O/0846/24

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK REGISTRATION UK00902322006

IN THE NAME OF EMPRESA DE ÁGUAS SANTA CLAUDIA LTDA

AND

APPLICATION 505475

BY LAWRENCE PHILLIPS

TO REVOKE REGISTRATION UK00902322006

Background and Pleadings

1. UK00902322006 ('the Contested Mark') stands registered in the name of Empresa de Águas Santa Claudia Ltda, the Registered Proprietor ('the RP'). The Contested Mark is a comparable mark. It was registered for protection in the EU on 9 October 2002 under EUTM registration number 002322006. Prior to the UK leaving the EU on 31 December 2020, the Contested Mark enjoyed protection in the UK. In accordance with Article 54 of the Withdrawal Agreement between the UK and the European Union, the UK IPO created comparable UK trade marks for all right holders with an existing EUTM on 1 January 2021. As a result, the present comparable mark was created and, by virtue of paragraph 5(a) of Article 54 of the aforementioned agreement, it enjoys the same filing date as the earlier EUTM.

2. The Contested Mark stands registered for the following goods:

   Class 32: *Mineral and aerated waters.*

3. On 19 October 2022, Lawrence Phillips, the Cancellation Applicant, ('the CA') applied to revoke the Contested Mark in accordance with section 46(1)(a) of the Trade Marks Act 1994 ('the Act'). The CA alleges that the RP has not used its mark in the United Kingdom within the period of five years following the date of the completion of the registration process, i.e. 10 October 2002 to 9 October 2007 ('the First Relevant Period') and that it should, therefore, be revoked. I note that the CA has stated 9 October 2007 as the revocation date sought. However, as set out on the Form TM26(N)[1], the first possible effective revocation date is *the day following the end of* the five year period of non-use. The earliest possible date from which the contested mark may be revoked is, therefore, 10 October 2007.

4. The RP filed a defence and counterstatement in which it does not deny the CA's allegation of non-use; but provides the defence that there have been proper reasons for non-use.

[1] Application to revoke a registration or protected international trade mark (UK) for reasons of non-use.

5. The CA represents itself; the RP is represented by ip21 Limited. The RP has filed evidence. I note that the CA has filed material in the format of Witness Statements, although, for reasons provided below at [8] to [11], the material cannot properly be considered as evidence. The CA also filed written submissions during the evidence rounds. A hearing was held at the request of the RP. Both parties attended and filed skeleton arguments in advance of the hearing, held by telephone conference, of 19 June 2024. Mr Leonardo Schneider, of Campos Barrosa and Schneider, appeared on the CA's behalf, although he is not on record as the CA's representative. Mr Ian Bishop, of ip21 Limited, appeared for the RP. The following decision has been made after careful consideration of the papers and oral submissions.

6. The provisions of the Act relied upon in these proceedings are assimilated law, as they are derived from EU law. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 (as amended by Schedule 2 of the Retained EU Law (Revocation and Reform) Act 2023) requires tribunals applying assimilated law to follow assimilated EU case law. That is why this decision refers to decisions of the EU courts which predate the UK's withdrawal from the EU.

EVIDENCE

7. The CA has filed three Witness Statements; two from Lawrence Phillips, the CA, dated 8 and 17 of August 2023, respectively; and one from Neimer Batista, a partner at the Brazil-based law firm Batista, Tawil & Associates, dated 16 August 2023.

8. Mr Phillips' Witness Statement of 8 August 2023 does not introduce any evidence but consists exclusively of submissions on the RP's evidence. While the content is noted, it does not constitute evidence.

9. Mr Batista's Witness Statement sets out his legal credentials and introduces what he refers to as his 'legal opinion on the issue of "export license" for mineral water under Brazilian law'. His opinion is headed 'Analysis of the Brazilian legislation on

the matter' and concludes with 'This is our opinion based on the information received and the legal texts examined'.[2] In my view, this material, concerning Brazilian legislation, in the context of proceedings before a UK tribunal, amounts to 'expert evidence', for which permission must be sought before it is filed. The Manual of Trade Marks Practice states that: [3]

> '[expert] evidence can only be given in relation to the issue identified and it will be necessary to name the expert(s) from whom evidence is to be sought. If permission is given for adducing expert evidence, the evidence must only be in relation to the issue identified and by the expert(s) identified.'[4]

10. No permission to file expert evidence was sought in the instant case. I am, therefore, not obliged to take Mr Batista's opinion into account.

