

Before :

THE HON. MR. JUSTICE JACOB

Between :

Euromarket Designs Incorporated
- and -

Claimant

Peters & Anr

Defendants

Miss Mary Vitoria QC and Mr James Abrahams (instructed by Messrs Browne Jacobson) for
the Claimant

Mr Richard Miller QC and Mr Thomas Hinchliffe (instructed by Messrs
Olswang) for the Defendants

Hearing datew: 6 and 7 July 2000

JUDGMENT

MR JUSTICE JACOB:

1. The claimant seeks summary judgment under the provisions of CPR Part 24. It says there is no realistic prospect of the defence succeeding. At the end of the hearing I had formed a clear view that the claimant was wrong. So I dealt with the question of costs there and then. I said I would give my reasons for my conclusion later. That was because the number of points and the amount of detail involved were substantial. I now give these reasons.

2. The claimant is an American company. It operates a successful chain of stores in a number of United States cities under the name Crate & Barrel. It says that it is a household name in the United States. I assume that is so but with the qualification that is a household name for shops run under that name. As it happens I know its New York shop. The goods sold in these shops are a wide variety of household goods and furniture. The claimant has a UK registered trade mark consisting of the words "Crate & Barrel" registered as of 13th January 1988 in Class 21 for:

"Glassware, crockery; chinaware, porcelain, ceramic ware, earthenware; trays for domestic purposes; tableware, picnic ware, kitchenware, bakeware, cookware, baking and cooking utensils, baskets and basketware, all for domestic use; ornaments, barbecue ware, storage containers, containers for garden use; all included in Class 21; but not including any such goods in the form of or in the shape of a crate or barrel".

3. The claimant also has a community trade mark registration. It sues in respect of alleged infringement of that as well as of the UK registration. Summary judgment is only sought in respect of the latter.

4. The second defendant is an Irish company owned and run by the first defendant, Ms Peters. It has one store in Dublin called Crate & Barrel. There is a dispute as to whether Ms Peters devised the name independently or copied it from the claimant. She says she devised it independently. She is the daughter of a publican and worked in her father's pub until he died in 1993. She says when she was choosing the name for her business she drew up her own list and also asked friends for ideas. One of the suggestions was "Crate & Barrel". It was a name which appealed to her and to her brother: "I had been working in pubs all my life lifting crates and changing barrels."

5. The claimant, whose moving spirit is a Mr Gordon Segal, says in his reply witness statement that she admitted to him in Chicago that she had got the idea of her store (and inferentially the name "Crate & Barrel") from seeing one of the claimant's stores in the US. Remarkably that allegation was not in the evidence in chief. Even more remarkably it is inconsistent with the prior statement of case, verified by the claimant's solicitor, presumably on instructions from Mr Segal. This alleges that such an admission was made on the first occasion when Mr Segal met Ms Peters, namely in a hotel in Dublin. Incidentally, the pleading names the place of the meeting as being one hotel whereas Ms Peters says the meeting was at another.

6. For present purposes I must proceed on the basis that there was no copying: that Ms Peters devised the name wholly independently. That is important when it comes to the question of "honest practice in industrial or commercial matters" (the phrase used in s.11(2) of the Trade Marks Act 1994 and Art.6(1) of the Trade Marks Directive 89/104/EEC). The 2nd defendant's shop was opened in 1994 and has traded successfully since then. I was told that the current turnover is equivalent to about £1m. Obviously, although the business is successful, it will find it financially difficult to contest the litigation commenced by the claimant, not only in this country but also in Ireland. It could not afford to contest the litigation in the US where I understand the claimant has obtained a default judgment.

7. This case concerns just two alleged acts of infringement in the United Kingdom. Firstly, there was an advertisement in the September 1999 issue of Homes & Gardens. Secondly, the defendants (hereafter I name them collectively, no point turning on the distinction between them for present purposes) have a website upon which the name Crate & Barrel is used. It is said that

just two kinds of goods mentioned on the site fall within the specification, namely what is called a "hurricane lamp" (but which is really a mildly windproof candle holder) and a "beaded coaster". No allegation is made that any of the other goods are "similar" to that of the specification (a point that could otherwise arise under s.10(2) of the Act).

8. In substance neither party trades in this country. Yet well over £100,000 in costs has been expended here. No-one but a lawyer could call this rational. I expressed the firm view that the parties should attempt to reach an overall settlement. This they were unable to do overnight. I hope they can try again, perhaps using the services of a mediator. If the claimant is really intending to spread its activities to Europe (it has recently had significant European investment) it obviously would like a clear run. On the other hand the defendant has been trading for some time and has built up a valuable goodwill in Ireland. It may well be quite costly to change the name, and there would be commercial risk involved. The parties should bear in mind the costs world-wide to date. Ahead lies a trial here (and probably in Ireland), possible appeals and a real possibility of a reference to the European Court of Justice.

