearing the registered BACTIGUARD and Device mark were between a low of 20 units and a high of 170 units. These units are not defined. I do not have any means to determine if this level of sales is good, bad or indifferent. Also given this lack of evidence, it is not possible to conclude what goodwill, if any, the registered proprietor had acquired in the registered trade mark.

57. This lack of evidence, which was highlighted by the Appointed Person, is a major difficulty. It is the reason why the Appointed Person gave the registered proprietor a further opportunity to file evidence. As I have indicated above, only Exhibit ELP2 from the further evidence filed by

the registered proprietor provided any additional evidence of use. However, this Exhibit also refers to licensed technology i.e. use of. “[BACTIGUARD and Device trade mark] Silver technology”. It is also dated significantly before the date of the delimitation agreement, was most likely marketed or put on sale in the USA rather than the UK and there is no further information on how many of these products were manufactured, sold or marketed.

Legitimate Interest

58. Mr Stobbs argued at the hearing that the legitimate interest of Ad-tech was represented by “a UK trade mark registration and a number of other registrations none of which, at the time of entering into the agreement, were vulnerable to cancellation on the basis of non-use”. He sought to make a distinction between legitimate interest and specific use and goodwill. This is incorrect in my view. Registration of a trade mark cannot be considered as a separate entity from its use. As the preamble to Community Regulation No. 40/94 on the Community Trade mark indicates at recital 9, “there is no justification for protecting Community trade marks or, as against them, any trade mark which has been registered before them, except where the trade marks are actually used”. Registration of a trade mark alone is not sufficient to show a legitimate interest for Ad-tech. Furthermore, a trade mark is always open to revocation on the grounds of non-use from the time that the registration process is completed, it’s just that such an application cannot be made until five years have passed. This gives the registered proprietor an initial period to gain benefit from using his mark free from the need to divert resources to defending a revocation action or actions. If the registered proprietor has not taken advantage of this period to make use of his trade mark, it is entirely appropriate, in the public interest, that the trade mark can be revoked.

59. Mr Stobbs also argued that it is not necessary for him to show use in the UK or indeed in any specific territory to justify the delimitation agreement following the decision in *Apple Corp v Apple Computers* [1991] 3 CLMR 49 at [149]. It is not necessary for the parties in such an agreement to make “a finite assessment of all their rights country by country” rather it is sufficient to take a broad brush approach over the whole territory covered by the agreement. This point is accepted by Ms Clark. However, in this decision, Taylor LJ at [157] goes on to explain that the restrictions in a delimitation agreement must be supported by “evidence of user” and that the registrations of the trade marks concerned are not sufficient on their own to justify such restrictions. Thus, it is clear that the use that was being made of the BACTIGUARD and device trade mark in June 1998 is key to determining if the registered proprietor had a legitimate interest to protect. This use did not necessarily need to be in the UK, it could have been in relation to any territory covered by the delimitation agreement. Thus I have taken account of Exhibit ELP2 which refers to product available in the USA as well as to Exhibits 1 and 2 provided by Mr Glazier which is related to use in the UK and Europe. However, Exhibit ELP2 does not provide any further information on the amount of product bearing the registered trade mark that was being marketed or sold and taken together with that of Mr Glazier this evidence still only refers to one type of use, i.e. production of an anti-microbial coating. Thus there is only very limited evidence in relation to the amount of use made which is that provided for the UK by Mr Glazier..

Foreseeable Use

60. In the final sentence of his witness statement, Mr Glazier asserted that the registered proprietor “has plans to continue to license and/or sell its anti-microbial coating and product incorporating that coating bearing the registered BACTIGUARD and Device mark in the United Kingdom in the future”. However, no importance can be attached to such statements unless there is clear evidence supporting this assertion. There is no evidence that Ad-tech was making any other preparations to make use of the registered trade mark at the time the delimitation agreement was entered into. No marketing, promotion or other such preparations were in place. None of the information provided by Ad-tech in response to the Appointed Person’s request for further evidence regarding the use and factual circumstances concerning use of the registered trademark, indicate that any other use was in place, likely to take place or had taken place in the period immediately following the signing of the delimitation agreement.

Conclusion regarding situation in June 1998

61. At its best interpretation, the registered proprietor at the time that the delimitation agreement was signed in June 1998 had only one mechanism in place for making use of the registered trade mark – a licence agreement with C. R. Bard Inc. This license agreement allowed C. R. Bard Inc. to use the silver hydrogel coating technology in the manufacture of its Foley catheters. Providing a licence to use a technology is not the same as providing a licence to use goods. The registered trade mark is for goods in classes 1, 5 and 10. In the absence of any more information regarding the details of this license agreement and what exactly was being provided by the registered proprietor, my conclusion is that the evidence of use provided is not use in relation to the goods for which the trade mark was registered. It was use in relation to a technological process.

