



Neutral Citation Number: [2009] EWHC 2581 (Ch)

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
CHANCERY

Case No: HCO8 C01251

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 23/10/2009

Before :

Ms Susan Prevezer QC, sitting as a Deputy High Court Judge

Between :

DAIMLER AG
- and -
SANY GROUP CO. LIMITED

Claimant

Defendant

Mr Richard Hacon (instructed by Jensen & Son) for the Claimant
Mr Roger Wyand QC and Mrs Anna Carboni (instructed by Bird & Bird LLP) for the
Defendant

Hearing dates: 6th – 10th July 2009 inclusive

**Judgment Approved by the court
for handing down
(subject to editorial corrections)**

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Ms Susan Prevezer QC :

Introduction

1. This is an action for infringement of registered trade marks by the Claimant, Daimler AG ("Daimler") against the Defendant, Sany Group Company Limited ("Sany"). The action concerns two logos used by Sany on a range of heavy construction equipment and machinery in various countries around the world ("the Sany Logo").
2. In the United Kingdom, Sany has applied to register the Sany Logo in combination with the word SANY as a trade mark for use in relation to goods in Classes 7 and 12 . The specification of goods is :

Class 7: "Motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); road rollers; excavators; diggers [machines]; hydraulic pumps; concrete pumps; trailer mounted concrete pumps; truck mounted concrete pumps; elevating apparatus; mixing machines; concrete mixers [machines]; bulldozers; motor graders; pavers; asphalt pavers; horizontal directional drilling machines; cranes; mixing plants; asphalt mixing plants; concrete mixing plants; pile drills; rotary pile drills; milling machines; mining machines; pumps [machines]; extractors for mines; mine borers; drilling machines; mine-working machines; rail-laying machines; railroad constructing machines; power shovels; road making machines; pumps [parts of machines, engines or motors]; belt conveyors; hydraulic controls for machines; motors and engines; hydraulic components; parts and fittings for any or all of the aforesaid goods in this class"

Class 12: "Vehicles; apparatus for locomotion by land; buses; lorries; sports cars; motor cars; motor buses; locomotives; concrete mixing vehicles; aerial conveyors; lifting cars [lift cars]; automobile chassis; hydraulic circuits for vehicles; transfer vehicles; asphalt material transfer vehicles; automobile bodies; motors and engines for land vehicles; parts and fittings for any or all of the aforesaid goods in this class".

These classes form part of the international system established for the purpose of aligning national practices on classification, resulting in the Nice Agreement concerning the International Classification of Goods and Services for the purposes of the Registration of Marks of 15 June 1957 (as revised and amended from time to time) ("the Nice Classification"). As required by Section 32(3) of the Trade Marks Act 1994 ("the Act"), Sany's application for registration is supported by a declaration to the effect that the trade mark is being used by or with its consent in relation to goods of the kind specified, or that Sany has a bona fide intention that it should be so used.

3. Daimler, the automobile designer and manufacturer which owns the "Mercedes-Benz" brand, and which uses the well known logo consisting of a 3-Pointed Star in a circle as part of the Mercedes-Benz corporate branding, objects to Sany's use and/or proposed use of the Sany Logo on and in relation to its construction machinery in the United Kingdom. Daimler contends that the use of the Sany Logo infringes the Daimler trade marks in relation to goods under Classes 7 and 12 above. Accordingly, it seeks to prevent Sany from using the mark, with and without the verbal element SANY, in the marketing of such goods in the United Kingdom.
4. Daimler relies on six registered trade marks, four of which are UK registered marks and two of which are Community Trade Marks ("CTMs") obtained under the provisions of the Community Trade Mark Regulation. The four UK marks (UK Nos 542505, 586567, 718318 and 718413) were all filed before the Act came into force (between 1933 and 1953) and the CTMs (Nos 140335 and 140277) were each filed in April 1996. The marks take two forms, both recognisably the Mercedes 3-Pointed Star.

Nothing turns on the distinction between these marks, which are collectively referred to in this Judgment as the 3-Pointed Star. All but one of the marks (UK No 586567) are registered in several classes, in particular (for present purposes) Classes 7 and 12.

5. In its Particulars of Claim, Daimler originally claimed against SANY for:
 - a. infringement pursuant to Section 10(2) of the Act (for the UK marks) and Article 9(1)(b) of what is now the Council Regulation EC/207/2009 ("the Regulation") (for the CTMs). The Regulation came into force on 13 April 2009 and succeeded Council Regulation EC/40/94, which was in force at the outset of these proceedings;
 - b. infringement pursuant to Section 10(3) of the Act (for the UK marks) and Article 9(1)(c) of the Regulation (for the CTMs);
 - c. passing off; or
 - d. a threat or intent to infringe and/or pass off.
6. On 14 May 2009 Mr Geoffrey Hobbs QC, sitting as a Deputy High Court Judge, dismissed Daimler's application for summary judgment on its claim for infringement under Section 10(2) of the Act/Article 9(1)(b) of the Regulation, [2009] EWHC 1003 (Ch).
7. At the outset of the trial Daimler abandoned an aspect of the trade mark infringement claim under Section 10(3) of the Act/Article 9(1)(c) of the Regulation based on "detriment" to Daimler's marks in the form of "tarnishing" or "blurring". Thereafter, in its closing submissions, Daimler abandoned its claims

for passing off and infringement under Section 10(2) of the Act/ Article 9 (1) (b) of the Regulation, leaving only the claim for infringement under Section 10(3) of the Act/Article 9(1)(c) of the Regulation based on "unfair advantage".

8. Articles 9(1)(c) and (2) of the Regulation (Article 5(2) of the Trade Marks Directive 2008/95, from which Section 10(3) of the Act is derived and which is in all material respects in identical form save that it refers to national trade marks) provide:

"1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade....."

(c) any sign which is identical with or similar to the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark."

2. The following, inter alia, may be prohibited under paragraph (1)

- (a) affixing the sign to the goods or to the packaging thereof;*
- (b) offering the goods, putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;*
- (c) importing or exporting the goods under that sign;*
- (d) using the sign on business papers and in advertising."*

9. Accordingly, Daimler has to prove that the 3-Pointed Star has a reputation in the UK and in the Community, that the Sany Logo used by Sany in relation to its goods 3-Pointed Star is similar to the 3-Pointed Star, and that Sany's use of the Sany Logo (without due cause) takes unfair advantage of the distinctive character or the repute of the 3-Pointed Star.
10. Sany denies Daimler's claim under Section 10(3)/Article 9(1)(c). It acknowledges that it has sold and intends to sell construction machinery (including self propelled and truck mounted construction machines) in the United Kingdom under and by reference to the marks in question. Further, it admits that it uses the Sany Logo in a number of the ways specified under Article 9(2) of the Regulation in the course of trade without Daimler's consent and that Daimler's marks have the requisite reputation in relation to certain goods to be capable of benefiting from the extended protection given under Article 9(1)(c). However, it denies that any of the other requirements of Article 9(1)(c) are satisfied, and there is an issue between the parties as to how far Sany is presently intending to commercialise its marks across the full width of the range of goods specified in its United Kingdom trade mark application. In short, Sany contends that on a "real world" assessment of the factors relevant to the question of liability there is no infringement. In this regard (and although Daimler no longer pursues this aspect of its claim), Sany asks the Court to conclude that there is no likelihood of confusion on the evidence. It contends that this is an issue which is likely to be raised elsewhere in the EU by

Daimler and is a relevant factor to Daimler's claim under Section 10(3)/Article 9(1) (c).

11. In addition, Sany counterclaims for partial revocation of each of the trade mark registrations under Section 46 (1)(b) and 46(5) of the Act (in the case of the UK marks) /Article 51(1)(a) and 51(2) of the Regulation (in the case of the CTMs). The basis of the counterclaim is that it is alleged that Daimler has not genuinely used the 3-Pointed Star in relation to many of the goods covered by its trade mark specifications for a continuous period of at least five years following the date of completion of the registration procedure and therefore such goods should be deleted from the specifications. Although Sany contends that its defence to Daimler's infringement claim succeeds without the counterclaim, it argues that the partial revocation of Daimler's trade marks leads to an infringement analysis that is even more favourable to Sany.
12. The legislative provisions relevant to Sany's counterclaim in relation to the CTMs are to be found in Articles 15, 51 and 55 of the Regulation, which correspond to Articles 10(1), (2) and (3), 12(1) and 13 of the Directive insofar as those Articles relate to revocation for non use. The relevant national provisions are subsections 46(1)(a) and (b), (2) and (5) of the Act and are identical to the Articles of the Regulation in all material respects. The Articles of the Regulation provide:

Article 15

Use of Community trade marks

15(1) If, within a period of five years following registration, the proprietor has not put the Community trade mark to genuine use in the Community in connection with the goods and services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non –use.

The following shall also constitute use within the meaning of the first sub paragraph:

- (a) use of the Community trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;*
- (b) affixing the Community trade mark to goods or to the packaging thereof in the Community solely for export purposes.*

(2) Use of the Community trade mark with the consent of the proprietor shall be deemed to constitute use by the proprietor.

Article 51

Grounds for revocation

51(1) The rights of the proprietor of the Community trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings:

(a) if, within a continuous period of five years, the trade mark has not been put to genuine use in the Community in connection with the goods or services in respect of which it is registered, and there are not proper reasons for non use;....

(2) Where the grounds for revocation of rights exist in respect of only some of the goods or services for which the Community trade mark is registered, the rights of the proprietor shall be declared to be revoked in respect of those goods or services only.

Article 55

Consequences of revocation or invalidity

(1) The Community trade mark shall be deemed not to have had, as from the date of the application for revocation or of the counterclaim, the effects specified in this Regulation, to the extent that the rights of the proprietor have been revoked. An earlier date, on which one of the grounds for revocation occurred, may be fixed in the decision at the request of one of the parties.