9. However much I recommend it, settlement is not for me. What I must do is to decide the case notwithstanding the fact that neither party really trades here. Some of the points involved are of great general importance, even though they are trivial in the context of the real dispute between these parties, which is about the defendant's Irish use of "Crate & Barrel."

Infringement - The Homes & Gardens Advert

10. Homes & Gardens is a UK published magazine. The defendants had a single full page colour advertisement. At the top in large letters are words "Crate & Barrel." Beneath are two colour photographs. Beneath them is the word "Dublin", in the same large size and lettering. One reads the words naturally as "Crate & Barrel, Dublin". In much smaller letters the advertisement goes on to say "soft furnishings: Orior by Design", furniture: Chalon. In even smaller print at the bottom, the advertisement says "sofas, tableware, beds, lighting accessories." Underneath that a website address is given, www.crateandbarrel-ie.com. "ie" is webspeak for Ireland. A telephone/fax number is given with the full international code for Ireland.

11. Ms Peters says the advertisement was placed on the recommendation of the furniture supplier, Chalon. It was Chalon who actually placed the advertisement because they could get a better rate. Homes & Gardens was chosen because it is widely sold in the Republic and there is no exclusively Irish high quality interior furnishings magazine. The international dialling code was the idea of the photographer who caused it to be used on his own initiative and without the knowledge of Ms Peters. She says that although she knew that Homes & Gardens has a substantial UK circulation, she never expected or intended to obtain UK customers. She says the defendants have never sold any products in or to the United Kingdom. Doubtless they have sold some products in their Dublin shop to visitors from the UK.

12. It is contended on behalf of the defendants that the advertisement does not constitute use of the mark "Crate & Barrel" in the United Kingdom. Alternatively it is submitted that the advertisement was not "in the course of trade", the Act meaning "in the course of a UK trade." Reliance is placed upon what I said in 800 Flowers TM [2000] ETMR 369 in dealing with a website:

"Mr Hobbs submitted that any use of a trade mark on any website, wherever the owner of the site was, was potentially a trade mark infringement anywhere in the world because website use is in an omnipresent cyberspace: that placing a trade mark on a website was "putting a tentacle" into the computer user's premises. I questioned this with an example: a fishmonger in Bootle who put his wares and prices on his own website, for instance for local delivery, can hardly be said to be trying to sell fish to the whole world or even the whole country. And if any web surfer in some other country happens upon that website he will simply say, "this is not for me" and move on. For trade mark laws to intrude

where a website owner is not intending to address the world but only a local clientele and where anyone seeing the site would so understand him would be absurd. So I think that the mere fact that websites can be accessed anywhere in the world does not mean, for trade mark purposes, that the law should regard them as being used everywhere in the world. It all depends upon the circumstances, particularly the intention of the website owner and what the reader will understand if he accesses the site. In other fields of law publication on a website may well amount to a universal publication, but I am not concerned with that."

13. The argument is that one must not ask just where does the magazine circulate, one must also ask where is the trade of advertiser conducted? Who are his customers, actual and potential? This inquiry involves asking who is actually likely to pay attention to the advertisements and to whom is the advertisement actually directed. Miss Vitoria QC for the claimant says intention is irrelevant. She relies upon s.9(1) of the Trade Marks Act 1994:

"The proprietor of a registered trade mark has exclusive rights in the trade mark which are infringed by use of the trade mark in the United Kingdom without his consent."

She says that it is plain that the advertisement consists of advertising (specifically mentioned as a form of use which infringes, see s.10(4)(d)). It appeared in the UK and that is enough.

14. Miss Vitoria recognised that her argument is as true for a magazine that has primarily a UK circulation as it is for one which is primarily foreign and has only an incidental UK circulation. If she is right the consequences are far reaching. Many newspapers or magazines have some limited overseas circulation. What if, for instance, the advertisement in question had been placed in the Irish Times rather than Homes & Gardens? That newspaper probably has quite a number of readers in this country. If the use were an infringement then the effect of the UK registration would be to prevent people in the position of the defendants from advertising their Irish business in an Irish newspaper. The reverse could happen. Suppose the defendants had an Irish trade mark registration: then an advertisement of the claimant in a section of the New York Times which had an Irish circulation might infringe.

15. Miss Vitoria said that where two parties have this sort of conflicting registration in different countries each infringes the other's registration if and to the extent they advertise in journals with even a slight international circulation. The same would go for a web site, which is equivalent to a journal with international circulation. This was so, she contended, even if the respective businesses were essentially localised, like that of a shop or a local service. She said the practical answer in this sort of situation is either for each party to ignore the other's infringement or for a compromise to be reached.

16. I do not think the law goes that far. I think there must be an inquiry as to what the purpose and effect of the advertisement in question is. In the present case, for example, the advertisement tells a reader who knows nothing more that there is an enterprise called "Crate & Barrel" in Dublin dealing with the goods mentioned. It is probably a shop, for these are not the sort of goods one would order only by mail. Normally, of course, an advertisement placed in a UK magazine is intended to drum up UK business and will do so. This is so whether the advertisement is for goods or for a service or shop. But this is not a normal case. This is an advertisement for an Irish shop in a magazine which has an Irish and UK circulation.