11. Mr Phillips' Witness Statement of 17 August 2023, which also makes reference to Mr Batista's legal opinion, is, like his previous statement, mere submission rather than evidence.

12. The RP's evidence is by way of Witness Statements from Ricardo Pio de Souza and Fernando Mattos de Souza Filho, both partners and shareholders of the RP company, dated 24 April 2023 and 20 November 2023, respectively.

13. Mr Pio de Souza's Witness statement is accompanied by 8 exhibits. Mr de Souza Filho's Witness statement is, in large part, mere submission rather than evidence.

14. Where the RP has provided English translations of evidence presented in Portuguese, Witness Statements, dated 16 and 19 June 2023, have been provided by Renata Correa Cardozo Pereira Carneiro stating that she is familiar with both English and Portuguese and believes the translations to be accurate to the best of her knowledge and skill.[5]

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[2] Exhibit 1 to Witness Statement of Neimar Batista.
[3] Manual of Trade Marks Practice, 4.8.4.5 Expert Witness Evidence.
[4] This reflects the practice set out in the Civil Procedure Rules at 35.4.
[5] Witness Statements 1 and 2 of Renata Correa Cardozo Carneiro.

15. I will refer to points from the evidence and oral submissions where necessary.

DECISION

The relevant legislation

16. Section 46 of the Act states:

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

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

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

(c) […]

(d) […]

(2) For the purpose of subsection (1) use of a trade mark includes use in a form (the “variant form”) differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor), 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 in referred to in that

paragraph is commenced or resumed after the expiry of the five year period and before the application for revocation is made:

> Provided that, any such commencement or resumption of use after the expiry of the five year period but within the period of three months before the making of the application shall be disregarded unless preparations for the commencement or resumption began before the proprietor became aware that the application might be made.

(4) […]

(5) Where grounds for revocation exist in respect of only some of the goods or services for which the trade mark is registered, revocation shall relate to those goods or services only.

(6) Where the registration of a trade mark is revoked to any extent, the rights of the proprietor shall be deemed to have ceased to that extent as from-

> (a) the date of the application for revocation, or
>
> (b) if the registrar or court is satisfied that the grounds for revocation existed at an earlier date, that date.'

17. Given that the Contested Mark is a comparable mark, paragraph 8 of part 1, schedule 2A is relevant. It reads:

'8.— Non-use as defence in infringement proceedings and revocation of registration of a comparable trade mark (EU)

(1) Sections 11A and 46 apply in relation to a comparable trade mark (EU), subject to the modifications set out below.

(2) Where the period of five years referred to in sections 11A(3)(a) and 46(1)(a) or (b) (the "five-year period") has expired before [IP completion day]—

(a) the references in sections 11A(3) and (insofar as they relate to use of a trade mark) 46 to a trade mark are to be treated as references to the corresponding EUTM; and

(b) the references in sections 11A and 46 to the United Kingdom include the European Union.

(3) Where [IP completion day] falls within the five-year period, in respect of that part of the five-year period which falls before [IP completion day]—

(a) the references in sections 11A(3) and (insofar as they relate to use of a trade mark) 46 to a trade mark, are to be treated as references to the corresponding EUTM; and

(b) the references in sections 11A and 46 to the United Kingdom include the European Union'.