13. Logically, Sany's counterclaim falls to be considered ahead of Daimler's infringement claim, as it is only once the proper scope of Daimler's trade mark specifications has been defined, is it possible to consider what impact the actual and threatened use of the Sany Logo will have on consumers and target consumers of Sany's products in the United Kingdom and whether there is any infringement. With regard to the scope of the trade mark specifications, the onus is on Daimler to establish use of the 3-Pointed Star in relation to the range of goods claimed, and to the extent that Daimler seeks to uphold 'umbrella' descriptions of broad categories of goods rather than itemised lists, the onus is on Daimler to justify these broader descriptions as being a fair outcome that balances Daimler's entitlement to protection for goods of the type for which it has proved use against the public interest in keeping the UK and Community trade marks uncluttered by unused marks.
14. Finally, Daimler seeks relief only in respect of Sany's activities and threatened activities in the United Kingdom. Daimler has not sought to sue elsewhere in the European Community, for example, in Germany, where it could have applied for pan -EU relief in relation to the CTMs. In its letter before action dated 1 May 2008 which launched the present litigation, Daimler threatened an application for an interim injunction against Sany unless Sany gave undertakings not to use the Sany Logo in the United Kingdom by 7 May 2008. Notwithstanding that Sany refused to provide these undertakings, no interlocutory relief was sought by Daimler other than the summary judgment application referred to above.

Background facts in outline.

15. The following background facts appear to be common ground. Daimler has used the 3-Pointed Star as part of the Mercedes corporate branding for many years, particularly in relation to cars, trucks, vans and buses. Daimler is the world's

largest truck manufacturer and has the second largest share of the UK market. It has an extensive reputation in relation to passenger vehicles, and it relies on the 3-Pointed Star, which is protected both by goodwill and by the 6 aforementioned trade mark registrations.

16. Sany is the Chinese parent company of a group that designs, manufactures and sells engineering machinery and equipment, typically used for building and road construction. In particular, it sells self propelled vehicles such as cranes, excavator and truck mounted concrete pumps and rotary drilling machines. Sany's subsidiary, Sany Heavy Industry, was founded in 1989 and has conducted its current activities in China since 1989. Sany has been listed on the Shanghai stock market since July 2003 and has the largest market value of listed companies in China's construction machinery field. Sany's plant and equipment has been used in numerous high profile and large scale construction projects in China.
17. Since 2003, Sany has been expanding internationally and it now has a global workforce of over 28,000 people. It has sold goods in over 80 countries around the world; it has 15 overseas subsidiaries, including in Germany and the UK, the latter having been incorporated in April 2008. In November 2006, Sany started work on a manufacturing plant and research and development facility in India, and in the United States, an assembly plant is under construction in Atlanta, Georgia. Sany is also currently constructing a 100 million Euro European-based industrial and manufacturing plant near Cologne. In 2007, Sany's annual sales were approximately £1 billion, of which £110 million was from sales outside of China.
18. The Sany Logo was created in the late 1980s and has been used since 1995 in promotional material and products. The name SANY is a transliteration of the Chinese name for Sany, which literally means "three one", and is intended to represent Sany's "three pointed mission" (i) to establish a first class enterprise (ii) to cultivate first class people and (iii) to make a first class contribution. Sany has a set of Brand Guidelines setting out how the logo should be used, which have been in place since 2004.
19. Sany has registered and applied to register the Sany Logo as a trade mark in many countries around the world, sometimes on its own and sometimes in combination with the SANY name. Sany launched an extensive trade mark filing programme outside China in late 2005 and during 2006, using a mixture of the Madrid system and national systems. As the various marks have been advertised, Daimler has been opposing these applications. Over 50 oppositions have been launched around the world, some of which have been determined, with mixed outcomes.
20. As mentioned above, Sany applied to register the combined mark in relation to various goods in Classes 7 and 12 on 17 August 2006 (UK TM Application 2430125). This was advertised on 3 November 2006 and Daimler launched its opposition on 3 April 2007 (the last possible day for doing so), based on the six marks referred to above. The UK-IPO gave a preliminary indication on 6 November 2007 that Daimler's opposition should fail and the parties have since agreed to stay the UK-IPO proceedings pending the outcome of this action.

21. As regards Sany's activities in Europe, it is common ground that Sany has promoted its construction machinery at several heavy machinery trade exhibitions since 2004, including the BAUMA construction industry trade shows in Germany in March 2004 and 2007, the Nordbau exhibitions in Germany in 2006, 2007 and 2008, the TiefbauLive exhibition in Germany in May 2008 and the INTERMAT show in Paris in April 2009. The BAUMA and INTERMAT shows are international trade fairs attended by large numbers of exhibitors from many countries and attended by several hundreds of thousands of visitors. In the United Kingdom, Sany's machinery has been presented at the SED show in Milton Keynes in 2007 and the SED show in Corby in May 2008. Some of these various trade shows were also attended by Daimler., who has been monitoring Sany's actions.
22. Sales in the United Kingdom of Sany's construction machinery have been very few so far: 4 excavators in 2006, 2 trailer mounted concrete pumps in 2005, 1 truck mounted concrete pump in 2007 and 3 crawler cranes between July 2007 and February 2008. However, Sany has spent significant amounts of money advertising in the European Union (online and elsewhere); it has sold its goods in Germany and some other European countries through its German trading partner, and once its manufacturing plant in Germany is established, Sany intends to manufacture and sell its products into the European market, including the United Kingdom. These products (which are listed in Sany's 2009 Exportation Products List for the United Kingdom) include concrete mixing plants, trailer mounted concrete pumps and mixers, excavators, forklifts, rotary drilling rigs and asphalt mixing plants. All Sany's aforementioned activities have been conducted by reference to the Sany Logo, which appears on all items of machinery and on all of the promotional and advertising material.
23. Sany's target market is the construction engineering industry, and it appears to be common ground that this is a different market from the automobile industry targeted by Daimler, save for one significant area of overlap between the two, namely where construction equipment needs to be installed on a truck chassis for normal use, for example, in the case of Sany's truck mounted concrete pumps and concrete mixers.
24. In China, Sany has developed its own truck chassis, which would fall within the automobile industry market. Further, in its trade mark application Sany has stated that it intends to use the Sany Mark on all the products listed in its application under Classes 7 and 12, which would necessarily include the truck chassis. However, it is Sany's case that it has no plans to market this chassis in the United Kingdom or elsewhere in the European Union, either on its own or as part of a combined Sany product such as a concrete mixer. This is disputed by Daimler and there is an issue as to how far Sany intends to commercialise its marks across the full width of the range of goods specified in its United Kingdom trade mark application.

Sany's Counterclaim

25. The essence of Sany's Counterclaim is that Daimler's specifications in relation to both its UK marks and its CTMs are too broad and should be limited to what Sany claims to be the goods in relation to which Daimler has in fact used the 3-Pointed Star mark. Sany accepts that the 3-Pointed Star is a well known mark among the general public in the United Kingdom and it admits that the marks have a reputation specifically in relation to cars, vans, coaches, buses, trucks and truck chassis (and parts for each of them). However, its position (which is pleaded at Paragraphs 32-34 of its Re-Amended Defence and Counterclaim) is that Daimler's Class 7 Specifications should either be deleted altogether (in the case of UK TM No 542505) or (in the case of the other registrations in Class 7) should be cut down to read "**Class 7:** motors and engines (except for land vehicles)", and that its Class 12 Specifications should all be cut down to read "**Class 12:** passenger cars, vans, coaches, buses, trucks, truck chassis and parts therefor".
26. Daimler has conceded that certain goods should be deleted from each of its current trade mark specifications, and the parties' respective positions are set out in the Schedule attached at Appendix 1 to this Judgment. However, Daimler seeks to uphold the use of the broader specifications on the grounds that (i) it can demonstrate genuine use of the 3-Pointed Star in the UK/Community in the relevant period in relation to the goods which are registered, and (ii) such use is sufficient to establish its right to maintain broad descriptions of goods in the specifications, even if those descriptions cover some goods in relation to which the 3-Pointed Star has not been used.
27. By the Order of Geoffrey Hobbs QC dated 14 May 2009, Daimler was required to serve a schedule specifying in relation to each of the trade mark registrations
- a. the wording of the specifications in Classes 7 and 12, or alternative wording, which it seeks to defend by demonstrating genuine use within each of the periods specified in Paragraph 34 of the Re-Amended Counterclaim; and
 - b. the evidence relied on to defend the Counterclaim in relation to such wording, broken down by reference to separate goods or categories of goods that are expressly listed in such wording, by reference to numbered paragraphs in the witness statements and/or exhibit numbers and pages within exhibits.
28. On 25 June 2009, Daimler served a schedule providing the information required under (a) above. However, the schedule was silent on point (b). On the last business day before trial, Daimler sought to provide the information required in (b) by serving the fifth witness statement of Mr Bauer.
29. Accordingly, the principal issues arising for determination on Sany's Counterclaim are:
- a. The identification of the goods in relation to which Daimler has demonstrated "genuine use" of the 3-Pointed Star in the UK/Community in the relevant period.

- b. In light of (a), the appropriate specifications of these goods under Classes 7 and 12 in each of Daimler's six trade marks to which Daimler is entitled.