17. Mr Miller QC for the defendants says that either there is in substance no use by the 2nd defendant in the UK or alternatively, because there is no use in the course of any UK trade, there is no "use in the course of trade" within the meaning of the Act. Since the Act takes its meaning from the Directive it is to that one must go to find out what is meant by "use in the course of trade." Does the phrase mean merely the type of activity concerned or does it also import a notion of where the activity is carried out?

18. Section 9(1), upon which Miss Vitoria relies, has no counterpart in the Directive. In *British Sugar v James Robertson* [1996] RPC 281 I said:

"s.9(1) is really no more than a chatty introduction to the details set out in s.10, itself adding no more than that the acts concerned must be done without consent."

I do not think s.9(1) therefore assists on the point. The Directive is addressed to Member States. It is to tell them to bring their national laws into force to comply with it (Art. 16). It is a Directive about what national trade mark laws are to be. So one would expect the required legislation to be dealing with what can and cannot be done by way of trade mark use within each of the member states. One would not expect it to be requiring member states to enact laws which effectively prevent what can be done in other member states. It is Art. 5 which sets out the obligatory and optional provisions as to what constitutes infringement. It is Art. 5 which uses the expression "using in the course of trade ... in relation to goods or services" from which s.10 of the UK Act is derived.

19. The phrase is a composite. The right question, I think, is to ask whether a reasonable trader would regard the use concerned as "in the course of trade in relation to goods" within the member state concerned. Thus if a trader from State X is trying to sell goods or services into State Y, most people would regard that as having a sufficient link with State Y to be "in the course of trade" there. But if the trader is merely carrying on business in X, and an advertisement of his slips over the border into Y, no businessman would regard that fact as meaning that he was trading in Y. This would especially be so if the advertisement were for a local business such as a shop or a local service rather than for goods. I think this conclusion follows from the fact that the Directive is concerned with what national law is to be, that it is a law governing what traders cannot do, and that it is unlikely that the Directive would set out to create conflict within the internal market. So I think Mr Miller is right. One needs to ask whether the defendant has any trade here, customers buying goods or services for consumption here. It was that sort of concept I had in mind in *800-Flowers*.

20. On the facts here, I think the advertisement in *Homes & Garden* is not an infringing use. I recognise that my view is provisional, this being only an application for summary judgment. Ultimately the question of the extent to which national trade mark law is permitted to impinge on trade within other countries may have to be considered by the European Court of Justice.

Infringement - the website

21. Here the point about the locality of the trade is even clearer. The defendants' website opening page has a picture of a piece of furniture with the words "Crate and Barrel" above. The text says: "An emporium of furnishings and accessories on four floors. We offer a wide range of services including, wedding lists, consultation and furnishings." There follow many pictures of items. Only two (the "hurricane lamp" and the "beaded coasters") are said to be within the specification. I will assume that is so, though the point is not entirely beyond argument. The fact that there are only two items out of many - items which could easily be removed - shows the triviality of the complaint.

22. Now a person who visited that website would see "ie". That would be so, either in the original address of the website, crateandbarrel-ie.com or the current form, createandbarrel.ie. The reference to four floors is plainly a reference to a shop. So what would the visitor understand? Fairly obviously that this is advertising a shop and its wares. If he knew "ie" meant Ireland, he would know the shop was in Ireland. Otherwise he would not. There is no reason why anyone in this country should regard the site as directed at him. So far as one can tell, no-one has. 23. Now almost any search on the net almost always throws up a host of irrelevant "hits." You expect a lot of irrelevant sites. Moreover you expect a lot of those sites to be foreign. Of course you can go direct to a desired site. To do that, however, you must type in the exact address. Obviously that must be known in advance. Thus in this case you could get to the defendants' site either by

deliberately going there using the address, or by a search. You could use "crate" and "Barrel" linked Booleanly. One could even use just one of these words though the result then would throw up many more irrelevant results.

24. Whether one gets there by a search or by direct use of the address, is it rational to say that the defendants are using the words "Crate & Barrel" in the UK in the course of trade in goods? If it is, it must follow that the defendants' are using the words in every other country of the world. Miss Vitoria says that the internet is accessible to the whole world. So it follows that any user will regard any web site as being "for him" absent a reason to doubt the same. She accepted that my Bootle fishmonger example in 800-Flowers is that sort of case but no more. I think it is not as simple as that. In 800-Flowers I rejected the suggestion that the website owner should be regarded as putting a tentacle onto the user's screen. Mr Miller here used another analogy. He said using the internet was more like the user focussing a super-telescope into the site concerned; he asked me to imagine such a telescope set up on the Welsh hills overlooking the Irish Sea. I think Mr Miller's analogy is apt in this case. Via the web you can look into the defendants' shop in Dublin. Indeed the very language of the internet conveys the idea of the user going to the site - "visit" is the word. Other cases would be different - a well-known example, for instance, is Amazon.com. Based in the US it has actively gone out to seek world-wide trade, not just by use of the name on the internet but by advertising its business here, and offering and operating a real service of supply of books to this country. These defendants have done none of that.