Section 46(1)(a) and the scope of the RP's defence

18. Although the CA's application is based on section 46(1)(a) of the Act only, the RP's case is that it has proper reasons for non-use of the contested mark which have been operative for the duration of the mark's registered life.[6] The RP has accordingly adduced evidence intended to support its argument that 'exceptional hurdles' have been present for the entire period of registration, preventing use of the mark either within or outside the UK.[7] On a strict construction of section 46(1)(a), the RP would need only to demonstrate proper reasons for non-use for the first relevant period in order to answer the claim against it. However, it is my view that such strict interpretation is unlikely correct; because it would seem to excuse the RP from showing why use did not take place over the subsequent long period. Therefore, section 46(1)(a) should be interpreted as requiring proper

[6] Witness Statement of Fernando Mattos de Souza Filho, [1]; RP's Skeleton Argument, first unnumbered paragraph.
[7] RP's Skeleton Argument, first unnumbered paragraph.

reasons for non-use that were operative during the initial 5 years period and, *where use has still not commenced*, up to the date of the application for revocation.

The issue at stake

19. It is common ground between the parties that there has been no use of the Contested Mark in the First Relevant Period, or for any part of the post-registration period, whether in the UK or in any EU member state outside of the UK. The only issue is, therefore, whether the RP had proper reasons for non-use of the mark.

The relevant case-law

20. The case of *Cernivet Trade Mark* is considered the authority for the requirement that proper reasons for non-use must have been operative during the relevant period(s) and that, but for those reasons, the mark could and would have been used.[8] I note the following dictum of Mr Geoffrey Hobbs Q.C. (as he then was), sitting as the Appointed Person:

> '51. […] it seems to be necessary, when considering whether there were proper reasons for non-use, for the tribunal to be satisfied that in the absence of the suggested impediments to use there could and would have been genuine use of the relevant trade mark during the relevant five-year period.'[9]

21. In considering the proper reasons for non-use, I bear in mind the case of *Armin Häupl v Lidl Stiftung & Co. KG,* Case C-246/05, in which the Court of Justice of the European Union ('the CJEU') held that:

> '52. In particular, as correctly stated by the Advocate General in [79] of his Opinion, it does not suffice that "bureaucratic obstacles", such as those pleaded in the main proceedings, are beyond the control the trade mark proprietor, since those obstacles must, moreover, have a direct relationship with the mark, so much so that its use depends on the successful completion of the administrative action concerned.

[8] [2002] RPC 30
[9] As above.

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

54. It follows that only obstacles having a sufficiently direct relationship with a trade mark making its use impossible or unreasonable, and which arise independently of the will of the proprietor of that mark, may be described as "proper reasons for non-use" of that mark. It must be assessed on a case-by-case basis whether a change in the strategy of the undertaking to circumvent the obstacle under consideration would make the use of that mark unreasonable. It is the task of the national court or tribunal, before which the dispute in the main proceedings is brought and which alone is in a position to establish the relevant facts, to apply that assessment in the context of the present action.

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

22. I also note the case of *Naazeen Investments Ltd v OHIM,* Case T-250/13, in which the General Court ('the GC') held that difficulties in manufacturing a product were

not outside the proprietor's control and, therefore, did not constitute a proper reason for non-use. The GC stated that:

> '66. According to the case-law, 'proper reasons' refers to circumstances unconnected with the trade mark proprietor rather than to circumstances associated with his commercial difficulties (see, to that effect, judgment of 9 July 2003 in *Laboratorios RTB* v *OHIM — Giorgio Beverly Hills (GIORGIO AIRE)*, T-156/01, ECR, EU:T:2003:198, paragraph 41). The problems associated with the manufacture of the products of an undertaking form part of the commercial difficulties encountered by that undertaking.
>
> 67. In the present case, the marketing of the goods in question was stopped because those goods were defective. Given that it was for Gondwana to supervise and control the manufacture of the goods in question even though they were being manufactured by a third party, the interruption to the marketing of those goods cannot be regarded as independent of the will of Gondwana.
>
> 68. Furthermore, the applicant is wrong in claiming that it had no choice but to stop using the mark at issue or to put consumers' health in danger. As OHIM has observed, further products could have been manufactured and placed on the market within a reasonable period. Therefore, the applicant cannot claim that the change in strategy of the proprietor of the mark at issue made use of that mark unreasonable. The additional economic investments necessary for the manufacture of further products form, as OHIM states, part of the risks that an undertaking must face.
>
> 69. Accordingly, the applicant cannot claim that the Board of Appeal was wrong to take the view that the difficulty encountered by Gondwana concerning the manufacture of the goods in question did not constitute a proper reason for non-use of the mark at issue (paragraph 36 of the contested decision).'