62. The use covered by clause 5 is not limited to the classes specified in the registration but covers use in relation to “any medical product, device, equipment or application”. The use actually shown is clearly not use in relation to any ‘medical product, device, or equipment’. If, and I think that this would be a very generous interpretation of these words in clause 5, medical application is considered to cover a technology for making a coating which has anti-microbial properties, there are still a number of problems. The evidence of use relates only to this one example, preparation of a medical coating. It is not clear whether the technology relates to the preparation of the coating, the insertion of this coating onto the internal surface of the catheter or to both. The amount of use is poorly defined and the units of sales are unknown. I am unable to determine whether sales in the range 20-170 such undefined units in any year between 1993 and 2001 are significant or not. In the context of a delimitation agreement which covers, potentially, the whole world, but at least the USA, UK and Europe, I cannot on balance conclude that the registered proprietor, in the words of the Appointed Person (at paragraph 37 of his decision), “had, at the date of the agreement, a sufficient degree of goodwill or interest in consequence of its user or intended user of the mark in issue for it to be reasonable, in all the circumstances, to restrain the other party indefinitely from challenging its right to use and registration of that mark”.

63. Thus I consider that the registered proprietor has not been able to show that it is reasonable for them to rely on the restriction in clause 5 of the agreement to strike out the application by Fenchurch to revoke the registered trade mark on the grounds of non-use. The restraint sought

would extend beyond any legitimate interest of the registered proprietor at the time that the delimitation agreement was entered into in June 1998 because there was no reasonable basis for the rights claimed. Thus, while the structure of the house, i.e. the agreement, is sound, the foundation on which it is based, i.e. the actual or foreseeable use, is too weak to support it.

THE SECOND TASK

64. Following my conclusion that the perpetual no-challenge restriction of clause 5 of the delimitation agreement cannot be used by Ad-tech to prevent a challenge to the registered trade mark by Fenchurch, I turn now to consider the application by Fenchurch to revoke the registered trade mark on the grounds of non-use under Section 46(1)(a) of the Act.

The Law

65. Fenchurch are seeking revocation of the registered mark under Section 46(1)(a) of the Act which reads

“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)

(c)

(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.

66. Where the registered proprietor claims that there has been use of the trade mark, the provisions of Section 100 of the Act makes it clear that the onus of showing use rests with him. This section of the Act reads:

“100. 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.”

The Relevant Dates

67. As mentioned above the date of completion of the registration procedure for the registered trade mark was 29 November 1996. Thus, under section 46(1)(a), the relevant five year period for consideration of the issue of non-use is 30 November 1996 to 29 November 2001.

The Relevant Authorities

68. In determining what constitutes genuine use, I am guided by the decision of the European Court of Justice in Case C40/01, *Ansul BV v Ajax Brandbeveiliging BV*, reported at [2003] R.P.C. 40, hereafter referred to as ANSUL: .

“36 "Genuine use" must therefore be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark. Such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin.

37 It follows that "genuine use" of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned. The protection the mark confers and the consequences of registering it in terms of enforceability *vis-à-vis* third parties cannot continue to operate if the mark loses its commercial *raison d'être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade mark proprietor or, as envisaged in Art.10(3) of the Directive, by a third party with authority to use the mark.

38 Finally, when assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark.

39 Assessing the circumstances of the case may thus include giving consideration, *inter alia*, to the nature of the goods or service at issue, the characteristics of the market

concerned and the scale and frequency of use of the mark. Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or service concerned on the corresponding market.

40 Use of the mark may also in certain circumstances be genuine for goods in respect of which it is registered that were sold at one time but are no longer available.”

69. This guidance was reaffirmed by the European Court of Justice in Case C259/02, *LaMer Technology Inc. v Laboratoires Geomar SA*, reported at [2004] F.S.R. 38, which stated that:

“22. The question whether use is sufficient to preserve or create market share for those products or services depends on several factors and on a case-by-case assessment which is for the national court to carry out. The characteristics of those products and services, the frequency or regularity of the use of the mark, whether the mark is used for the purpose of marketing all the identical products or services of the proprietor or merely some of them, or evidence which the proprietor is able to provide, are among the factors which may be taken into account.”

And also

“27. there is genuine use of a trade mark where it is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by that mark. When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial use of the mark is real in the course of trade, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark. When it serves a real commercial purpose, in the circumstances cited above, even minimal use of the mark or use by only a single importer in the Member State concerned can be sufficient to establish genuine use within the meaning of the Directive.”