25. I should mention the fact that originally the defendants' site quoted prices in \$US. The site was a fairly amateurish affair. The cheap template that was used only worked in \$US. Ms Peters' explanation for the use of \$US in a letter was unfortunate. She said it was "because the \$US is an international recognised currency." It is understandable how that provoked the claimant into a fear that she was aiming at the US market. All that has in fact been sorted out now. Prices are in punts and the site, since January, now explicitly makes it clear it is aimed only at Ireland. Miss Peters says in her witness statement "I have always intended to sell only to the Irish market, and the website was set up to sell to that market." Miss Vitoria invites me to say that that is "obvious nonsense". I do not think it so obvious and therefore cannot resolve the point without holding a mini-trial. That is inappropriate for a Part 24 application.

Use of Own Name (s.11(2)(a)); (Art. 6(1)(A))

26. Mr Miller runs a defence of use of own name. If right, it will hold for both the website and the Homes & Gardens advertisement.

Art. 6(1) reads:

"1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade,

- a. his own name or address;
- b. indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;
- c. the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts;

provided he uses them in accordance with honest practices in industrial or commercial matters."

s.11 in effect repeats this provision and must mean the same thing. Several points arise:

- i. Does the provision extend to legal persons other than natural persons, i.e. does it extend to companies?
- ii. Does it extend to the protection even where the defendant is using his name as a trade mark?
- iii. Does it matter if the word "limited" or other word indicating incorporation is omitted?

iv. Does the name have to be one recognised in this country before the defence can apply?

27. Miss Vitoria submits that the provision is intended to protect an individual's identity and no more. So, she says, it does not extend to companies. Nor does it extend to an individual using his name merely as a trade mark. Individuals do not need to do the latter, save where they use their name to indicate a personal connection between themselves and the goods or services. She would draw a distinction, for instance, between a man signing an article to say he had made it and merely putting his name on to show that he had dealt in it. Miss Vitoria reinforces her argument by reference to the tenth recital, which indicates that the protection afforded is absolute in the case of identity of mark and goods or services. She says that if Art.6(1) derogates from the protection in those circumstances then the protection is not, as the recital indicates, "absolute".

28. The recitals do not give any indication of the purpose or scope of Art.6. They simply do not deal with the limitations on the effects of a trade mark. I therefore think that Miss Vitoria's point about "absolute" cannot be right. Art.6 in its other provisions plainly must cover trade mark use at least of some sort. For instance, if a defendant uses a trade mark to indicate that it is a spare part, he must be using it as a trade mark and not in some other sense. Of course, he may be using the trade mark with reference to the proprietor's goods but trade mark use it is.

29. Miss Vitoria, rightly, did not fasten upon the use of the personal pronoun "his". That pronoun is used throughout the directive to indicate no more than a legal identity. For instance, Art.5(1) says "the proprietor shall be entitled to prevent all third parties not having his consent .. etc."

30. I take the view that Art. 6(1) does cover use of a company name. It has been suggested that companies are different from people because a company name can be chosen at will whereas the name of a person is pretty well fixed at birth and by usage. That is of course true but anyone who chooses a new company name knowing of an existing reputation in a registered mark, or indeed just knowing that the mark was registered and having no reason to suppose the registration as invalid, would be likely to be caught by the proviso. They would not be using the mark in accordance with honest practices in industrial or commercial matters.

31. There is good reason in some circumstances to give immunity to company names used in accordance with honest practices. A company may well have built up a business honestly under its name. It is then rather stuck with its name in a similar way as an individual is stuck with his. For a registration to interfere with the use of that name in those circumstances would be a strong thing. It might well involve destruction of goodwill. English law regards goodwill as property. So do most businessmen. It is unlikely that the goodwill in a personal name would be protected but not that of a company, assuming of course that in both cases that the use is in accordance with honest practices.

32. Miss Vitoria felt the force of the goodwill point and sought to deflect it. She argued that there were other ways of dealing with it under the Act and Directive. She suggested, for instance, allowing the defendant to register its name as a trade mark thus giving it a defence under s.7 of the Act. That will not do for at least three reasons. First s.7 has no counterpart in the Directive and can neither be used to construe it or to judge its effect. Second the mark concerned may not be of the sort which is registerable unless and until it is distinctive in fact. The own registration route would not be available to all defendants. Third that route would not have retrospective effect. Her other suggestions have similar defects - none of them are co-terminous with the defence. There is more, however. It is clear that some aspects of the defences provided by Art 6(1) do overlap with other ways of dealing with a problem. Thus a mark which has been registered but which is descriptive may be vulnerable to an attack on its validity on that ground. Whether it is nor not, Art. 6(1)(b) will protect the specified descriptive indications. So the fact that there are other ways of dealing with the goodwill problems does not mean that Art.6(1)(b) does not deal with it too. The "other way" argument fails.