Classification of goods and services

30. Before considering the first issue of "genuine use", it is necessary to say something about the classification of goods and services, and in particular, the state of English law on the one hand and Community law on the other as to how precise the specification of goods in a trade mark registration (or application) needs to be. Both on the summary judgment application before Geoffrey Hobbs QC and before this Court, there was considerable debate as to whether it is appropriate for a trade mark proprietor to employ the class headings as used in the Nice Classification (without being more specific) in its trade mark registration, and whether there is in fact a uniform approach in the UK Registry and the Community Office for Harmonisation in the Internal Market ("OHIM") in this regard. The issue is of potential relevance to Sany's counterclaim for partial revocation, in particular with regard to whether, going forward, Daimler should be entitled to retain the wording from the class headings for Classes 7 and 12 to the Nice Classification in its specifications of its registrations both with regard to its UK marks and its CTMs.
31. As regards the classification of goods and services for registration of UK marks, under Section 34(1) of the Act, goods and services are to be classified for the purposes of registration according to a prescribed system of classification. The Nice Classification is based on the classification prepared in 1935 by the United International Bureaux for the Protection of Intellectual Property, the predecessor of the World Intellectual Property Organisation. This earlier classification was introduced in the UK as Schedule 4 to the Trade Mark Rules 1938 and has been amended from time to time since then. The current Rules are the amended Trade Mark Rules 2000, Rule 7 of which provides that the prescribed system of classification shall be the Nice Classification and that when a trade mark is registered, it is to be classified according to the version of the Nice Classification that had effect on the date of the application for registration. All registered trade marks, including 'existing registered marks' registered under the old law, have been required to be treated, since commencement of the Act, as if registered under the Act, and thus subject to these provisions.
32. For administrative purposes, under the Nice Classification, the categories of goods and services are divided into classes. There are 34 classes for goods and 11 for services and these classes are comprehensive. The WIPO Guide to the Nice Classification further supplements the headings with a detailed list of goods/services in alphabetical order that fall into each class. The headings for Classes 7 and 12 which are relevant for present purposes are:
- Class 7:** "Machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements other than hand-operated; incubators for eggs"
- Class 12:** "Vehicles; apparatus for locomotion by land, air or water".

The class headings indicate in broad terms the nature of the goods/services which fall within each class. They are generally supplemented by a detailed list of goods/services in alphabetical order identifying for each listed item, the class into which it falls.

33. It is common ground between the parties that there has long been a practice for applicants for registration in the UK to use these headings from the Nice Classification when specifying the goods and services in their registrations and to seek registration for all (or part) of the goods being registered within a particular class by reference to the class, with the words "all included in class.....". Daimler has employed these headings in its registrations of both its UK marks and CTMs, and, notwithstanding its criticisms of Daimler's current practice, Sany too has employed wording from these headings in relation to its current UK trade mark application.
34. However, the general practice of the Trade Marks Registry in the United Kingdom is to object to wide and vague specifications, on the basis indicated in Practice Amendment Notice (PAN 5/06) issued on 12 April 2006, and as Mr Hobbs QC points out at Paragraph 15 of his Judgment, Paragraph 4.1.9 of Chapter 2 of the Trade Marks Registry Work Manual suggests that it is a common misunderstanding that a class heading always includes all the goods or services in a particular class, and in fact a prospective trade mark proprietor should be more specific. One example it gives is the heading for Class 12, "Vehicles, apparatus for locomotion by land, air or water", which makes no reference to "repair outfits for inner tubes", which may be proper to the class but are not covered by the scope of the heading.
35. As regards the classification of CTMs, under Article 28 of the Regulation, goods and services must be classified in conformity with the system specified in the Implementing Regulation (2868/95/EC), Rule 2(1) of which specifies the common classification referred to in the Nice Agreement, as revised and amended. Rule 2 contains further requirements for the list of goods and services which are to be classified according to the Nice Classification and Rule 2(2) provides that the list of goods and services "*shall be worded in such a way as to indicate clearly the nature of the goods and services and to allow each item to be classified in only one class of the Nice Classification*". Rule 2(3) provides that the goods and services "*shall, in principle, be grouped according to the classes of the Nice Classification, each group being preceded by the number of the class if that Classification to which the group of goods or services belongs and presented in the order of the classes under that Classification*". Rule 2(4) makes it clear that the classification is for administrative purposes and does not determine whether goods or services are similar to or dissimilar from each other. Rule 3 contains detailed requirements for representation of the mark applied for, including limits on the size of the representation. Daimler's CTMs are both registered for all possible types of goods and services, not just Classes 7 and 12. Their specifications, which define the scope of the protection, list out the full Class headings for every available Class under the Nice Classification system.

36. According to the practice of the Community Trade Marks Office (OJ OHIM 2003, 1647), the Office does not object to the use of general indications and class headings as being too vague or indefinite. Further, it appears that Rule 2(2) above can be satisfied by adopting the wording of pertinent class headings and that the use of all the general indications listed in a class heading of a particular class constitutes a claim to all the goods and services falling within that particular class. Applying the example above in relation to UK marks, the use of the Class 12 heading would, in relation to a CTM, arguably embrace "repair outfits for inner tubes", although it is right to state that the required degree of precision for specifications has not yet been authoritatively defined by the European Court of Justice.
37. As Jacob J pointed out in *Minerva Trade Mark* [2000] F.S.R. 734 at 737 and in *Laboratoire de la Mer Trade Marks* [2002] F.S.R. 51, p790 at 796, there is an obvious problem in over-wide specifications in trade mark registrations (both UK and CTMs), in that they can cover what are commercially quite different sorts of articles, and the proven use of just one of those sorts of articles can not credibly warrant the continued registration for all goods covered by the wide specification. In addition, there is an obvious strong public interest in unused trade marks not being retained on the register of national trade mark offices or OHIM, as they clog up the register and present obstacles to later traders who are trying to trade with the same or similar marks.
38. For present purposes, it is not necessary for this Court to resolve the possible conflict between the approaches of the UK Registry and the OHIM. Subject to one qualification, Counsel for both Daimler and Sany accept, correctly in my view, that the Court should approach Sany's claim for partial revocation, by applying the principles summarised by Mr Arnold QC (as he then was) in *NIRVANA Trade Mark* [BL 0-262-06], and as further considered by him in *Pan World Brands Ltd v Tripp Ltd (EXTREME)* [2008] RPC 2, and that these principles provide a fair and accurate summary of the English law, which this Court is bound to follow. Summarising these principles, they are as follows:
- a. The Court must first find as a fact in relation to which goods and services there has been "genuine use" of the trade mark concerned during the relevant period;
 - b. The Court must then arrive at a fair specification having regard to the use made;
 - c. In doing so, the Court is not constrained by the existing wording of the specification of goods, and in particular is not constrained to adopt a blue-pencil approach;
 - d. The Court should strike a balance between the respective interests of the proprietor, other traders and the public having regard to the protection afforded by a registered trade mark;
 - e. In order to decide what is a fair specification, the Court should inform itself about the relevant trade and then decide how the average consumer

would fairly describe the goods in relation to which the trade mark has been used;

- f. The notional average consumer in this exercise is deemed to understand the purpose of the description as defining the scope of infringement protection;
 - g. What a fair description depends on the nature of the goods, the circumstances of the trade and the breadth of use proved;
 - h. The exercise of framing a fair specification is a value judgment.
39. The one qualification to the above, is that Mr Hacon, for Daimler, suggests that, in applying the above principles, the Court needs also to take into account the principles that emerge from the case law of the Court of First Instance in Case T-256/004 *Mundipharma AG v OHIM* [2007] ECR II -449; Case T-483/04 *Armour Pharmaceutical Co v OHIM* [2006] ECR II-4109; Case T-126/03 *Reckitt Benckiser (España) SL v OHIM* [2005] ECR II-2861, which he contends are as follows:

- a. The Court must consider what the consumer would take to be the purpose or intended use of the goods in relation to which genuine use has been established and permit a specification that accords with that purpose or intended use;
- b. The trade mark proprietor must be assumed to have a legitimate expectation of expanding his range of goods or services and the specification should accommodate that expectation; and
- c. Where appropriate, pursuant to (a) and (b), a trade mark proprietor may employ class headings as used in the Nice Classification.

Mr Hacon argues that the Court is obliged to take these additional principles into account, in that the ECJ has ruled that equivalent provisions in the Regulation and the Trade Marks Directive (now Directive 2008/95) should be interpreted to have the same effect; (Case C-252/07 *Intel Corp Inc v CPM United Kingdom Ltd* [2009] ETMR 13 at Paragraph 20 of the Advocate -General's Opinion), and to do otherwise would be to treat the UK trade marks as providing Daimler with a protection in law different from that afforded by identical Community marks and to offend the intention of the legislature to harmonize the national and Community trade mark systems.

40. With respect, nothing much turns on this suggested qualification. Mr Wyand QC for Sany accepts the first of these additional propositions, namely the importance of the purpose or intended use of a product in defining subcategories of goods for which the trade mark should be allowed to be registered. This was a point made by the Court of First Instance in *Reckitt* and Mr Wyand QC simply stresses the point, with which I agree, that the purpose or intended use of the product must be considered from the standpoint of the average consumer. Mr Wyand QC also accepts the second proposition, that the specification should accommodate a

legitimate expectation on the part of a proprietor to expand his range of goods or services, although he argues that this proposition is already inherent in the *NIRVANA* principles, and is simply another way of saying that one has to balance the respective interests of the proprietor, other traders and the public, having regard to the protection properly afforded by a registered mark. Again, I agree with Mr Wyand QC. Mr Hacon's second proposition does not, in my view, add anything to the *NIRVANA* principles. The Court must look at the goods in respect of which genuine use has been made and the category into which those goods fall, and the Court can take into account the legitimate interest of the proprietor to extend those goods and services, provided that the category of goods and services for which the mark is registered is sufficiently and properly defined. As regards the third proposition, and as Mr Wyand QC correctly points out, neither the UK Registry nor the OHIM say that it is impermissible to use class headings when applying for a mark; it is simply that there appears to exist a divergence in the way in which these class headings may be interpreted by the UK Registry and the OHIM.