23. In the aforementioned case, the GC also held that on-going litigation was not necessarily a proper reason for non-use. In that case, the ongoing litigation in question concerned revocation proceedings against the mark at issue. The GC

held that 'the fact that revocation proceedings have been brought against a trade mark does not prevent the proprietor of that mark from using it'.[10]

24. Furthermore, the same case referenced the case of *Laboratorios RTB v Giorgio Beverly Hills (Giorgio Aire)* in which the GC stated that:[11]

> '[…] the concept of proper reasons in that article must be considered to refer essentially to circumstances unconnected with the trade mark owner which prohibit him from using the mark, rather than to circumstances associated with the commercial difficulties he is experiencing'.

25. I also bear in mind the case of *Dosenbach-Ochsner Ag Schuhe Und Sport v Continental Shelf 128 Ltd,* Case BL 0/404/13*,* Mr Geoffrey Hobbs Q.C. (as he then was) as the Appointed Person stated that:

> '21.The assessment of a witness statement for probative value necessarily focuses upon its sufficiency for the purpose of satisfying the decision taker with regard to whatever it is that falls to be determined, on the balance of probabilities, in the particular context of the case at hand. As Mann J. observed in *Matsushita Electric Industrial Co. v. Comptroller- General of Patents* [2008] EWHC 2071 (Pat); [2008] R.P.C. 35:
>
> > [24] As I have said, the act of being satisfied is a matter of judgment. Forming a judgment requires the weighing of evidence and other factors. The evidence required in any particular case where satisfaction is required depends on the nature of the inquiry and the nature and purpose of the decision which is to be made. For example, where a tribunal has to be satisfied as to the age of a person, it may sometimes be sufficient for that person to assert in a form or otherwise what his or her age is, or what their date of birth is; in others, more formal proof in the form of, for example, a birth certificate will be required. It all depends

[10] *Naazeen Investments Ltd v OHIM,* Case T-250/13, [71].
[11] Case T-156/01, [41].

who is asking the question, why they are asking the question, and what is going to be done with the answer when it is given. There can be no universal rule as to what level of evidence has to be provided in order to satisfy a decision-making body about that of which that body has to be satisfied.

22. When it comes to proof of use for the purpose of determining the extent (if any) to which the protection conferred by registration of a trade mark can legitimately be maintained, the decision taker must form a view as to what the evidence does and just as importantly what it does not *'show'* (per Section 100 of the Act) with regard to the actuality of use in relation to goods or services covered by the registration. The evidence in question can properly be assessed for sufficiency (or the lack of it) by reference to the specificity (or lack of it) with which it addresses the actuality of use.'

26. The reasons advanced by the RP as proper reasons for non-use of the Contested Mark are twofold, and can be summarised thus:

- Bureaucratic obstacles by way of various regulatory hurdles that it claims have hampered its efforts to export its goods from Brazil, where it is based, to the UK (and elsewhere);

  and

- Financial difficulties due to the RP being the defendant in a claim for non-payment of goods, those goods being the plastic bottles needed for the RP to export its goods.

27. Before I invited the parties to make their submissions, I expressed the general observation that the body of documentary evidence adduced by the RP was such that it was not *prima facie* obvious to me what the exhibits were intended to demonstrate and how each exhibit assisted the RP's case that it had proper reasons for non-use of the Contested Mark. I requested that Mr Bishop structure

his oral submissions by explaining, for each of the RP's exhibits, what it demonstrated and how it supported the RP's case. I repeated this request, or variations thereof, at several points throughout the hearing.

28. I will consider each of the two reasons advanced by the RP in turn. In my view, the matter of the RP's financial difficulties is the more straight-forward aspect of the defence and it would, therefore, be appropriate to deal with it first.