33. The point is not free from authority in this country, though neither side was able to find any case on it in any other European country. Miss Vitoria relied upon Ferris J in *NAD Electronics v NAD Computer Systems* [1997] FSR 380. He said, when he was considering, both s.8(a) of the 1938 Act and s.11(2) of the 1994 Act:

"It appears to me that neither of these provisions affords any defence to infringement consisting of the use, in relation to relevant goods, of the letters NAD, either in the form of the NAD label as I have described it or in the form of the letters NAD alone, without any box. "Own name" for the purposes of both provisions must, in my view, be the full corporate name of Computer Systems, namely NAD Computer Systems. (The omission or inclusion of "Ltd" is, in my view, immaterial). Even where the full corporate name is used, it seems to me to be far from clear that the defence applies to the use of the corporate name of an artificial person such as a company which, generally speaking, is given whatever name its promoters choose, unless there is objection from the Registrar of Companies."

34. So far as the old Act is concerned, Ferris J's doubts (and they were only doubts) have never surfaced before. In case after case, s.8(a) of the 1938 Act ("bona fide use by a person of his own name") was assumed to apply to companies. This is true of fully argued cases in the Court of Appeal (*Baume & Co. Ltd v A.H. Moore Ltd.* [1958] RPC 226) and the House of Lords (*Parker-Knoll Ltd. v Knoll International Ltd.*) It does not seem that Ferris J's attention was drawn to these cases.

35. As far as the 1994 Act is concerned, Ferris J seemingly formed his doubt without the problem of a defendant company having a goodwill in its name being brought to his attention. I can well understand his doubt in the case of a newly formed company - but, as I have said - the way to deal with that is under the proviso. In the end it is clear that Ferris J's doubts were only obiter dictum. Miss Vitoria did not contend otherwise.

36. On the other hand, the problem of a company defendant having goodwill in its name, was expressly considered by Lloyd J in *Scandecor Development AB v Scandecor Marketing AB* [1998] 500. He said:

"In *The European Ltd v The Economist Newspaper Ltd* [1996] FSR 431, Rattee J said that the test under section 11(2) must be objective; I agree. In *NAD Electronics Inc v NAD Computer Systems Ltd* [1997] FSR 380, Ferris J held that neither section afforded a defence in that case since the full corporate name (but for Limited) had not been used and he questioned whether the defence applied to the use of the corporate name of an artificial person such as a company. In my judgment it does. A company name adopted for the purpose of trading on someone else's goodwill would not satisfy the honest use test. A name adopted years before the question arises and used consistently in ordinary commercial ways can be a proper subject of the defence just as can the proper name of a natural person."

That passage was part of his essential reasoning: it was ratio decidendi. And although the Court of Appeal reversed his overall decision, there was no consideration of this point. It remains a point decided by a Chancery Judge at first instance. The rule is that a later Chancery Judge should only depart from such a decision if he is convinced it is wrong. I am far from so convinced. On the contrary I think Lloyd J was right and for the reasons he gives. His decision is contrary to Miss Vitoria's submissions on the company name point.

37. There is also this further point. Mr Miller noticed that Art. 6(1)(a) protects the third party in respect of his use of "his own name or address". "His address" is protected too. There can be no rational basis for protecting the use of a natural person's address but not that of a company. Miss Vitoria weakly suggested that it is harder for a natural person to move than for a company, but that is simply not so. An unspoken, and erroneous assumption of this submission was that it was

only the personal address of a natural person that is protected. But an individual can have a home and business address, just as a company can have a registered office and a business address. There is no relevant distinction between the two types of legal person in this regard.

38. Lloyd J's decision also covers the "use as a trade mark" point: he drew no distinction between non trade mark and trade mark use. Quite apart from that, however, Miss Vitoria's submissions draw a difference, not between trade mark and other sorts of use, but between different sorts of trade mark use. An artist who signs a picture or a potter who puts his name on the base of a vase is of course seeking to attach his personality to the object. He is saying "It was I, Joe Soap, who made this". That is about as clear an indication of origin as one could wish.

39. Next there is the question of dropping "Ltd." Both Ferris J and Lloyd J thought it did not matter. For what it is worth that was the position under the previous law. The reason why is as applicable now as it was then. Everyone knows that in common usage "Ltd" or "Plc" etc. are often omitted except in formal documents. If the defence were to be confined to use including the words indicating incorporation it would not cover most practical uses of a company's name. I cannot think the defence given by Directive was intended to exclude such situations.