41. In summary, the central question on any application for partial revocation is the use or non use of the mark in question. The policy of 'use it or lose it', stated by Colomer AG in his Opinion in Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ETMR 85, has been implemented under the Community Regime in relation to both CTMs and national trade marks. Accordingly, the first issue is to determine in relation to what goods or services there has been 'genuine use' of the trade mark during the relevant period. Having determined that issue, the task then is to arrive at a "fair specification", applying the principles enunciated by Mr Arnold QC in *NIRVANA*. If the goods and services are widely defined, that task can sometimes be a difficult one. The Court should inform itself of the nature of the trade and then decide how the notional consumer would describe such use, so as to arrive at a specification that reflects the circumstances of the particular trade and the way the public would perceive the use; *Thomson Holidays Ltd v Norwegian Cruise Lines Limited* [2003] RPC 586 CA Aldous LJ at Paragraph 31. As Jacob J pointed out in *ANIMAL TM* [2004] F.S.R 19 (*H Young (Operations) Ltd v Medici Ltd* [2003] EWHC 1589), the reason for bringing in the public perception in this way is because it is the public which uses and relies upon trade marks. As Jacob J commented (at Paragraph 20 of his Judgment)

"I do not think there is anything technical about this: the consumer is not expected to think in a picky way because the average consumer does not do so. In coming to a fair description, the notional average consumer must, I think, be taken to know the purpose of the description. Otherwise, they might choose something too narrow or too wide. Thus, for instance, if there has only been use for threeholed razor blades imported from Venezuela (Mr T.A Blanco White's brilliant and memorable example of a narrow specification) "three holed razor blades imported from Venezuela" is an accurate description of the goods. But it is not one which an average consumer would pick for trade mark purposes. He would surely say "razor blades" or just "razors". Thus, the "fair description" is one which would be given in the context of trade mark protection. So one must assume that the average consumer is told that the mark will get absolute protection ("the umbra") for use of the identical mark for any goods coming within his description and protection depending on confusability for a similar

mark or the same mark on similar goods ("the penumbra"). A lot depends on the nature of the goods- are they specialist or of a more general, everyday nature? Has there been use for just one specific item or for a range of goods? Are the goods on the High Street? And so on. The whole exercise consists in the end of forming a value judgment as to the appropriate specification having regard to the use which has been made".

42. Finally, on this issue of 'fair specification', it is right to mention the additional observations made by Mr Arnold QC at Paragraphs 51 to 56 of his Judgment in the *EXTREME* case referred to above. In that case, the proprietor was seeking to maintain a trade mark registration for "luggage" against an application that it should be restricted to "holdalls", in that the only genuine use that could arguably be proved was of "holdalls". Mr Arnold QC, in reconsidering the principles he set out in *NIRVANA* in light of the Judgments of the Court of First Instance in *Mundipharma* and *Reckitt* (above), concluded (at Paragraph 54) that the difference between the approach laid down by the English Authorities and the Court of First Instance was smaller than might appear at first blush. The essence of the domestic approach, according to Mr Arnold QC, is "to consider how the average consumer would fairly describe the goods in relation to which the trade mark has been used. Likewise, paragraph [29] of *Mundipharma* indicates that the matter is to be approached from the consumer's perspective". To the extent there was a difference between the two approaches, Mr Arnold QC concluded that he was bound by the English Authorities interpreting Section 46(5) of the Act and not by the Court of First Instance's interpretation of Article 46(2) of the Regulation. Applying that approach, Mr Arnold QC accepted the submission that a "holdall" was an item of luggage and would be so described by the average consumer having regard to its purpose and intended use, and that it was not appropriate to attempt to sub-divide "luggage" into narrower categories.
43. Like Mr Arnold QC, I am bound by the English Authorities to the extent that there is a difference between them and those of the Court of First Instance, and I agree with Mr Arnold QC that in so far as it is open to this Court to do so, it should adopt the more generous approach to a 'fair description' employed by Jacob J in *ANIMAL* referred to above. Where I think this leads the Court is to a 'fair specification' which identifies and defines not the particular examples of goods for which there has been genuine use, but the particular categories of goods they should realistically be taken to exemplify, and to a terminology which accords with the perceptions of the average consumer of the goods concerned. This was the view taken by Mr Geoffrey Hobbs QC in *WISI Trade Mark* [2006] RPC 22, 580, and one which he expressed at Paragraph 9 in his Judgment on the interlocutory hearing in this matter. That said, I do accept the point made by the authors of Kerly's Law of Trade Marks and Trade Names (Fourteenth Edition) (at 10-087) that the 'value judgment' approach which the Court is required to adopt can in many cases be affected by the policy considerations that one starts with, and that it might be helpful to have a more rigorous approach to the drafting of specifications of goods and services. I also agree that the issue whether a registration is to be restricted to precisely the goods in respect of which use is shown or some other, wider class, and if so, what are the criteria by which that class is established, may properly, in the right circumstances, be an issue which should be referred to the ECJ. However, I do not consider that this is an issue

which requires to be referred to the ECJ in the present case, or at least not by this Court.

"Genuine Use" within the meaning of Section 46/Article 51

44. The Regulation and Directive both provide that the use of the trade mark concerned must be "genuine use.... in connection with the goods.... in respect of which it is registered". The law as to what constitutes 'genuine use' is conveniently summarised by Mr Arnold QC, in the *EXTREME* case. The principles, taken largely from the judgments of the ECJ in *Ansul BV v Ajax Brandbeveiliging BV* (above) and Case C-259/02 *La Mer Technology Inc v Laboratoires Geomar SA* [2004] ECR I-1159 and by analogy, Case C-17/06 *Celine Sarl v Celine SA* [2007] ETMR 80, are broadly agreed by Daimler and Sany to be as follows:
- a. Genuine use means actual use of the mark;
 - b. The use must be more than merely token, ie more than use serving solely to preserve the rights conferred by the mark;
 - c. The use must be consistent with the essential function of the trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user;
 - d. The use must be on the market and not just internal use by the undertaking concerned;
 - e. The use may be either by the trade mark proprietor or by a third party with authority to use the mark;
 - f. The use must be to maintain or create a share in the market for the goods or services protected by the mark. Use of the mark need not be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or services concerned on the corresponding market;
 - g. When assessing whether there has been genuine use of a mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, and in particular, whether such use would be viewed as warranted in the trade sector concerned to maintain or create a share in the market for the relevant goods or services protected by the mark. This involves considering the nature of the goods in issue, the characteristics of the market concerned and the scale and frequency of the use of the mark. Use of the mark need not always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or service concerned on the corresponding market;
 - h. Use of the mark by a single client which imports the products for which the mark is registered can be sufficient to demonstrate that such use is

genuine, if it appears that the import operation has a genuine commercial justification for the proprietor of the mark;

- i. Accordingly, "genuine use" represents a qualitative not quantitative criterion. The essential question in each case is whether the trade mark has been used to create or maintain a share in the market for the goods or services in respect of which the mark is registered. It is not possible to determine, a priori, what quantitative threshold should be chosen in order to determine whether use is genuine or not.
45. As regards to what constitutes evidence of use, Mr Arnold's Judgment in *EXTREME* also provides a helpful summary of the law and the following principles, which emerge from that Judgment, are again accepted by Daimler and Sany:
- a. A mere assertion of use of a trade mark by a witness does not constitute evidence of use sufficient to defeat an application for revocation for non use;
 - b. However, it is not necessary that the evidence of use be supported either by documentary records or corroborated by an external witness;
 - c. A statement by a witness with knowledge of the facts setting out in narrative form when, where, in what manner and in relation to what goods or services the trade mark has been used is sufficient evidence.
46. There is however one key area of dispute between Sany and Daimler which I need to resolve, and it relates to the situation where the 3-Pointed Star has been used on a composite product. This is of particular relevance in the present case with regard to vehicles or machines comprising what is known as a "UNIMOG" chassis with the 3-Pointed Star on the front of the grille and perhaps on the rear of the chassis, together with a third party body or equipment mounted thereon and bearing a third party trade mark or name, and/or vehicles comprising a Daimler chassis with a 3-Pointed Star on the front grille together with a third party body or equipment mounted on it bearing a third party name. Sany contends that there is a fundamental misconception in Daimler's evidence and submissions in relation to these vehicles. It contends that it is insufficient simply to produce invoices from dealers bearing the 3-Pointed Star, to establish that use is being made of the 3-Pointed Star as a trade mark in relation to the whole vehicle. Whilst the chassis or the UNIMOG (which is a vehicle on which a variety of different implements can be attached) may bear the 3-Pointed Star, Daimler does not manufacture many of the attachments, which are branded and supplied by their own manufacturers. Sany contends that it is not a fair approach to allow Daimler to capture the range of implements which are capable of being attached to a UNIMOG or Daimler Chassis, simply by permitting evidence of invoicing.

Daimler's evidence of "genuine use".

(i) Generally

47. Witness statements were filed on behalf of Daimler by (i) Mr Bauer, its in house Chief Trade Mark Counsel, (ii) Mr Rainer Thomas, an employee of Daimler and a Team Leader responsible for body builder standards and procedures for all model series of Unimog, (iii) Mr Richard Flackett, the UK Sales Manager of Mercedes Benz TrailerAxle Systems, a division of Daimler, (iv) Mr David Price, a sales manager employed by Mercedes-Benz UK, responsible for sales to the concrete equipment market, (v) Mr Graham Davey, the procurement director of VolkerFitzpatrick Ltd, a UK civil engineering company and (vi) Mr David Flack, a site supervisor at Micor Demolition, Chelmsford.
48. However, at trial, it became readily apparent that it was only Mr Bauer's evidence on which Daimler could properly rely, and I can deal very shortly with the evidence of the other witnesses:
- a. Mr Thomas did not attend to give evidence. According to a Hearsay Notice served on the first day of the trial, Mr Thomas was not able to attend the trial because a deputy director of Daimler had refused, for unspecified reasons, to allow him to travel. Further, the Court was told that there were passages in his evidence he wished to withdraw. Mr Wyand QC submitted that the Court should place no weight on Mr Thomas' evidence and indeed, that the Court should go further and draw inferences from his non attendance- namely that Daimler did not approve of the evidence Mr Thomas proposed to give and for that reason had prevented his attendance. I accept the first submission and have not placed any weight on Mr Thomas' evidence in coming to the conclusions I do on the counterclaim or the claim. However, on the limited information available, the Court can not properly draw the negative inference Mr Wyand QC contends for, and I do not propose to do so.
 - b. Mr Flackett gave evidence at trial and he came over as a truthful and honest witness in the witness box. However, his witness statement evidence, which was directed primarily to the submission that it is the 3-Pointed Star on the axle of trailers which "opens doors" at companies to whom he sells these vehicles (Paragraph 6) was not sustained in cross examination. On cross examination, Mr Flackett candidly accepted that there were two reasons why he got his foot in the door; the first was because he already knew the customers and the second was that he was selling something for Daimler. I have no doubt that both these factors exist, and neither assist the Court in determining the issues on the counterclaim or Daimler's claim. Mr Hacon for Daimler did not pursue this with Mr Flackett in re-examination.
 - c. Mr Price, the sales manager for Mercedes-Benz UK, also came over as a truthful and knowledgeable witness about the market place and customers' views on the importance of the relative parts of concrete mixer trucks. However, Mr Price's evidence did not assist on the issue of 'genuine use', and his evidence on what he thought of a picture of a truck with a Sany logo on it- namely that it "*looks to me like a cheap Mercedes-Benz*" (Paragraph 10)- and his evidence as to the reactions of others in the trade

to the same picture proved unreliable on cross examination. Again, Mr Hacon did not pursue these issues with Mr Price in re examination and ultimately I gained no assistance from Mr Price's evidence in determining the issues at hand.

