

BL O/1202/24

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK REGISTRATION NUMBER 914,895,932 IN THE NAME OF LIVE ROUPAS ESPORTIVAS LTDA

AND IN THE MATTER OF THE APPLICATION FOR REVOCATION UNDER NO 504,591 IN THE NAME OF LIVE UNLIMITED LIMITED

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF DANIELA FERRARI (O/477/24) DATED 28 MAY 2024

DECISION

Introduction

1. This is an appeal from the decision of Daniela Ferrari, for the Registrar, dated 28 May 2024 (O/477/24). Live Unlimited Limited applied to revoke the trade mark of Live Roupas Esportivas Ltda (No 914,895,932) on the grounds of non-use under section 46(1)(a) of the Trade Marks Act 1994.
2. Live Roupas Esportivas Ltda is the registered proprietor of the following trade mark:

LIVE!

3. The mark was registered for the following goods and services in Classes 25 and 35:

Class 25

Tops (Clothing); Sports Bras; Hooded Jackets, Hooded Sweaters; Sweatshirts; Jackets (Clothing); Vests; Shirts; T-Shirts; Tank Tops; Base Layer Apparel; Blouses; Pants; Capri Trouser Pants; Tights; Leggings; Shorts; Skirts; Dresses; Swimwear; Gloves (Clothing); Socks; Hats; Bikinis; Sneakers.

Class 35

Retail Store Services And On-Line Retail Store Services Of Clothing Articles, Namely, Tops (Clothing), Sports Bras, Hoodies, Sweatshirts, Jackets (Clothing), Vests, Shirts, T-Shirts, Tank Tops, Base Layers, Blouses, Pants, Capri Trouser Pants, Tights, Leggings, Shorts, Skirts, Dresses, Swimwear, Gloves (Clothing), Socks, Hats, Bikinis, Sneakers.

4. The Hearing Officer found that the mark had been used for all the goods in Class 25 except Sneakers. But she also found that the mark had not been used for any of the services in Class 35. Live Roupas Esportivas Ltda accepts that there has been no use in relation to sneakers in either Class 25 or 35. But it appeals the rest of the Hearing Officer's findings in relation to Class 35.

Standard of appeal

5. The standard of appeal is by way of review. Neither surprise at a Hearing Officer's conclusion nor a belief that the Hearing Officer has reached the wrong decision will suffice to justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer's findings were rationally insupportable. The principles to be applied were summarised by Joanna Smith J in *Axogen Corporation v Aviv Scientific Ltd* [2022] EWHC 95 (Ch), [24] and in relation to findings of fact this should now be read in light of the summary of Arnold LJ in *Lidl Great Britain Ltd v Tesco Stores Ltd* [2024] EWCA Civ 262, [110] and in terms of evaluative decisions the Supreme Court's guidance in *Lifestyle Equities CV v Amazon UK Services Ltd* [2024] UKSC 8, [49] where it stated that:

...on a challenge to an evaluative decision of a first instance judge, the appeal court does not carry out the balancing exercise afresh but must ask whether the decision of the judge was wrong by reason of an identifiable flaw in the judge's treatment of the question to be decided, such as a gap in logic, a lack of consistency, or a failure to take into account some material factor, which undermines the cogency of the conclusion.
6. When considering this appeal, and applying these principles, it is important to remember the high bar set.

Grounds of appeal

7. The Appellant challenges the Hearing Officer's finding on non-use on the basis she erred in her assessment of what evidence supports genuine use in relation to retail store services and online retail store services.
8. The Appellant's case is quite straightforward. It entered a franchise agreement with a franchisee. This led the franchisee to open a shop on the King's Road in Chelsea with the name Live!. The franchisee (and licensee) sold goods branded with the Appellant's Mark from that shop. This, the Appellant submits, is sufficient to be use with respect to retail store services in relation to the goods sold.

Retail services

9. It was accepted by the Appellant that the Hearing Officer reminded herself of the correct test for whether there had been genuine use of the mark, as recently summarised by Arnold LJ in *easyGroup Ltd v Nuclei Ltd* [2023] EWCA Civ 1247, [105] to [107]. The appeal is therefore confined solely to the Hearing Officer's assessment of what amounts to use in relation to retail services.
10. The Hearing Officer considered the evidence and made various findings before setting out her conclusion in paragraphs 78 and 79:

78. What I am able to deduce from the evidence is that:

- (1) the purpose of the UK Franchise Agreement was for the Proprietor to “expand its business” by way of making its products available in the UK via a franchisee;
- (2) the store in London was the only ‘LIVE!’ store that was opened in accordance with this agreement – according to the UK Franchise Agreement the choice of location for that store was left up to the franchisee, it was to be opened at the franchisee’s expense and the Proprietor was not responsible for the success or failure of that store;
- (3) the London store was a single brand store, being contractually bound to sell only ‘LIVE!’ branded products, as opposed to it being a multi-brand department store selling goods from a variety of entities;
- (4) the evidence points to the London store being the only ‘LIVE!’ store in the EU/UK during the relevant periods;
- (5) the Proprietor produced leaflets for the franchisee to hand out in London though no details as to distributorship have been provided, nor any resultant business that was gained because of the leaflets;
- (6) the store was open for approximately one year (from June 2016 to July 2017);
- (7) the franchisee bought goods from the Proprietor before the First Relevant Period in 2016 to stock that store and thereafter placed a few more orders in 2016 that were delivered to the store;
- (8) the franchisee was in any event bound by terms in the UK Franchise Agreement to place minimum purchase orders from the Proprietor and there is no evidence provided of sales made by the franchisee and/or no evidence of royalty payments made to the Proprietor (calculated on the franchisee’s gross sales) which would support the existence of any sales by the franchisee.

79. Even presuming there were sales made by the franchisee (since it is unlikely the franchisee would have gone to the expense of opening up a store in London unless it intended to make any sales), the mere sale of own-branded goods is not in itself sufficient to show use of a mark in relation to Class 35 retail services, and there is no sufficiently solid evidence for me to determine what (if any) identifiable retail services were provided...

11. Before proceeding, it is useful to set out some of the principles that have been established in relation to retail services:
 - (1) The objective of the retail trade is the sale of goods to consumers. Nevertheless, retail services are directed to both the end consumers and the manufacturer of the product and intermediaries operating upstream from retail sale: *C-418/02 Praktiker Bau- und Heimwerkermärkte AG* [2005] ECR I-5873, [34]; *T-23/20 FF IP v EUIPO*, EU:T:2021:523, [53]; *T-372/21 Sympatex Tech GmbH*, EU:T:2023:111, [89];
 - (2) The retail trade includes, in addition to the legal sales transaction, all activity carried out by the trader for the purpose of encouraging the conclusion of such a transaction. That activity consists, inter alia, in selecting an assortment of goods offered for sale and in offering a variety of services aimed at inducing the consumer to conclude the abovementioned transaction with the trader in question rather than with a competitor: *Praktiker Bau*, [34];
 - (3) The meaning of the term “retail services” has a wide scope and the Court has not given an exhaustive definition of what those services comprise: *Praktiker Bau*, [48]; *C-400/14P Basic AG*, EU:C:2015:514 at [56];
 - (4) The provision of retail services without selling certain specific goods would make no sense: *T-116/06 Oakley* [2008] ECR II-2455, [54]; *T-204/14 Victor Int*, EU:T:2016:448, [108];
 - (5) It is necessary to specify the goods or services or type of goods or services which are the subject of the retail services: *Praktiker Bau*, [52]; *C-420/13 Netto Marken-Discount AG*, EU:C:2014:2069, [39] and [40];

- (6) Retail services are generally offered in the same places as the goods to which they relate are offered for sale: *Oakley*, [48]; *Victor Int*, [110];
 - (7) Retail services can extend to things like providing shopping arcades, the provision of which involves making the shopping environment around the shop more attractive: T-123/16 *Tulliallan Burlington Ltd*, EU:T:2017:870, [32] to [34].
 - (8) Retail services can include the retailer selling own brand goods; indeed it might be inappropriate to make assumptions as to the branding which might be applied to the goods: *Netto Marken-Discount AG*, [39]; C-421/13 *Apple Inc*, EU:C:2014:2070, [25] and [26]; *MissBoo* (O/391/14), [12].
12. In light of these points, I think the Hearing Officer fell into error when she concluded that no retail store services were provided by the franchisee in their shop in the King's Road. I come to this conclusion for the following reasons.
 13. First, I accept that the "mere sale" of goods does not amount to retail services. However, in light of the Hearing Officer's factual finding that the LIVE! shop was open for a year, it is difficult to imagine that the shop did not undertake any retail services of some sort over that time. Put another way, what was the shop doing if it was not trying to encourage consumers to buy its goods? The more difficult question is in respect of what goods were the retail store services being offered.
 14. Second, I think it is immaterial that a shop sells own-brand goods only. Retail services can be provided whether the goods or services sold by the retailer are only own-brand goods, a mixture of own-brand and third party goods, or where the retailer sells third party goods only. The activity of retailing is similar whether the goods or services are own brand or produced by a third party.
 15. Thirdly, the Hearing Officer was right that there was no evidence of sales to customers by the franchisee. However, retail services are also provided upstream from retailers as well as to consumers. And the Hearing Officer found that there were sales from the Appellant to the franchisee for sale in the shop ([see paragraph 39(2)(b)]. This constitutes a degree of retail services being supplied upstream. However, I agree with the Hearing Officer that the franchisee buying goods does not in itself mean that those goods were "brought together" for the purpose of offering retail services. The goods might never have made it to the shop floor for one reason or other.
 16. Fourthly, the Hearing Officer criticised the Appellant for not providing evidence of royalty payments. I am not sure that this is entirely fair. As the Hearing Officer acknowledges, the royalty was a percentage of gross profits and so a royalty payment would not, therefore, identify which goods were being retailed, only the global profits. In light of the fact that the Hearing Officer accepted that there was sufficient evidence that the shop was open on the King's Road under the mark, it is difficult to see what additional value could come from licensing statements which did not relate to any particular good.
 17. Fifthly, the Appellant provided photographs of the outside and inside of the franchisee's shop on the King's Road (Exhibits GGS7, GGS8, GGS14 and GGS15) during the time