Financial difficulties

29. Mr Bishop submitted that a legal action against the RP for non-payment of plastic bottles from a third-party supplier, together with other financial difficulties, gave rise to 'an enormous financial distraction or burden' which prevented the RP from 'tackling the marketplace'. In this connection, he mentioned Exhibit 5, described in Mr Pio de Souza's Witness Statement as a 'lawsuit'. In the absence of any knowledge of the Brazilian legal system, I am unsure whether the document is an official Claim Form or merely a letter before claim (or the Brazilian equivalents). The document bears the name 'TozziniFreire Advogados', which I presume to be a law firm. The document does not appear to have been issued by a court. The original document is in Portuguese, accompanied by an English translation in a separate document. Mr Pio de Souza refers in his Witness Statement to section [22] of the 'lawsuit' according to which the RP is alleged to owe the claimant supplier 'R$11.159.321,81' for non-payment of 'PET' bottles:[12] I note that paragraph [16] of the 'lawsuit' alleges that the RP's debt had been outstanding since 27 June 2002.[13]

30. Mr Bishop argued, in essence, that this protracted litigation had the effect of 'debilitating their [the RP's] business plan entirely during the relevant period' due to a combination of financial injury and legal uncertainty associated with ongoing legal proceedings. He referred me to the RP's balance sheets as evidence of its 'repeated losses', the total net losses summarised in the following table:[14]

[12] Witness Statement of R Pio de Souza, [10]; Exhibit 5, paragraph 22 of the document.
[13] Exhibit 5.
[14] Exhibit 4; Witness Statement of R Pio de Souza, [7].

Year	Net loss for the year, Brazilian Real	Net profit for the year, Brazilian Real
2016	-329 139,89	-
2017	-	36 719,24
2018	-39 403,70	-
2019	-377 062,13	-
2020	-340 039,64	-
2021	-136 948,59	-
2022	-735 900,83	-

31. I note that these figures do not cover the First Relevant Period. I remind myself that, in deciding whether the RP's reason for non-use qualifies as proper, it is necessary to consider whether, but for the obstacle in question, the mark would and could have been used. I must also be persuaded that the reason for the non-use was beyond the RP's control. When I asked Mr Bishop the reason for the RP's failure to make full payment of the sum owed in respect of the PET bottles, he submitted merely that the RP was making repetitive losses. I invited Mr Bishop to make a submission on the matter of whether a business having debts amounted to a proper reason for non-use. He submitted that there was case law on the matter but was unable to direct me to it when requested.

32. My view is that the RP has failed to demonstrate that, in the absence of the protracted litigation, it would have used its mark. Mr Bishop argues that the litigation caused the RP financial difficulties and legal uncertainty which prevented it from using its mark. However, according to the evidence, the litigation in the instant case was instituted because the RP had failed to pay the full sums due to its supplier of plastic bottles. In the absence of any explanation for the RP's inability and/or refusal to pay the supplier, I cannot be sure that the RP was free from financial difficulty *before* the legal proceedings against it were instituted. The above-mentioned GC's finding in *Laboratorios RTB* v *OHIM* that a revocation action *against the very mark in issue* was not deemed to amount to a proper reason

for non-use of that mark, in my view, lends support to my view that ongoing proceedings which are unconnected with the Contested Mark, cannot be considered a proper reason for non-use in the instant case.

33. Furthermore, I do not consider the RP's impecuniosity to be a circumstance that can properly be regarded as a proper reason for non-use, anyway. The possibility that a business might be unable to satisfy its debts at some point, for whatever reasons, is, to my mind, a necessary risk when running any organisation for profit. In the spirit of the case law cited above at [24], I do not consider such commercial difficulties as a business being in debt to fall under 'proper reasons' for non-use of a trade mark.

34. I now proceed to consider the matter of the bureaucratic obstacles.

Bureaucratic obstacles

35. The RP's argument, put simply, is that administrative processes and regulatory barriers within Brazil are notoriously difficult to overcome, mainly due to the exceptionally protracted nature of bureaucratic processes typical of the country in general. Mr Mattos de Souza has given narrative evidence that the regulatory barriers included:[15]

- Mining ordnance;
- Research authorisation;
- Approval of the final research report;
- Area registration;
- Granting or registration of water use and delimitation of the marginal strip when close to a stream;
- Preliminary License;
- Installation License;
- Operation License;

[15] Witness Statement of Fernando Mattos de Souza Filho, [2] and [3].