- d. Mr Davey's witness statement was produced to support Daimler's argument that someone looking at the Sany logo for the first time would think it was similar to the 3-Pointed Star, and that the Sany logo is "*a clever attempt to pass itself off as the Mercedes Star, especially to the undiscerning public eye*" (Paragraph 6). Unfortunately, in cross examination, Mr Davey stated that he had been asked to look at the picture by his company secretary who told him that there was a dispute in relation to the Sany logo and had mentioned the 3-Pointed Star and Mercedes in the same breath. [Day 3/pp190-191]. Accordingly, it was impossible to conclude that Mr Davey's view had not be affected by his attention having been drawn to the Mercedes star in this way and no weight can reliably be placed therefore on his evidence.
 - e. Mr Flack's witness evidence was directed to the same issue as Mr Davey's. He had been shown a picture of a concrete mixer with a Sany logo on it and had come to the conclusion that the logo on the excavator/mixer was "*a rip-off of the Mercedes logo*". Although, like all the Daimler witnesses, Mr Flack was a patently honest witness, he had been shown a poor quality picture of an excavator which was mounted on a Mercedes chassis, by his wife, who works for Daimler's lawyers, Jensen & Son. He knew Daimler was one of Jensen's clients, and he had no knowledge of the particular market for construction goods, so he was not representative of a customer purchasing an excavator of the type shown. His only experience was in demolition where the total product is manufactured by one company and is branded as such. It follows therefore that no weight could properly be given to his evidence.
49. There were three witness statements from Mr Bauer, dated 17 June 2009, 30 June 2009 and 3 July 2009, the last of which was produced in response to the Deputy Judge's Order. In his first statement, Mr Bauer describes his knowledge and experience of the trade marks owned and used by Daimler, its predecessors, licensees and subsidiaries, worldwide and in the UK, and the manner in which these marks are used in the trade and by the public, as having been gained as Chief Trade Mark Counsel (which he had occupied since 21 December 1998), and prior to that, from his positions as head of the Trade Marks Department of Mercedes-Benz AG, and the head of the same department at Daimler. Although Mr Wyand QC sought valiantly to discredit Mr Bauer's relevant experience-pointing out, for example, that Mr Bauer had no direct experience of sales of Daimler goods- and that Mr Bauer was relying on information given to him by unnamed persons (which he clearly was in some instances), Mr Bauer came over in the witness box as a patently honest witness, and as regards his experience and knowledge, there was, in my view, no reason to doubt the veracity of what he said and critically, that he had sufficient knowledge and experience to give the evidence he did. Indeed, ultimately (and as set out below) much of Mr Bauer's evidence was unchallenged by Sany.

50. Whilst it was clearly unfortunate that in Mr Bauer's Fourth Witness statement of 30 June 2009, Mr Bauer made an allegation that Sany had modified a 4 axle chassis to a 6 axle version in such a way as to produce a potentially dangerous product, which allegation turned out to be wrong on the facts (as accepted by Mr Bauer in cross examination by Mr Wyand QC [Day 2/pp65-71]), I do not accept Mr Wyand QC's contention that this was an issue which had been concocted to try and blacken Sany's name and, more particularly, that Mr Bauer was personally responsible for this. Indeed, having heard Mr Bauer's explanation for the mistake, namely that this was what he understood the position to be on the information then provided to him, there was, in my view, no substance in the suggestion made by Mr Wyand QC that Mr Bauer was the driving force behind the litigation and/or that the litigation was not being driven by commercial considerations caused by a real concern about damage to Daimler's business. To the contrary, the clear impression from Mr Bauer's evidence was that Daimler was properly concerned about Sany's actions and the potential infringement, particularly in light of Sany's trade mark application, which, as mentioned above, is supported by a declaration that it has a bona fide intention to use the mark in relation to all the goods specified in Classes 7 and 12.

(ii) Specific evidence of use

51. Sany takes issue with both the Class 7 and Class 12 specifications. In relation to Class 7, Daimler seeks to defend its marks in relation to the following goods:

- a. Agricultural and horticultural machines and parts of agricultural and horticultural machines (UK Mark 542505);
- b. Machines and machine tools, motors and engines (except for land vehicles); parts of engines and motors; machine coupling and transmission components (except for land vehicles); exhausts and starters (for vehicles); (UK Mark 716318 UK Mark 718413);
- c. Machines and machine tools: motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements (CTM 140335 and CTM 140277).

As already mentioned above, Sany contends that these Class 7 specifications should either be deleted or should be narrowed down to just "motors and engines (except for land vehicles)". There is no dispute that Daimler has offered for sale and has sold passenger cars, vans, coaches, buses and trucks in the UK in the five year period in issue.

52. As regards the foregoing categories (a) to (c), these were dealt with in Mr Bauer's evidence as follows:

- a. Machine coupling and transmission components in Mr Bauer's 3rd witness statement, Paragraph 41 and Mr Bauer's 5th statement at Paragraph 9;

- b. The agricultural implements in Mr Bauer's 3rd statement, Paragraph 42 and in the last sentence of paragraph 9 of Mr Bauer's 5th Statement;
- c. Class 7 goods generally in Mr Bauer's 3rd statement at Paragraph 43 and Mr Bauer's 5th statement at Paragraph 10-11;
- d. The parts for Class 7 goods in Mr Bauer's 3rd statement at Paragraphs 44 and 46 and in Mr Bauer's 5th statement at Paragraph 12.

53. Although Mr Wyand QC made a general criticism of the manner in which Daimler had complied with the Deputy Judge's Order of 14 May 2009 in so far as it required Daimler to identify the evidence it relied upon to establish use of the particular goods it alleged, there was no cross examination on any of the foregoing except for the Class 7 "vehicles" referred to in Mr Bauer's 5th statement at Paragraph 10 (which I deal with below), and I accept the evidence given by Mr Bauer in relation to these particular goods, which, in my opinion, is sufficient to establish, on the balance of probabilities, genuine use of these goods by Daimler under the 3-Pointed Star. Whilst it is correct that Mr Bauer did not produce any invoices evidencing the actual sales of any of the aforementioned goods or identify with any precision the sources of his information with regard to the sales of these products, with regard to (a), for example, he produced an extract from the Daimler parts database, which demonstrated the offer for sale of machine coupling and transmission components, bearing the 3-Pointed Star; with regard to (b), he produced marketing data again demonstrating offers for sale of agricultural implements, and with regard to (d), he produced examples of packaging bearing the 3-Pointed Star. Although, as Mr Hacon candidly accepted, Daimler could certainly have done more by way of production of evidence, I can, in my view, properly conclude, on the balance of probabilities, that sales of these products have taken place in the last 5 years under the 3-Pointed Star. I take Mr Hacon's point that if I accept, on the evidence, that these goods have been offered for sale in the UK in the last 5 years, then, I can properly conclude, on the balance of probabilities, that sales of these goods have in fact been effected and I can accept Mr Bauer's evidence to that effect, without more. I should add that there is no suggestion here that the use by Daimler of the mark in relation to these goods is merely token. The use is clearly on the market and not just internal, and I am satisfied that it is used to create a share in the market for the goods.

54. The only substantive challenge by Sany to the Class 7 goods presently included in the specification as registered is to Class 7 "Vehicles" and to the UNIMOG vehicles referred to in Mr Bauer's 5th statement at Paragraph 10 in particular. This challenge ties in with the Class 12 specifications presently registered in relation to the Daimler Marks, which are as follows

- a. Vehicles for locomotion by land; bathchairs (UK Mark 542505; UK 586567);
- b. Apparatus for locomotion by land, air and water, and parts and fittings therefor included in Class 12 (UK Mark 718318 and UK Mark 718413);
- c. Vehicles, apparatus for locomotion by land, air or water (CTMs 140335 and 140277).

55. The evidence in relation to genuine use of these Class 12 goods is:

- a. Bicycles, taxis and tankers in Mr Bauer's 5th statement, Paragraph 3;
- b. MPVs and SUVs in Mr Bauer's 5th Statement, Paragraph 4;
- c. The implement carriers and extreme off-road vehicles in Mr Bauer's 5th statement at Paragraph 5;
- d. "Vehicles" in Mr Bauer's 5th statement, Paragraph 6;
- e. Minibuses, agricultural and forestry vehicles, hearses and stretch limousines in Mr Bauer's 5th Statement at Paragraph 7.