Use of the trade mark within the relevant five year period

70. Thus in considering what use was made of the registered trade mark within the relevant five year period, I need to look carefully not only at what use was made of the registered trade mark but also what is the nature and type of the market for the goods and/or services covered by the registration.

71. The only use that was being made of the registered trade mark in the relevant five year period was that described by Mr Glazier, i.e., use of the registered trade mark to identify an anti-microbial coating technology used to place an anti-microbial coating comprising Silver and hydrogel on the inside surface of Foley catheters. In response to the invitation from the Appointed person to file further evidence on the use of the registered trade mark following his

decision, no other or additional use of the registered trade mark was reported although Ms Pettipher in her witness statement did provide some further information regarding the use described by Mr Glazier. Thus, the only evidence of use provided by the registered proprietor is use that arose as a consequence of the license agreement between Adhesive Technology (International) Licensing B.V. and C. R Bard Inc. This license, in turn, is based on a licence to use the registered trademark granted by Ad-Tech to its 'affiliated entity', Adhesive Technology (International) Licensing B.V.

72. Exhibits 1 and 2 of Mr Glazier and Exhibit ELP2 of Ms Pettipher all show that an anti-microbial coating technology identified by the registered trade mark was used to produce Foley catheters sold by Bard. There are a number of difficulties in relation to the evidence of use provided by these Exhibits.

73. As mentioned above this use is use in relation to a technology rather than use in relation to the goods for which the trade mark is registered. Thus, the trade mark has not been used in relation to the goods in classes 1, 5 and 10 that it was registered for. It is being used not to indicate the origin of goods but rather the origin of the technological process used to coat the internal surface of the catheters. This is clearly best characterised as a service. In Ansul, use in relation to spare parts for goods that were no longer being sold was sufficient to show genuine use, however, in this instance, this is no such obvious link between the goods of the registration and the actual use being made of the trade mark. This reason alone is sufficient in my view to confirm that genuine use has not been made of the registered trade mark for the goods specified.

74. However, this is not the only problem I find in relation to the evidence of use provided by the registered proprietor. I will go on to consider the further difficulties arising from the evidence of use in case I am not correct in my finding that the use described is in relation to a service which is not registered rather than for the goods registered.

75. Establishing if these Exhibits relate to use in the UK is very difficult. As mentioned in the Summary of Evidence, there is nothing in Exhibit ELP2 to indicate that it was ever used in the UK. Indeed what evidence there is indicates that this Exhibit relates to use in the USA and that it was either packaged in October 1994 or had to be used by October 1994. This is just over two years before the start of the relevant five year period (and is four years before the date of the delimitation agreement). It is also not possible to identify when and where the two exhibits provided by Mr Glazier were in use. The packaging in Exhibit 1 was produced for use in the European market to cover more countries than just the UK while the brochure in Exhibit 2 provides contact details for companies affiliated with Bard in the UK as well as 7 other European countries. The brochure cannot be dated. This is no information regarding when this brochure was used in the UK, what advertising or marketing activity or expenditure it was associated with or what if any other preparations for sale were made by Ad-Tech or by the licensee C. R. Bard Inc. Mr Glazier merely reports that it was "used in connection with sale of product in the United Kingdom and Europe .." There is no way to determine what is the significance of the possible date identified in the main panel of Exhibit 1, i.e., February 2003. Is it, for example, the date that the packaging was filled with its catheter, or the date by which the catheter must be used?

76. It is not clear whether or not the Exhibits provided by Mr Glazier do, in fact, relate to the same product. Both of the Exhibits provided by Mr Glazier are in fact material produced by Bard and not by Ad-tech itself. They concern themselves primarily with the promotion of Bard products identified by the trade marks 'Bardex' and 'Biocath' while acknowledging that they have been modified using the coating technology obtained under licence from Adhesive Technology (International) Licensing B.V. and identified using the registered trademark. Exhibit 2 refers to the product on the first page as a "BARD BIOCATH I.C. FOLEY CATHETER" whereas in Exhibit 1 the packaging refers to a "BARDEX I.C. Hydrogel/Silver** Coated Foley Catheter". While these are not the same goods, they are clearly related – they are both Foley Catheters and they both use the licensed BACTIGUARD silver hydrogel coating technology.