40. I now come to Miss Vitoria's submission about the name having to be known in the UK before the defence can apply. Stated baldly the proposition makes no sense. It protects the use of a trader's own name. Why should he have to prove that his name is known first? Miss Vitoria ingeniously wrapped up the proposition however, tying it with the previous point. She said one can only justify dropping the "Ltd" when the company is commonly called by its name without the "Ltd." So unless it is first proved that the company is known by its name without the "Ltd" its name without the "Ltd." is not really its name. Since unknown companies are self-evidently not known without the "Ltd." there is no protection for the name with the omission. I reject the argument. There is no requirement that the name be known before it can be protected. Of course if it is unknown and use is commenced, that use may not satisfy the proviso, but that is a wholly different matter. If, for instance, the claimant were in a position to prove passing off in the UK then the defendants' use would not be within the proviso and the fact that it was using its own name would be no defence.

41. Finally, in relation to the own name defence, I come to the proviso. There is no question of the defendants doing anything dishonest. Passing off in the UK is not even alleged. Nor can it be maintained at this stage that the name was taken from the claimant - a matter that most traders would probably regard as outside the proviso. Miss Vitoria submitted that to commence use knowing of the claimant's registration would be enough to make the use otherwise than "in accordance with honest practices etc." She obviously cannot go so far as to contend that a use commenced without knowledge of the registration ceases to be in accordance with honest practices just because the defendant subsequently learns of the registration. If that were so then the proviso could only ever protect past use, for instance from a claim for damages.

42. However, she might be right in some circumstances - if for instance use was commenced knowingly in the face of a registration which the defendant had no reason to suppose was invalid. But the point is not one raised in the pleadings. And the facts do not bear it out. The claimant never gave specific notice of the UK trade mark relied upon. It first issued a generalised threat by a letter of August 18th 1999. The threat mentioned trade mark registrations in Europe without giving any details. By then the defendants had commenced their website use. Also the advertisement in the September issue of Homes & Gardens had almost certainly been placed before the letter was received. So, even if Miss Vitoria were right about the law, the case looks shaky and unfit for summary judgment. Moreover it may be that use in the UK should be regarded as having started earlier; if, which I doubt, merely placing advertisements in foreign journals with slight circulation here counts as using the trade mark here. Advertising started in Ireland. After I made inquiries at the hearing, some small ads placed in the Irish Times and

dating from 1995 were faxed over. They do not specifically mention any goods within the specification. But other advertisement may, I do not know: the defendant has not had a proper opportunity of considering the point and marshalling evidence. And in any event the relevant date to judge honest practices may be the date use commenced in Ireland. All I can and need to say for present purposes is that the prospects of a successful defence on the honest practices point are realistic.

43. It follows that there are several realistic points of defence on the "own name" point alone. Is the registration valid? The non-use attack

44. The defendants attack the validity of the registration on the grounds contained in s.46(1) of the Act (corresponding to Art.12(1)). It is not necessary to recite all the details of this provision. It was common ground that the registration should be revoked if the mark has not been put into "genuine use in the UK by the proprietor or with his consent in relation to the goods for which it is registered" within the period 3rd September 1994 - 2nd September 1999. It was also common ground that by virtue of s.100 the onus of proving such use lies upon the claimant.

45. The claimant in its pleadings says:

"The claimant has been supplying goods to customers in the United Kingdom since July 1994 through this international mail order business, and continues to do so. The value of such UK sales since this amount amounts to \$225,707.90 as at October 1999".

By way of amplification the claimant said in a response to a request for further information:

"The Claimant refers the Defendants to the Schedule provided as Exhibit "GS.5" to the Witness Statement of Gordon Segal. This sets out details of sales made to customers in the United Kingdom including the date on which the order(s) were placed, the method by which the orders were placed and the value of the sales. The Claimant is not able to specify the identity of the items ordered for each of the sales listed, or to identify with certainty the country from which the order was placed. However, only 12% of the UK sales orders are referred to as "store customers" and as such the remaining 88% of orders were placed by customers without attending the Claimant's retail premises directly."

In his evidence, Mr Segal says that the claimant:

"Has for many years actively traded in many countries around the world. This trading comes about in a number of ways.

- a. In many cases, visitors from outside the USA visit my company's stores in the USA. They either purchase products in the US and take them away with them or ask us to mail them to their home address after purchasing these products in the USA.
- b. We also have customers in the USA who will order products from our stores or catalogues for friends, relatives or acquaintances outside the USA. We then ship these products, which bear the CRATE & BARREL trademark, to the ultimate customer outside the USA.
- c. CRATE & BARREL's Gift Registry program is a premier registry in the United States. Often times, customers overseas will purchase products for their friends or relatives from their CRATE & BARREL Gift Registry. People in England have purchased products from us as I shall explain later in this statement.
- d. Finally, in many cases we have overseas customers, as a result of the above activities and US customers who have moved overseas, who order products directly from my company from their homes outside the USA. In these cases, the orders are taken by phone, fax or mail and the goods bearing the CRATE & BARREL trademark are then shipped from the USA to these customers outside the USA."

46. Mr Miller and the defendants' evidence reduced these allegations to tatters. I do not propose to go through all the detail pointed out by Mr Miller. It is sufficient to outline the general nature of his attacks.