Of these, there were challenges in cross examination to tankers [Day 2/ pp 130-135] and to all "vehicles". Paragraph 6 of Mr Bauer's 5th Statement refers back to the list of vehicles at Paragraph 40 of his 3rd Statement. All of these "vehicles" have the 3-Pointed Star on the front; however, a large number are essentially UNIMOGs or Daimler chasses, with attachments

56. In short, Sany accepts that 'passenger cars, vans, coaches, buses, trucks, truck chassis and parts therefor' should be included in all 6 marks. However, with regard to the balance, Sany makes the following substantive complaints:

- a. The list of goods at Paragraph 40 of Mr Bauer's third statement- which, as mentioned above, lists vehicles that, according to Mr Bauer, Daimler offered in the relevant period (June 2003 to April 2008) and which are said to be types of "vehicles" in Class 12, include a number of items of construction machinery, such as tippers, cranes, augers, excavators, power lifters, concrete mixers, mobile platforms, diggers and earth movers, all of which fall within the Scope of Class 7 and many are expressly listed in the detailed guidelines issued by the WIPO.
- b. By this list Mr Bauer is trying to include as a "vehicle" within Class 12 anything that moves, whether by self propulsion on wheels or tracks, or by being carried around on a truck or trailer, with a view to arguing that Sany's construction machinery would be considered to be "vehicles" for the purposes of the infringement claim. This, according to Sany, does not accord with WIPO guidelines or the practice of the OHIM or the UK-IPO. Further, several of the items mentioned in Mr Bauer's Paragraph 40 are included in the Class 7 specification that the UK-IPO has accepted for Sany's trade mark application, which is currently being opposed by Daimler.
- c. The ordinary meaning and essence of a 'vehicle' is something that transports people or things from A to B; not the thing that is transported thereon.
- d. Further, the exhibits to Mr Bauer's statements do not show use of the 3-Pointed Star in relation to most of the items listed in Paragraph 40. They show, for example, how the UNIMOG is used to mount a variety of implements, but, it is contended, that Daimler does not manufacture these attachments and the documents exhibited differentiate between, for example, the chassis (which Daimler supplies) and the bodies and implements (which it does not). Accordingly, these documents do not illustrate the use of the 3-Pointed Star so as to create a market for, for

example, cranes, earth movers and the like; they simply inform people about how the UNIMOG can be used in different fields by attaching different implements and bodies to it. The UNIMOG is, in essence, a truck chassis and, Sany contends, this one vehicle can not capture the range of implements which are capable of attachment to it.

- e. Finally, goods can, according to Sany, only fall in one Class of the Nice Classification and Daimler can not rely on the use of a trade mark in respect of one product as supporting both Class 7 and Class 12 registrations. Whilst there may be a situation where a chassis of a truck is in class 12 and the mixer is in Class 7, when a trade mark is used in respect of a mixer truck, then this falls within Class 12 not 7.
57. As to the argument in (e) above, the OHIM Guidelines concerning proceedings before the Office, Part B (Examination), in a section headed "Classification" at Section 3.4-Goods and the UK-IPO Manual of trade marks practice (the section headed "Classification working procedures: applications") make clear that products can be placed in more than one class if they straddle more than one class. Although Rule 2(2) of the Implementing Regulation states "the list of goods and services shall be worded in such a way as to indicate clearly the nature of the goods and services and to allow each item to be classified in only one class of the Nice Classification", this does not prevent products being placed in more than one class if they straddle more than one class. For the record, the communication from the President of OHIM, which the Deputy Judge quoted in his Judgment, to the effect that goods are to be classified in one class only, appears to have been incorrectly quoted (by the omission of the word "preferably" before "in only one class of the Nice Classification"). It follows therefore that, contrary to Mr Wyand QC's argument, if one can knock a particular product out of one class, that does not mean that it can not go into another class.
58. As regards the arguments in (a) to (d) above, the fundamental issue is whether there is evidence of genuine use of the 3-Pointed Star "in relation to" the vehicles listed in Mr Bauer's 5th statement at Paragraph 6, or whether, as Mr Wyand QC contends, the evidence (insofar as it exists) establishes only the use of the 3-Pointed Star in relation to the UNIMOG chassis or the Daimler chassis and not to the attachments, in that the relevant public arguably distinguishes the chassis from the body mounted upon it and the public knows that they are manufactured by different undertakings. Obviously, if Sany is correct in this argument, it assists Sany in defence to the infringement claim, in that it enables Sany to argue that its sales are in relation to the attachments and there is therefore no identity of goods as between the attachments and the goods specified in Daimler's trade marks.
59. When a product is sold under a trade mark, whether or not the trade mark is 'used' in relation to that product clearly depends on the circumstances. Taking the example of a sale of a product by the department store, John Lewis (which was deployed by Mr Wyand QC and countered by Mr Hacon), the public shopping at John Lewis is well aware of the distinction between a retailer's mark and a manufacturer's mark. If, for example, a member of the public buys a Dualit toaster from John Lewis and he or she walks out of John Lewis with this toaster in a John

Lewis bag, the John Lewis mark has clearly not been used in respect of the Dualit toaster, because the member of the public knows that John Lewis is simply the retailer. The mark has been used, in this example, for retail services, and it is a genuine use of the mark for those services. A similar example was given by Jacob J in *Euromarket Designs Inc v Peters and Crate and Barrel* [2001] F.S.R 20 at Paragraph 57, where Jacob J referred to the purchase of a Kodak film (sadly now no longer in existence) in Boots, which is put in a bag labelled "Boots". In such circumstances, as Jacob J commented, only a trade mark lawyer might say that "Boots" is being used as a trade mark for film. Mere physical proximity between the sign and the goods may not make the use of the sign "in relation to the goods". Perception matters too. The question ultimately is one of fact.

60. Before me, there was evidence of the use of the 3-Pointed Star with regard to all the vehicles referred to at Paragraph 6 of Mr Bauer's 5th Statement, and Mr Hacon helpfully lists this evidence at Paragraph 8 of his Closing Submissions. I have already stated that in my view, Mr Bauer was in a position to give the evidence he gave, in terms of having the requisite knowledge and experience.
- a. At Paragraph 6 of Mr Bauer's 5th Statement, Mr Bauer states that in the event of a sale of all of the vehicles listed, the vehicle and paperwork display the 3-Pointed Star. This was not controverted.
 - b. Both Mr Kane, the Managing Director of Kane Haulage Limited [Day 3, pages 195-197] and Mr Feng, the Assistant President of Sany Heavy Industry Co Ltd [Day 3, page 236] stated in evidence that they would expect Mercedes products to be sold by reference to paperwork bearing the 3-Pointed Star.
 - c. Mr Kane further stated that sales of these vehicles would be likely to be through a Mercedes subsidiary [Day 3, pages 196-7].
 - d. Mr Bauer's evidence, at Paragraph 40 of his 3rd Statement was that Daimler (itself) sold the various vehicles that were listed. Accordingly, title passed from Daimler to the customer on sale.
61. However, the question is whether this evidence is sufficient in the circumstances. Does, for example, the fact that the paper work produced on the sale of some of these vehicles displays the 3-Pointed Star, evidence the actual use of the mark in relation to the composite "vehicle" sold or just, as Mr Wyand QC submits, the UNIMOG chassis? Further, does it matter that in relation to some of the vehicles, no invoices are produced, or that there is no evidence as to the method of invoicing other than Mr Bauer's statement?
62. I have not found the answer to these questions easy. There is, in my view, considerable force in Mr Wyand QC's submission that just because Daimler's dealers may invoice the sale of a combined product with a chassis manufactured by Daimler and the concrete mixer manufactured, for example, by Hymix, and the invoice bears the 3-Pointed Star, this does not mean that the combination has been sold under the 3-Pointed Star. Further, Mr Wyand QC's criticism of the quality of evidence produced by Daimler is not without some merit- in particular, the failure

on the part of Daimler to produce a single invoice showing the sale of any of the vehicles listed, although clearly, if Mr Wyand QC is right that an invoice with the 3-Pointed Star is not in any event determinative of whether a composite product is sold under the 3-Pointed Star, then production of these invoices would not, on Mr Wyand QC's case, have assisted.

63. However, on balance, having considered all the documentary evidence produced by Mr Bauer and the documents exhibited to his statements (some of which I have already mentioned above), and having heard the oral evidence of Mr Bauer, Mr Feng and Mr Kane, I am satisfied that there is sufficient evidence before the Court to establish, on the balance of probabilities, genuine use in relation to each of the vehicles listed. In my opinion, it is not fatal that Mr Bauer has not produced sample invoices in respect of sales of these vehicles and/or that, in some instances, the Court has only Mr Bauer's uncorroborated statement. In my view, the Court is entitled to conclude, on the balance of probabilities, from Mr Bauer's evidence that sales have been made of these vehicles.
64. As regards the vexed question of whether the fact that the paper work produced on the sale of some of these vehicles displays the 3-Pointed Star evidences the actual use of the mark in relation to the composite "vehicle" sold or just the chassis, on the evidence produced by Mr Bauer, it is, in my view, open to the Court to conclude, on the balance of probabilities, that a purchaser buying a UNIMOG buys the whole vehicle (with attachments) under the Daimler mark on the invoice or paper work. That mark is being used in relation to the composite vehicle- be it a chassis with small concrete mixer attachment with the SANY mark on the side of it or some other attachment. Even though the member of the public here is someone who is sophisticated and may well choose a specific manufacturer for the attachment to the chassis, the member of public is still buying the assembled vehicle- the Daimler UNIMOG. In this regard, I accept Mr Bauer's evidence at Paragraphs 18 to 20 of his 3rd Statement and at Paragraphs 5 to 10 of Mr Bauer's 5th statement. I should also state, for completeness that I also accept Mr Bauer's evidence on tankers, and in particular the evidence at "GB45" page 6 in relation thereto. As I have already stated, I am of the opinion that Mr Bauer has the requisite knowledge and experience to give the evidence he does in his statements, and in particular, has the requisite knowledge of the relevant market and the average consumer of these vehicles. As Mr Arnold pointed out in the *Pan World Brands* case, it is not necessary in every case that evidence of use be supported either by documentary records or corroborated by an external witness, although, as I have already mentioned, there is some documentary evidence in this case, for example, brochures and parts lists, and these add weight to Mr Bauer's evidence. The criticisms made of Mr Bauer's evidence by Mr Wyand QC are not dissimilar to those made against the trade mark attorney who gave evidence in the *Pan World Brands* case, and these were similarly rejected by Mr Arnold QC at Paragraph 31 of his Judgment.
65. On this point, I should say something about Mr Feng and Mr Kane's evidence which was produced by Sany. Mr Feng is the Assistant President of Sany Heavy Industry Co Ltd, and between March 2004 and July 2007, he was the Chief Representative of Sany Group Co Ltd for the business in Europe. His evidence on this particular issue was, in summary, that the European consumer of truck

mounted machinery tends to differentiate between the machinery and the truck chassis upon which it is mounted, even where the mounted machinery and chassis are sold as a composite product and/or under a single invoice and/or financed by a single entity [Paragraph 49 of Mr Feng's 3rd Statement]. Accordingly, according to Mr Feng, it does not follow that the use of the 3-Pointed Star on an invoice in relation to one of these vehicles connotes use of the mark in relation to the composite vehicle.