- A geo-referenced property deed of the land from which the water is to be extracted;
- Approval for the specific geo-reference of the area from the National Water Agency and obtaining a digital certificate;
- Paying the National Water Agency fees and the engineering association fees;
- Application for the survey of the geo-referenced map of the area in question and provision of a timetable for its execution, a 3 year process for this step alone;
- A survey undertaken during which the extracted water was analysed by specifically appointed technicians of the National Water Agency;
- The publication of the successful permission in the official journal within 6 months of the successful permission;
- The building of the well;
- In addition to this survey being positive, carrying out a number of at least four physical and bacteriological tests every 3 months for 1 year;
- After the completion of these tests, obtaining a report to appropriately classify the water;
- Upon approval of the report, the classification of the water was published in the official journal within the subsequent 6 months period;
- The submission of the economic exploitation plan which was scrutinised by the national water agency, which took a further year;
- Once the economic plan was approved by the government, the company finally obtained its mining/extraction concession allowing it to commercialise the water from the well in question.

36. By way of a general observation (which I conveyed to the parties at the start of the hearing) on the documentary evidence, my view is that it is not easy to discern, in practical terms, what particular steps the RP needed to take, and in what particular order, to place itself in a position where it could actually use its mark, and what precisely prevented it from doing so. It would have been helpful if the RP had adduced material to support each of the obstacles enumerated in Mr Mattos de Souza's evidence.

37. Additionally, Mr Pio de Souza has stated that, in order to obtain the requisite export license, the RP had to register a trade mark in Brazil 'to produce the mineral water and aerated water locally and for future international export'.[16]

38. I will deal with the matter of the Brazil trade mark application first. The UK and Brazil marks comprise the same mark, although they are, of course, different registrations. According to the Certificate of Registration provided, the application for the Brazil trade mark was filed on 28 December 2010 and the registration process completed on 2 January 2018.[17] I asked Mr Bishop to explain why the registration of the Brazilian mark is relevant to the RP's inability to use the Contested Mark. Mr Bishop admitted that the registration of the Brazilian trade mark had been included in the evidence merely to demonstrate that administrative processes in Brazil are typically extremely longwinded in comparison to, for example, applications for trade mark registrations in the UK. I asked Mr Bishop why the RP had applied for the Contested mark before applying for the Brazilian mark, given that the application process in Brazil was notoriously lengthy. He submitted that the RP had filed its European Mark (i.e. the Contested Mark) with the belief that its primary market for the goods would be Europe. In the absence of any evidence to demonstrate that the registration of the Brazilian trade mark was a crucial step in the RP's efforts to use the Contested Mark, it is difficult to see how Mr Bishop's argument assists the RP's case. In any event, the delay in registering the mark in Brazil clearly was not an obstacle to use of the Contested Mark between 3rd January 2018 and the date of the application for revocation in 2022. This further calls into question whether it has anything to do with non-use prior to this period.

39. I will now address the regulatory barriers set out above at [35]. I asked Mr Bishop to summarise, in simple terms, the various licences and administrative steps required and what bearing they had on the RP's inability to use the Contested Mark. Mr Bishop's submissions can be summarised thus:

[16] Witness Statement of R Pio de Souza, [6].
[17] Exhibit 3 to Witness Statement of R Pio de Souza.

- Various clearances were required before the RP was permitted to extract the water from the Amazon in the first place;
- An evaluation programme to assess the environmental impact of extracting water from the Amazon had to be undertaken;
- In order to export the goods, the RP had to be admitted on to an export qualification programme, the 'PEIEX export Qualification program', which is a focal point of the RP's case [on the matter of the administrative burden]; [18]
- Mr Bishop stated that he had not had sight of any evidence of when and if the various clearances [enumerated above [35]] had been obtained, but submitted that the purpose of presenting that list was to illustrate that the administrative burdens amounted to a 'very very lengthy process'.