it was trading. As it was accepted by the Hearing Officer that the shop was trading under the mark, this evidence shows that particular goods were being presented in such a way as to encourage customers to buy them. In other words, these photographs are evidence of retail store services being provided in relation to particular goods.

18. Accordingly, it is my view that these photographs combined with the evidence of sales to the franchisee are sufficient evidence of retail store services being offered, provided the goods can be clearly identified in the photographs as being brought together for the purposes of selling them to consumers. However, the goods must be unequivocally shown in at least one photograph in order to be relevant. Many items shown in the photographs are heavily obscured or blurred or are only in posters on the wall. Only when goods are clearly identifiable as an item of a particular type and on sale in the shop do I think it can there be sufficient evidence of genuine use.
19. I therefore sought further written submissions from the parties as to which goods they contend are shown being retailed in the photographs. As a preliminary point, the Respondent submits that the photographs do not show that the LIVE! mark was affixed to the goods when they were being sold and so there is no evidence of use for retail store services. I disagree. The evidence clearly demonstrates that the LIVE! mark was used on the outside of the shop as part of its signage. It is not necessary for individual goods to have a label attached bearing the mark to demonstrate use for *retail services*.
20. On considering these representations, which were essentially annotated photographs and comments on those photographs, I accept there is sufficient evidence that the following goods have been selected and brought together for the purpose of inducing consumers to buy the goods: sports bras, vests, t-shirts, pants, leggings, shorts, swimwear, hats and bikinis.

Online sales

21. In contrast to retail store services, I agree with the Hearing Officer that there was no genuine use of online retail store services. The Hearing Officer accepted the evidence in Rebecca Tew's witness statement that the domain name did not lead to a live website (paragraph 75 of the Decision) and this was despite the evidence in reply from the Appellant. As this was a conflict of evidence it was a finding she was entitled to make and one I cannot go behind.
22. In the light of the Hearing Officer's finding that there was no evidence of a website bringing together goods for retail purposes, the evidence of the sales of goods alone is not sufficient to support a finding of genuine use. I accordingly uphold her finding in relation to online sales.

Fair specification

23. I have allowed the appeal in relation to some, but not all, of the retail store services and I have rejected the appeal in relation to online-retail store services. Accordingly, a fair specification representing the services in Class 35 which have been genuinely used is:
Class 35

Retail store services of sports bras, vests, t-shirts, pants, leggings, shorts, swimwear, hats and bikinis.

Conclusion

24. I have allowed the appeal in part and therefore, combined with the Hearing Officer's findings, the mark remains registered in relation to the following goods and services:

Class 25

Tops (clothing); sports bras; hooded jackets, hooded sweaters; sweatshirts; jackets (clothing); vests; shirts; t-shirts; tank tops; base layer apparel; blouses; pants; capri trouser pants; tights; leggings; shorts; skirts; dresses; swimwear; gloves (clothing); socks; hats; bikinis.

Class 35

Retail store services of sports bras, vests, t-shirts, pants, leggings, shorts, swimwear, hats and bikinis.

25. The proprietor was partially successful and partially unsuccessful and the Respondent took no part in the appeal (other than providing comments on the Appellant's written submissions after the hearing). I therefore make no additional award as to costs beyond that made by the Hearing Officer.

PHILLIP JOHNSON
THE APPOINTED PERSON
18 December 2024

Representation

For the Appellant: Noel Akers of N.J. Akers & Co