66. Whilst there was no real challenge to this evidence by Daimler, and Mr Feng was clearly an honest witness, his evidence did not in fact meet the point in issue. Whilst there may well be knowledge in the construction industry (in which Sany operates and of which Mr Feng has relevant experience) as to the distinction between different manufacturers, and it is no doubt often the case that where, for example third party concrete mixers are mounted on Daimler truck chassis the third party's mark will appear on the mixer alongside Daimler's mark on the chassis, this does not mean that the composite vehicle is not sold to a purchaser under the Daimler mark. It was Sany's own evidence that it sold trucks (comprising a chassis manufactured by, for example, Daimler with a mixer manufactured by it), the whole thing, to customers [Day 3, 238/9-13]. Further, it was Sany's evidence that if anything went wrong with the composite truck it sold, including the chassis (which, on the example I have just given, may have been manufactured by Daimler), one option was to go back to Sany. Daimler's position is likewise. When Daimler sold the complete UNIMOG- a chassis and an attachment- (and Mr Bauer's evidence is that there would have been paperwork supporting the sale with the 3-Pointed Star), the purchaser thought he/she was getting a UNIMOG and it does not matter that he/she knows that the thing he is getting on the back of it is made by someone else. He/she is buying from Daimler a thing under the Daimler 3-Pointed Star on the invoice and that 3-Pointed Star is being used in relation to the composite product.
67. Likewise, Mr Kane's evidence did not controvert this. Mr Kane is the Managing Director of Kane Haulage Limited. Although he stated that the truck chassis and the truck mounted tipper bodies (of which he has knowledge) are always manufactured by different companies and that the chassis and the bodies are of equal importance to him (Paragraph 6 of his statement), he confirmed that in his industry, the tipper trucks (the whole things) were referred to and thought of as trucks (a composite product) and sold as such. Further, the fact that a buyer might ultimately have recourse against two manufacturers in respect of the component parts (a point that Mr Kane made in his evidence at Paragraph 11 of his statement) does not detract from Daimler's position. I should state that Mr Kane came over as a fair and independent witness.

A Fair Specification

68. Having accepted therefore that there is sufficient evidence of genuine use of the goods covered by Mr Bauer's evidence, the next question is, what is a fair specification of those goods bearing in mind the approach adopted by the English Courts set out above, and/or are the specifications already in use by Daimler "fair".

69. As Jacob J stated, in the passage quoted above from his Judgement in ANIMAL TM, the exercise ultimately consists in forming a value judgment as to the appropriate specification having regard to the use which has been made and deciding how the average consumer would fairly describe the goods in relation to which the trade mark has been used.
70. With regards the Class 12 specifications set out above, which differ slightly from mark to mark, when one takes into account all the goods in respect of which Sany admits use of the 3-Pointed Star, together with the goods in respect of which I have accepted the evidence of Mr Bauer, in my opinion, the present specifications in both the UK Marks and the CTMs are fair. In my view, the reference to 'vehicles for locomotion by land' aptly and fairly describes the category into which the goods fall and an average consumer of those goods would fairly describe them in this way.
71. Further, in my opinion, the same applies in respect of Class 7. The presently registered specifications, with the amendments conceded by Daimler—namely (i) the exclusion of "boilers for use in agriculture" in UK Mark 542505 (ii) the more specific wording in relation to UK Marks 719318 and 718413 and (iii) the deletion of "incubators for eggs" in CTMs 140335 and 140277, are, in my opinion, fair specifications, if one takes into account the goods in respect of which use is admitted by SANY and the goods in respect of which I have accepted Mr Bauer's evidence.
72. In my view, the present specifications reflect a fair balance between the interests of Daimler, other traders of like goods and the public, with regard to the protection afforded by these specifications. Although one can not help but note the irony of Sany's position as regards Daimler's classifications when it comes to its own application for registration, which is in equally wide terms, this is not a factor which I have placed any weight on in reaching the view I have.
73. Accordingly, I would dismiss Sany's counterclaim for partial revocation of the Daimler marks, save to the extent that its pursuit has resulted in the amendments to the present specifications, conceded by Daimler at the outset of the hearing.

Daimler's Claim for Infringement

The Law

74. On 23 July 2009, the Court of Appeal handed down judgment in *Whirlpool Corporation and Ors v Kenwood Limited* [2009] EWCA Civ 753, which very helpfully draws together the law with regard to claims for infringement under Article 9(1) (c), by reference to the recent judgment of the ECJ in *Adidas v Marca Mode II*, Case C-102/07, the Advocate General's Opinion in *Intel Corporation v CPM UK Ltd* Case C-252/07 and the judgment of the Court of Appeal and thereafter in the ECJ in *L'Oreal v Bellure*; [2009] ETMR 55 (ECJ), Case C-487/07. The relevant paragraphs of the Judgment of the Court of Appeal for

present purposes are Paragraphs 90-116, from which the following propositions relevant to the present claim can be drawn:

- a. The concept of 'taking unfair advantage of the distinctive character or repute of the trade mark', relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.
- b. Unfair advantage can be found even if there is no element of confusion nor any detriment, either to the distinctive character or to the repute of the mark or more generally to the proprietor. An advantage obtained by the third party from the use of a similar sign, which is neither confusing nor otherwise damaging is unfair if the advantage is obtained intentionally in order to benefit from the power of attraction, the reputation and the prestige of the mark, and to exploit the marketing effort expended by the proprietor of the mark without making any such efforts of his own and without compensation for any loss caused to the proprietor, or for the benefit gained by the third party.
- c. The fact or likelihood of detriment or of unfair advantage must be considered on the basis of a global assessment, taking into account all the relevant factors relevant to the circumstances of the case as well as any other relevant matters. These factors include:
 - (i) The degree of similarity between the conflicting marks-the more similar they are, the more likely it is that the later mark will bring the earlier mark with a reputation to the mind of the relevant public. However, the fact that the marks are identical or merely similar is not conclusive of a link between the two marks.
 - (ii) The nature of the goods or services for which the conflicting marks are registered, including the degree of closeness or dissimilarity between those goods or services and the relevant section of the public. It is possible that the conflicting marks are registered for goods or services in respect of which the relevant sections of the public do not overlap.
 - (iii) The degree of strength of the earlier mark's reputation in relation to the relevant section of the public as regards the goods or services for which that mark is registered. This may be the public at large or a more specialised public.
 - (iv) The degree of the earlier mark's distinctive character, whether inherent or acquired through use- the stronger the distinctive character of the earlier mark, the more likely it is that,

confronted with a later identical or similar mark, the relevant public will call that earlier mark to mind.

- (v) The existence of the likelihood of confusion on the part of the public.
 - d. The existence of injury must be assessed by reference to average consumers of the goods or services for which the later mark is registered, who are reasonably well informed and reasonably observant and circumspect.
 - e. The proprietor of the mark must prove the fact of unfair advantage, or the serious risk of this occurring in the future. If issue is taken as to "due cause" it is for the later user to show that there is due cause for the use of the mark.
75. Further, as the Court of Appeal noted in *Whirlpool*, it is possible for a later product to erode market share without impinging on the rights associated with the trade mark of the former product. Where one product has a particular sector of the market to itself, the introduction of another by a rival is itself likely to affect the market share of the first, which had been a monopoly. That can happen by fair and lawful competition without anything being done which might infringe the trade mark rights of the first undertaking.

The Evidence

76. I can state from the outset that I am not persuaded on the evidence that there has been any infringement of Daimler's marks under Article 9(1)(c) of the Regulation in relation to the CTMs and under Section 10(3) of the Act in relation to the UK marks. In my view, Daimler does not get over the first hurdle of establishing, on the balance of probabilities, that a relevant "link" will be made by the average consumer between the Sany Logo and the 3-Pointed Star, whether one takes the average consumer to be a member of the general public (as Mr Hacon submits) or a person in the construction industry with particular experience (as Mr Wyand QC submits).
77. It is common ground that there is no fixed threshold of similarity for an offending sign to fall within the ambit of Article 9(1)(c)/Section 10(3), and there is no de minimis limit below which a similarity of any kind (visual or conceptual) does not count for the purposes of these provisions. However, as Mr Wyand QC submits, there must be some similarity which establishes a link in the mind of the average consumer, and it is open to the Court to find that there is none, even where it might be possible to say that there is similarity between some of the elements of the registered trade mark and the sign respectively as seen on the page. A link is established if the sign calls the registered mark to mind in the mind of the average consumer. *Intel Corporation Inc v CPM United Kingdom (INTELMARK)* Case C-252/07 [2009]ETMR 13 (ECJ).