47. The pleading alleged UK sales of about \$225K in the 5 year period. The evidence points to exhibit "GS5" to demonstrate the sales. GS5 begins with a computer print out of sales. They total about that sum. The exhibit follows with a mass of invoices which correspond broadly to the items in the print-out. But on close examination the exhibit does not show use of the mark in the United Kingdom in relation goods within the specification of the registration. Leaving aside the misprint of \$39,000 for \$39, the sales listed here are irrelevant for a variety of reasons:

- i. A lot consists of sales in the claimant's American shops where the customer gave their UK address. Those cannot be uses of the trade mark in this country;
- ii. The list includes sales to Irish customers (also in the US shops);
- iii. Somewhat comically a couple of items are to customers from New South Wales and the British West Indies who obviously bought something in a US shop and gave their home address. I mention these only because they are illustrative of the care with which this exhibit was put together;
- iv. If one follows the examples through to the invoices, only a proportion are identifiable as being within the specification. A substantial number is definitely not. And a significant amount consist of cases where one just cannot tell;
- v. There were a few customers in the US shops who asked for the goods to be posted to them in the UK. The claimant says the packaging of these goods would have borne the name Crate & Barrel. It is said that amounts to genuine use in the UK of the trade mark in relation to the goods. I disagree for the reasons below.
- vi. Some sales are listed as "Gift Registry". Happy couples who are to marry in the US go into one of the claimant's United States shops and choose items for a wedding list. Some couples have friends or relatives in the UK. In such a case the couple sends a list to their UK relative or friend. These can then telephone or fax the shop in America to buy goods on the list using a credit card. The goods are sent from the shop to the couple in the United States. In fact it was not possible even to order the goods over the internet from the UK. The claimant's internet buying service is not set up for non-US business and cannot take orders from outside the US. This appears from the statement of Mr Kilkelly. He got the list with his brother's wedding invitation and tried to order over the internet. When that proved unusable by people outside the US he bought his brother's wedding present by telephone, using a credit card.
- vii. Significant sales within GS5 are simply outside the relevant 5 year period;

48. Mr Miller did so much damage to the \$225,000 figure that really nothing was left. There is not a single example of somebody in this country ordering goods from the claimant who sent them to this country. There is no evidence of anyone outside the US being sent a mail order catalogue; indeed it seems impossible to get one sent to the UK on the evidence of the defendants' lawyers. They had to do a lot of investigation into the grossly exaggerated case being put forward by the claimant and justifiably so. The pleading that the claimant has an "international mail order business" is false.

49. The only remnants of the \$225K upon which Miss Vitoria sought to rely were items (v) (the few deliveries to the UK) and (vi) (unknown but in total small amounts of goods within the specification bought in the US via letter or phone calls from the UK to the gift registry). I consider these further below but first must describe the other form of use relied upon by Miss Vitoria, use in advertisements. These were in American periodicals which it was claimed had some circulation here. Mr Miller attacked that use, pointing out in the first instance that it was not even pleaded. The claimant produced two very substantial exhibits, running into 2 full box

files. Examination of this showed it included much irrelevant material. For instance there were articles in US only journals about Mr Segal, advertisements irrelevant to the specification of goods, advertisements placed outside the relevant period, and advertisements in magazines which had no UK circulation. Even the advertisements in the New York Times were in its magazine section which (the defendants' solicitors' researches revealed) is not sent out with overseas copies of the paper. Many of the advertisements were for specific Crate & Barrel US stores. Others were for a number of stores. None were for "Crate & Barrel" goods as such. It is possible that out of this mass of material there may have been some advertisements mentioning relevant goods in some US periodicals which had some small distribution here. I do not say there were, the evidence is too muddled to be sure.

50. Assume, however there were these three things, namely the packaging on a few items posted at the US customer's request to the UK, gift registry sales, and a tiny amount of spillover advertisements in what the reader in the UK would know are US journals. Do they individually or collectively amount to "genuine use" of the UK registered mark? Miss Vitoria contends they do. She says the reference to "genuine" is in merely in contradistinction to "sham". Small though the use may have been, there was nothing fake about it. The mark appeared in the UK in connection with genuine transactions and that is enough.

51. I disagree. It seems to me that "genuine use" must involve that which a trader or consumer would regard as a real or genuine trade in this country. This involves quantity as well as the nature of the use. In part it is a question of degree and there may be cases on the borderline. If that were not so, if Miss Vitoria were right, a single advertisement intended for local consumption in just one US city in a journal which happened to have a tiny UK distribution would be enough to save a trade mark monopoly in this country. Yet the advertisement would not be "sham." This to my mind shows that Miss Vitoria's gloss on the meaning of "genuine" is not enough. And the only stopping place after that is real trade in this country. I think all the examples relied upon are examples of trade just in the US.