40. The PEIEX Export Qualification Programme is described in Mr Pio de Souza's Witness Statement in the following terms:[19]

> 'The most recent version of the PEIEX program was launched in the Owner's region (Amazonas) in 2020 by the Brazilian Export and Investment Promotion Agency (Apex-Brasil) to support exports from Amazonas to any foreign market including the United Kingdom. The objective of this latest export program was to approve the applications of a select group of 125 companies in the Amazonian region to enable them to start selling their products in other countries including the United Kingdom. The priority is to serve companies in the food and beverage sectors […]'.

41. I also note the following from Mr Pio de Souza:[20]

> '(15) PEIEX is offered by Apex-Brasil in order to prepare Brazilian companies to start the export process in a planned and safe way. […]

[18] Due to a pagination error, the evidence was labelled as Exhibit 9 for Mr Bishop but labelled as Exhibit 8 in my bundle.
[19] Witness Statement of R Pio de Souza, [14].
[20] As above, [15] – [17].

(16) The owner was approved onto the PEIEX scheme and completed the Official export plan for preparing export to the USA on 18 March 2022. […] According to the plan, the Owner is exporting mineral and aerated waters to North American market – United States. The plan has detailed descriptions of all possible export aspects, details and calculations, such as transportation possibilities, channels of entry of the exported product in the selected market, advertising opportunities, trade mark registration requirements, certification of the products, type of packaging of the products, financing amounts needed for campaign and others. Once approved for one country such as the USA, the process may be adapted, with a much reduced administrative burden, for other target markets such as the United Kingdom.

(17) Now that the plan for the United States has been finalized, the Owner is for the first time in a position to meet the remaining regulatory barriers with respect to the United Kingdom. […]'.

42. Mr Schneider submitted – by way of an interjection, which I deem appropriate to note here, because Mr Bishop duly responded – that it was the CA's understanding that the RP already held 'all those licences' at the time of applying for the Contested Mark. In response, Mr Bishop admitted that there was nothing in the evidence to demonstrate either way whether or not the RP held the various licences and authorisations etc referred to.

43. It is my view that the totality of evidence available to me fails to demonstrate that the various administrative obstacles said to be crucial in order to facilitate export of the RP's goods to the UK were, in fact, necessary to achieve the RP's stated aim. The terms in which the PEIEX program is described by Mr Pio de Souza suggest that it might merely be a scheme to provide assistance to certain companies, rather than a mandatory qualification without which exporting activities cannot commence.

44. Furthermore, my view is that even if the various 'clearances' referred to were indeed mandatory, according to the RP's evidence, the RP did not embark on the PEIEX program until at least 2020, which was some 18 years after the Contested

mark was registered. If the longwinded nature of bureaucratic processes in Brazil is a notorious fact, there is, in my view, a question mark over why the RP took so long to initiate some of the apparently crucial administrative steps towards becoming able to commence exporting the goods.

45. In this regard, I note the following dicta from the CJEU in the case of *Viridis Pharmaceuticals v* EUIPO:[21]

> '67 In addition, it must be made clear that Article 19(1) of the TRIPS Agreement, to which the European Union is a party and account of which was taken by the Court in the case-law set out in the previous paragraph, cites, amongst the examples of valid reasons justifying non-use of a trade mark, government requirements for goods or services covered by that mark.
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> 68 In the present instance, it was on the basis of that case-law, recalled in essence in paragraph 53 of the judgment under appeal, that the General Court held, in paragraph 61 of that judgment, that, although the performance of a clinical trial may constitute a reason for non-use of a trade mark, the acts and events to which Viridis refers in this instance and which were assessed by the General Court in paragraphs 55 to 60 of the judgment were within its field of influence and area of responsibility, so that they could not be regarded as being obstacles independent of its will.
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> 69 In particular, it is clear, in essence, from paragraphs 55 to 60 of the judgment under appeal that, first, the General Court found that it was on account of its own choice, and not of a legal obligation, that Viridis applied for the registration of the contested mark as early as 2003, even though there was great uncertainty as to both the date and the possibility of the marketing of the product covered by that mark since that product was at the clinical trial stage. Secondly, the General Court took account of the fact that the alleged difficulties experienced in the course of the clinical trial at issue, the completion date of which moreover remained uncertain, related back to

[21] Case C-668/17P.

the insufficient investment committed by Viridis in the light of the specific characteristics of the industry concerned. Thirdly, the General Court observed that Viridis's application to conduct a clinical trial was made more than three years after the contested mark was registered.