78. It is common ground that the 3-Pointed Star is well known to the general public in the United Kingdom. On Daimler's own evidence, the 3-Pointed Star has remained unchanged in its essential characteristics since 1921 and I accept Mr Wyand QC's submission that the average consumer (whether he/she is a member of the general public or a person in the construction industry) will have a very clear picture in his/her mind of what the 3-Pointed Star looks like. In such circumstances, I accept that the usual principle of imperfect recollection plays less of a part in this case than in the normal case.
79. It is obviously difficult, as the Judge hearing this matter, for me to put myself in the shoes of the average consumer when considering this issue, as the average consumer is not being asked, as I am, to consider and compare the two marks side by side. The average consumer is not being prompted to think of the 3-Pointed Star, and the question is whether, when the average consumer looks at the Sany logo as used in relation to Sany's goods, the 3-Pointed Star is brought to mind. That said, I clearly have to form a view on whether there is a degree of similarity between the two marks and whether, in all the circumstances, in particular, in view of the strength of the Daimler mark's reputation and its distinctive character, a relevant link would be made by the average consumer, bearing in mind the level of attention that would be expected from such a consumer of such goods. Mr Hacon submits that this is a matter for the eye of the Court, although he urges the Court to bear in mind that the stronger the mark's distinctive character, the more likely that the relevant public will call a similar sign to mind and establish a link.
80. I do not consider that the link is established. Whilst there is an outer circle to both marks, with a three pointed image within (or partly within) the circle on both, in my view, there the similarity ends. In my view, the Sany mark does not call to mind the Daimler 3-Pointed Star. As I have already stated, the 3-Pointed Star is a highly distinctive mark, and although it is right that a mark as hugely famous and distinctive as the 3-Pointed Star earns a correspondingly wide scope of protection, there has to exist the 'link' between the Sany logo and the 3-Pointed Star. In my opinion, one does not exist.
81. I draw some support for this view from the evidence that was before the Court from Mr Baxter and Mr Kane, both of whom have direct experience of the Sany Logo in use on the market, as consumers in that market. The evidence from Mr Baxter, who was the only witness who had actually purchased a Sany product (a truck mounted concrete pump) was that it never crossed his mind that the Sany logo was similar to the 3-Pointed Star. Mr Kane's evidence, was that he thought the logos were "clearly different". Although the weight that can be put on this evidence is not significant, it does give some indication of the views of the consumer of these products. I have already mentioned the witness evidence produced by Daimler's witnesses on this issue and why, in my view, it can not be relied upon to assist the Court on this issue.
82. Having determined that Daimler does not get over the first hurdle of establishing a 'relevant link', it is not necessary for me to express a view on the other elements of the alleged infringement claim. However, in view of the fact that this matter may go further and that I heard submissions on the other elements of the claim, I briefly set out below my views.

83. As regards the alleged 'similarity of goods', which is a relevant factor to the claim for infringement, in my view, there is a sufficient degree of similarity between the goods being sold by Daimler and those being sold by Sany. As I have already mentioned, Mr Kane's evidence was that Sany sold trucks to its customers- the whole product [Day 3, pages 200-202; 238], and the customers purchase these trucks, under paperwork bearing the Sany logo. Even if the relevant goods were the bodies only, for example, the mixers or the cranes which attach to a chassis manufactured by someone else, these are still, in my view, goods very similar to trucks, taking into account the factors set out in the decision of Pumfrey J in *DaimlerChrysler AG v Alavi* [2001] RPC 42 at Paragraph 81, with the exception perhaps only of the concrete placing booms and the batching plants, which Mr Bauer himself accepted could not be considered as "vehicles". Taking the example of concrete mixers given by Mr Hacon in his closing submissions, as Mr Kane stated, "trucks" includes these mixers. Trucks are in Daimler's Class 12 specifications, so the comparison for this purpose is between trucks in the form of concrete mixers on wheels (goods in the Daimler specification) and the mixer body by itself (goods sold by Sany under its Logo). These have virtually the same use and have identical users; they are similar in physical nature, in the sense that one includes the other, and are sold through identical or very similar trade channels, and they are in competition, since, on the evidence, a purchaser may choose to buy the whole truck or just the mixer body (and the chassis from someone else).
84. Mr Wyand QC sought to argue that in relation to excavators, crawler cranes, motor graders, road rollers, front carriers, fork lifts and rotary drilling rigs, these could not be categorised as vehicles, as they are not generally driven on the roads and are not designed for getting from A to B. However, they are mobile- they move along the ground by some in-built means and they would be described as vehicles, notwithstanding that they are designed to perform a particular construction function, such as digging, flattening or drilling.
85. I should also say something very briefly about the evidence of Sany's future plans and Sany's trade mark application. Sany has applied for registration in Classes 7 and 12 by reference to the general headings of those classes, and as I have already mentioned, its application is supported by a declaration that it intends to use the mark in relation to all the goods listed in those classes. Further, the evidence from Mr Feng was that Sany is presently building a major manufacturing plant in Germany which will substantially enhance its capacity to manufacture and sell its products into the European market, including the United Kingdom, and Sany's 2009 Exportation Products Lists for UK and its European business plans were disclosed in evidence. These documents show the full range of products that have been sold or are being offered for sale and/or are being planned to be sold in the foreseeable future in the United Kingdom. They include concrete mixing (or batching) plants, asphalt mixing plants, concrete placing booms; trailer mounted concrete pumps; truck mounted concrete pumps, concrete mixers; excavators, crawler cranes, motor graders, road rollers, front carriers, forklifts and rotary drilling rigs. Further, it was accepted by Sany that there is an overlap between the automobile market (in which Daimler operates) and the construction market (in

which Sany operates), in particular, with regard to construction equipment which needs to be installed on a truck chassis for normal use.

86. There was however an issue between the parties as to whether, in light of Sany's trade mark application, there was a potential infringement by Sany of Daimler's marks in relation to the truck chassis manufactured by Sany (as opposed to the equipment referred to above, which is mounted on the truck chassis). There was, in evidence, a photograph of a Sany truck chassis that appeared in an online advertisement which was issued by Sany's former UK distributor, Tranzart. In the picture, the Sany logo appears on the front of the truck chassis driver's cab in a similar position to where the 3-Pointed Star appears on Daimler's truck chassis; it appears just above the engine grille rather than superimposed on it as is usually the case for the 3-Pointed Star. Mr Hacon relied upon this as clear evidence of infringement of the Daimler mark in relation to these chasses. However, Mr Feng confirmed in the witness box that the truck chassis had never been available for sale in the United Kingdom and was not certified for the European market, and that Tranzart had used this picture without Sany's authorisation or knowledge [Day 3, pp227-9]. Mr Feng further confirmed that Sany had no current plans to sell any truck chassis in the European Union in the next five years nor did he think it was possible that Sany would do so in the next 10 years [Day 3, p230]. I accept Mr Feng's evidence on this point. As I have mentioned, Mr Feng came over as an honest witness. His evidence was also backed up by commonsense. I accept Mr Wyand QC's submission that it is not in Sany's interests to market the truck chassis in Europe where it has existing strong relationships with chassis manufacturers, including Daimler, and where the regulatory regime for road going vehicles is considerably more onerous than in China.
87. As regards Sany's UK application which, by reference to the general headings of Classes 7 and 12, includes "vehicles" such as the truck chassis, I accept Mr Wyand QC's submission that the very fact of the application in such broad terms, does not, without more, define the scope of the threat to use the Sany Logo on the market in the United Kingdom and/or demonstrate that Sany intends to sell truck chassis or cars in the United Kingdom. Whilst it is right that the Form TM3 states that "*the trade mark is being used by the applicant, or with his or her consent, in relation to the goods or services shown, or there is a bona fide intention that it will be used in this way*", I accept Mr Wyand QC's submission that 'intention' on the form should be construed in a way which minimizes the divergence of the substantive requirements for registrability of a trade mark in the United Kingdom from those applicable in other member states. Section 32(3) is a home grown provision. There is no equivalent provision in the Directive (or Regulation). It does not mean that there are definite business plans ready to be implemented shortly after registration, nor does it mean that the precise mode of use has been determined. It means only that the applicant contemplates that it might use or licence the use of the mark in the United Kingdom in the future. Sany's declaration of intention was made by its UK trade mark attorneys, Appleyard Lees, on instructions from Sany's Chinese trade mark attorneys, Unitalen, and I accept that it reflected a reasonable business interest in gaining coverage for a broad range of goods in Classes 7 and 12 into which Sany's business might move at some stage in the future. Indeed, Mr Bauer himself made it clear that he did not regard the signing of such a declaration to be a statement of firm intent or a real

threat to use on the market [Day 2, pages 88-89]. Accordingly, I do not consider the fact that Sany has made this declaration of intention as evidence in support of Daimler's claim for infringement.

88. As regards the issue of "unfair advantage", it is difficult for me to express a view on this, having determined that there is no 'link' established between the 3-Pointed Star and the Sany Logo. However, had I concluded that there was such a link, then, on the balance of probabilities, on the evidence before me and taking into account the principles in *Whirlpool* above, I would not have concluded that the calling to mind of the 3-Pointed Star would have had the effect of inciting consumer interest in Sany's goods and services, by adding allure and prestige to Sany's goods, thereby giving Sany an unfair advantage or giving rise to a serious risk of an unfair advantage being obtained by Sany.
89. Ultimately, there was very little evidence before me on this point. For the reasons I have already mentioned, the witness evidence of Mr Flack and Mr Davey did not assist. In particular, they both were asked to look at a photocopy of a flyer of a cement mixer lorry that, on Mr Feng's evidence, Sany does not intend to sell in the United Kingdom. Both Mr Flack and Mr Davey had, in one way or another, been alerted to the dispute between Sany and Daimler. Likewise, Mr Flackett's evidence, on closer scrutiny, did not support Daimler's claim. As I have mentioned already, he properly accepted in cross examination that his ability to get his foot in the door with new customers was through a combination of personal contacts from a previous job and the fact that he worked for Daimler.
90. Further, I accept Mr Feng's evidence that Sany has spent considerable amounts of money in promoting its goods in the United Kingdom and elsewhere in Europe and there is no apparent "leg up" by virtue of its logo, which, I should mention, is often accompanied by the words SANY. Moreover, there was no evidence before the Court of any 'intent' on the part of Sany to take advantage of the 3-Pointed Star prestige. There was no suggestion that Mr Feng's evidence about the derivation and history of its use of the Sany Logo was inaccurate. The evidence was that Sany's 'intention' in using the logo on the UK market was simply that it was Sany's long-established and innocently adopted corporate logo, and there was no real attack on this evidence by Daimler. Whilst Mr Bauer sought to allege that the presentation of the Sany logo has been getting closer to the 3-Pointed Star, this was not apparent on the evidence before me. Accordingly, had I concluded that there existed the necessary link between the Sany logo and the 3-Pointed Star, I would have nonetheless dismissed Daimler's claim for infringement.
91. The result therefore of this judgment is that I dismiss Daimler's claim for infringement and I likewise dismiss Sany's claim for partial revocation, taking into account however the concessions made by Daimler at the outset of the trial with regard to deletion of certain parts of its specifications under Classes 7 and 12. Finally, I would like to thank all Counsel for their assistance in this matter.