52. My view of the nature of the claimant's trade accords with that of the claimant itself, as expressed in a variety of letters written outside the context of this action. For some obscure reason Mr Segal saw fit to exhibit a mass of material about requests from people around the world to set up franchises or the like. This 2-box file exhibit includes things like letters from Brazil or Taiwan concerning such proposals. Mr Miller took me to a few relevant items. They show that the claimant did not regard itself as having any European trade in the relevant period. I will recite some passages. The first is from a letter of Sept 8th 1992 (outside the relevant period):

"Thank you for your recent letter expressing interest in Crate and Barrel and opportunities for expansion into the United Kingdom with a mail order operation.

I am sure that there are many avenues for growth in the European market. We have been reviewing international expansion for some time and have determined that it would not be feasible for us to take this step for several years. We still have many opportunities here in the United States, which at this time are absorbing all of our attention and resources. At this point, we are not prepared to devote the organizational capabilities and effort it would take to serve an overseas mail order operation."

53. That letter contrasts markedly with the pleading about an "international mail order business". The letter from the inquirer has what I assume to be Mr Segal's handwritten note saying:

"Tell him we are not prepared at moment to market in the UK. But we will keep their letter on hand when and if we decide to do so".

Another letter of December 31st 1997 (in fact to someone in Saudi Arabia) reads:

"With regard to your inquiry about a catalogue or purchasing arrangement, with our current rate of sales and our expansion into the United States, as well as the varying

selection and inventory levels of our merchandise, we are not in a position to distribute product, particularly at the international level."

A letter of June 27th 1997 says:

"We are aware that there are indeed many opportunities for a successful entry into the British market, and we frequently review our strategic plan to determine whether we are ready for international expansion.

For the moment, we do not plan to undertake the challenges of international expansion for several years until we are ready to give it the time and resources it would take to do it well. We will keep your letter on file should our current position change."

54. Several letters refer to the registered mark. They are revealing as to the claimant's position about it. An instance of January 15th 1997 says:

"We are aware of the many opportunities for a successful entry into the U.K. market. We have registered the Crate and Barrel trademark in the U.K., in anticipation of opening stores there in the future. At present, however, we are focusing our efforts on expanding and solidifying our base of business here in the United States."

55. This shows that the only purpose of the registration was to protect the position for the day, which might come in the future, when a real intention to trade here was developed. Back in 1988 when the mark was registered such a day was remote. There is a possibility, not at present pleaded, that the original registration could be treated as a complete nullity (cf. Huggars TM [1979] FSR 310 at p. 315) with the consequence that its continuance under the 1994 Act is a nullity too. I do not propose to consider this difficult question of law further here.

56. That is not all on the question of non-use. If one looks at the advertisements they are essentially for the shops. True it is that some of the goods mentioned in the advertisements fall within the specification, but I doubt whether the reader would regard the use of the shop name as really being "in relation" to the goods. I think this is an issue worthy of trial in itself. The argument is that there is an insufficient nexus between "Crate & Barrel" and the goods; that only a trade mark obsessed lawyer would contend that the use of "Crate & Barrel" was in relation to the goods shown in the advertisement.

57. In this connection it should be borne in mind that the Directive does not include an all-bracing definition of "use", still less of "use in relation to goods." There is a list of what may inter alia be specified as infringement (Art.5(3), corresponding to s.10(4)) and a different list of what may, inter alia, constitute use of a trade mark for the purpose of defeating a non-use attack (Art.10(2), equivalent to s.46(2)). It may well be that the concept of "use in relation to goods" is different for different purposes. Much may turn on the public conception of the use. For instance, if you buy Kodak film in Boots and it is put into a bag labelled "Boots", only a trade mark lawyer might say that that Boots is being used as a trade mark for film. Mere physical proximity between sign and goods may not make the use of the sign "in relation to" the goods. Perception matters too. That is yet another reason why, in this case, the fact that some goods were sent from the Crate & Barrel US shops to the UK in Crate & Barrel packaging is at least arguably not use of the mark in relation to the goods inside the packaging. And all the more so if, as I expect, the actual goods bear their own trade mark. The perception as to the effect of use in this sort of ambiguous case may well call for evidence.

58. I conclude that there is a good, and certainly a realistic, prospect of the registration being held invalid.

59. In the result, for a variety of independent reasons, this application fails. There are many questions of fact and of law which remain unclear. Several points of law alone are worthy of attention by the European Court of Justice (e.g. "own name", "genuine use"). The application was bound to fail. I would add this: the claimant's exhibits heavily overburdened the papers. A mass of irrelevant material was put in. Mr Miller suggested that no-one read it before it was put

in. That would seem to be so on this side of the Atlantic. The only reason proffered was that the material was sent over late. That is a description and not an excuse. The claimant knew use was being challenged from the date of the Particulars of Objections (2nd December 1999). It saw fit to lodge this application for summary judgment on 17th February. It had plenty of time to prepare for the point. This overburdening was one of the things I took into account in my summary assessment of the defendants' costs at £45,000. People must not forget that every exhibit they put in has to be read and assessed by the other side. I also took into account on costs the grossly exaggerated claims of use, which required extensive work to answer.