70 Thus, contrary to what Viridis suggests in the context of the present appeal, the General Court by no means ruled out the possibility of a clinical trial being capable of constituting a proper reason for non-use of a mark. On the contrary, the General Court applied the case-law of the Court of Justice cited in paragraph 66 of the present judgment in conducting a specific assessment of the facts alleged before it.

71 Nor did the General Court err in law when it found that the passage of time between, on the one hand, the dates of the application for and registration of the contested mark and, on the other, the date on which the clinical trial was launched, as well as the duration of that trial and the financial resources committed for the purposes of its rapid completion, fell, in principle, within the responsibility of the proprietor of that mark and could not therefore be regarded as obstacles independent of the proprietor's will.'

46. It is my view that, the bureaucratic obstacles referred to in the instant case, could, in certain circumstances, amount to proper reasons for non-use. However, in the instant case, the totality of evidence available to me does not persuade me that, but for those obstacles, the RP could and would have used its mark. The evidence does not, in my view, establish that each of the administrative hurdles outlined in Mr Mattos de Souza's Witness Statement, needed to be overcome in order to use the Contested Mark. The RP's case would likely have been strengthened if it had set out a clear timeline of steps that needed to be taken before use could commence, and, for each of those steps, evidenced when and how it attempted to overcome the obstacle, and how failure to complete them prevented use of the mark.

47. Even if I were to assume that the bureaucratic obstacles were mandatory regulations without which use of the Contested Mark could not possibly commence, my view is that the fact that the RP appears to have waited until at least 2020 to

embark on the PEIEX Export Qualification Programme, some 18 years after registration of the Contested Mark, was entirely within its control. No evidence has been adduced to show that embarking on the PEIEX programme was dependent on the completion of other administrative steps as pre-requisites. The remaining administrative obstacles set out in the narrative evidence of Mr Mattos de Souza are unsupported by other material and I am, therefore, unable to piece them together in a sequence. Indeed, Mr Bishop submitted that the licences and other administrative hurdles were so numerous that they would require 'encyclopaedias of evidence to submit' and that he was unable to 'supply any more information'.

48. A final matter to note concerns Exhibit 7, which comprises a large number of documents described by Mr Mattos de Souza as 'copies of auxiliary documents "Nota Fiscal" invoices and official transportation documents for such goods as Amazon spring water' distributed to different retailers.[22] Mr Bishop submitted that the bottles of water in question had been distributed to retailers (including airports, for example) by the RP as free samples which the retailers were allowed to sell. At first sight, this material might possibly have supported an argument that the RP *had* used its mark (at least for the period covered by these documents). However, given that genuine use had not been pleaded by the RP, and given the wide-ranging nature of its defence of 'proper reasons for non-use' and the fact that all of the remaining evidence is focused on non-use, it is of little assistance.

Conclusion

49. I find that the RP's defence of 'proper reasons for non-use' has not been made out and that the revocation action succeeds.

Outcome

50. Subject to appeal, the Contested Mark, UK00902322006, will be revoked with effect from 10 October 2007.

Costs

[22] Witness Statement of R Pio de Souza, [13].

51. The CA is the successful party and is entitled to a contribution to its costs. Litigants-in-person are entitled to costs in line with the Civil Procedure Rules, and the rate is currently £19 per hour.[23] A tribunal Cost Pro Forma was submitted and the CA has recorded 9 hours of time spent on the case. I do not consider this to be unreasonable and I award costs as follows:

Official fee for filing the application	£200
Case preparation x 9 hours @ £19 per hour	£171
Total	**£371**

52. I therefore order Empresa de Águas Santa Claudia LTDA to pay to Lawrence Phillips the sum of £371. This sum is to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 2nd day of September 2024

N. R. Morris
For the Registrar,
the Comptroller-General

[23] Civil Procedure Rules, Practice Direction 46, paragraph 3.4.