77. The extract from the Bard Medical Division website, Exhibited as IW3, indicates that the Bardex I.C. Foley catheter was introduced by Bard in 1994 and that this was the first catheter to help reduce NUTI. However, it is not possible to determine if this introduction took place in the USA, the UK or worldwide in 1994. As Bard is a US company, it is reasonable to suppose that introduction took place in USA first, but it is not possible to draw any inference regarding introduction into the UK. It does not indicate whether or not this newly introduced BARDEX I.C. catheter was coated with the silver–hydrogel coating identified by the registered trade mark. Mr Glazier claims in paragraph 4 of his witness statement that product bearing this coating was being sold in the UK from as early as June 1993. He does not identify what product was being sold, that referred to in Exhibit 1 (Bardex I.C.) or that referred to in Exhibit 2 (Biocath I.C.) or both.

78. Mr Glazier asserts in paragraph 4 of his statement that between 20 and 170 units bearing the registered trade mark were sold in the UK every year between 1993 and 2001. No information or figures are given about how many units were sold in any individual year. It is not possible to determine if sales were growing or declining in successive years. More importantly there is no indication as to the size of each unit that was sold. One unit could mean a single silver hydrogel coated Foley catheter or it could be a box containing a fixed number of such catheters or it could be a tray or pallet of such boxes or it could even mean a production batch of such catheters manufactured by Bard.

79. If the packaging in Exhibit 1 was being used, I would have to conclude that use of the singular word 'catheter' combined with the fact that each catheter is for single and sterile use, implies that a unit contains one product, i.e. one hydrogel/silver coated Foley Catheter. If so sales per annum of these items between 1993 and 2001 would have been between 20 and 170 catheters. This is a very small amount.

80. While it is clear from ANSUL that there is no threshold or numeric minimum level of sales required to show genuine use, it is the case that the commercial exploitation of the mark has to be real and capable "to maintain or create a share in the market for the goods or services protected by the mark" in the market concerned taking account of "the nature of the goods or service at issue, the characteristics of the market concerned and the scale and frequency of use of the mark." I do not think that sales of 20 to 170 undefined units which may contain only one catheter each and which can only be used once is sufficient to maintain or create a share in the market for such catheters.

81. In the final sentence of his witness statement, Mr Glazier asserts that the registered proprietor “has plans to continue to license and/or sell its anti-microbial coating and product incorporating that coating bearing the registered BACTIGUARD and Device mark in the United Kingdom in the future”. However, I can attach no importance to such a statement unless there is clear evidence supporting this assertion. No evidence is provided of any preparations being put in place, for example, marketing or promotional activities, within the relevant five year period.

Characteristics of the market for the goods

82. I have been provided with very little information regarding how the goods bearing the registered trade mark are marketed, what trade channels are used, who are the relevant consumers. However, I consider that because Foley Catheters provide a means to control the flow of urine from the bladder following insertion into the urinary tract using a needle, they are medical devices and as such they would be administered and supervised by a medically qualified person such as a doctor. Thus they would be administered or used in medical facilities such as a hospital. The relevant consumer for the goods carrying the registered trade mark are likely to be doctors working in hospitals and other related medical facilities in the UK who have patients with urological problems, in particular those where there is a risk from bacterial infection.

83. Exhibit 2 from Mr Glazier indicates patients who use catheters regularly or for prolonged use have a high risk of urinary tract infections (of the nosocomial NUTI type) and the internally coated Foley catheters are used in such cases. Most UK towns and cities have at least one medical facility and the numbers of patients requiring the use of such catheters in the UK is clearly likely to greatly exceed 170, let alone 20, each year. Also, catheters are single use items, they cannot be re-used. Thus the demand for catheters even if we allow that demand for the internally coated type covered by the registered trade mark will only be a portion of the overall demand for catheters, is likely to be much higher than 20-170 units per year. I think it is more likely to be an order of magnitude bigger – of the order of 1000’s per year – for each such facility. It will thus be significantly more nationwide. In such a context per annum sales in the UK of 20-170 units is not sufficient to create or maintain a share in the market, especially, if (as implied in Exhibit IW3) Bard is considered to be one of the principal suppliers of such goods in the USA and Europe.

84. Mr Glazier has provided very limited information on the use of the registered trade mark. He appears to have some difficulty in identifying what goods have been sold and in what quantities in the UK. Miss Clark argues that this lack of specificity in the evidence and the remoteness of Mr Glazier from the events in question means that his evidence is little more than hearsay and I should place little or no weight on it. While I do not agree that Mr Glazier’s evidence has no weight, it certainly does have problems.

85. It is clear that Mr Glazier and Ad-tech did not operate in the market for catheters but they produced a product that is suitable for use in that market and through a standard commercial practice, a licence, they have attempted to exploit the product commercially. However, there is not enough information available regarding how effective that exploitation has been. Bard was responsible for producing both the packaging in Exhibit 1 and the brochure in Exhibit 2 and for

making the sales referred to in paragraph 4 of Mr Glazier's statement and discussed in the previous paragraphs. Bard is a licensee of Adhesive Technology (International) Licensing B.V. an 'affiliated entity' of Ad-tech. I would expect better information to be available between licensee and licensor, on what products were sold and in what quantities. The information on sales provided by Ad-tech is particularly limited and, despite a second opportunity to do so, the registered proprietor when providing his further evidence following the Appointed Person's decision did not include any further information to supplement Mr Glazier's original witness statement.

86. Given the specific request from the Appointed person to provide further information, I think that if the registered proprietor had more and better information concerning use, they would have provided it. As they did not, I have to conclude that they could not or choose not to. Mr Stobbs indicated that the further evidence filed on behalf of the Registered Proprietor was directed at showing the circumstances that led up to the signing of the delimitation agreement and that it was freely entered into by Fenchurch. He also states that the rationale for the registered proprietor in contesting this case was to uphold this freely entered into delimitation agreement rather than to defend a revocation action. However, whatever the reason, the result is that the registered proprietor has failed to provide any additional information regarding the use to which the registered trade mark was being put at the time the agreement was signed despite a clear invitation and explanation of the reasons why. No other information regarding the use or foreseeable use of the registered trade mark or the goodwill or interest established by such use was provided by the registered proprietor

87. The onus to prove use of a trade mark clearly lies with the registered proprietor under Section 100 of the Act. In this respect, I note the comments of Jacob J. (as he then was) in the case of *Laboratories Goemar SA v La Mer Technology Inc.* [2002] ETMR 34 which arose in an appeal against a decision by the Registrar. In that case the question of whether a very limited amount of use in this country can be regarded as sufficient to be "genuine" was considered. It was decided to refer the matter to the European Court of Justice. However, the learned judge also gave his opinion on the matter. He said:

"29. Now, my own answer. I take the view that provided there is nothing artificial about a transaction under a mark, then it will amount to "genuine" use. There is no lower limit of "negligible". However, the smaller the amount of use, the more carefully must it be proved, and the more important will it be for the trade mark owner to demonstrate that the use was not merely "colourable" or "token", that is to say done with the ulterior motive of validating the registration. Where the use is not actually on the goods or the packaging (for instance it is in advertisement) then one must further inquire whether that advertisement was really directed at customers here. For then the place of use is also called into question, as in *Euromarket*."

88. The evidence provided by the registered proprietor, discussed in detail in the preceding paragraphs, is sufficient to meet the threshold set by Rule 31(3) to show sufficient use of the mark by the registered proprietor to confirm that he can defend an action for revocation on the grounds of non-use [see *Almighty Marketing Ltd v Milk Link Ltd* [2005] EWHC 2584 (Ch) (18 November 2005)]. However, meeting the threshold set by Rule 31(3) is not the same as providing sufficient

proof of use to succeed in defending an action for revocation on the grounds of non-use and to justify retention of all or some of the registration. In this case, it is even more important to establish what use was being made of the registered mark because this is the foundation upon which the delimitation agreement lies and the justification for a perpetual no-challenge clause.

Conclusion

89. Taking into account all of the above, I find that, on balance, the registered proprietor has not been able to show genuine use of the registered trade mark during the five year period immediately following completion of the registration process.

90. The application by Fenchurch to revoke the registered trade mark on grounds of non-use under Section 46(1)(a) of the Act is successful. Under Section 46(6), I am satisfied that the grounds for revocation existed from the date following the date of completion of the registration procedure, i.e. 30 November 1996.

COSTS

91. Fenchurch having been successful is entitled to a contribution towards their costs. I order Bactiguard AB to pay Fenchurch the sum of **£1950**. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 2nd day of April 2007

**Dr Lawrence Cullen
For the Registrar,
the Comptroller-General**

Trade Mark #2027376

Opposition ____ Revocation X Invalidation ____ Rectification ____

#80161

Date: 2nd April 2007

CALCULATION OF COSTS – APPLICANT TO REVOKE

#	Elements	Costs	Award
1	Notice of Application for Revocation for non-use and accompanying statement	£300 plus statutory fee (£200)	£500
2	Considering the Counterstatement (the statement of case in reply)	£200	£200
3	Preparing and filing evidence	Up to £1,500	£500
4	Considering evidence	One half of Item 3 (up to £750)	£250
5	Preparation for and attendance at Hearing or Preparation of written submissions	Up to £1,500	£500
6	Travel & General expenses – if one side appears in person or if the opposite side calls witnesses	Up to £250 for each person per day; Not more than £750 for each side each day	n/a
	TOTAL		£1950

Lawrence Cullen