

**IN THE MATTER OF Trade Mark
Registration No 2032467 in the name
A1 Trading Limited**

**AND IN THE MATTER OF An Application
by L.T.Overseas Limited under No 9986 for
the Invalidation of the Registration**

Background

1. The trade mark DAAWAT was placed on the register of trade marks on 29 November 1996, the application for registration having been made sometime earlier on 5 September 1995. The trade mark is registered in respect of:

Biscuits, coffee, cornflour, cornmeal, couscous (semolina), flour-milling products, ketchup (sauce) maize meal, mustard, mustard meal, noodles, oatmeal, peanut confectionary, potato flour for food, rice, salt (cooking) salt for preserving foodstuffs, sauce (tomato), semolina, spices, tea, wheat flour.

2. The registration stands in the name of A1 Trading Limited (the registered proprietor). On 2 February 1998, L.T. Overseas Ltd (the applicant) filed an application for the invalidation of the trade mark registration. The grounds for invalidation (insofar as they are now pursued) are as follows:

- i) The Registrant was aware when making the application that the applicants intended to use or to register the mark DAAWAT. The Registrant was not the proprietor of the mark. Further, the Registrant had, and has had, a relationship with the applicants. The filing of the application was part of a concerted practice and constituted an act of bad faith contrary to Sections 3(6) and 47(1) of the Trade Marks Act 1994.
- ii) In the alternative, the Registrant was aware when making the application that the applicants were using the mark DAAWAT abroad and the Registrant attempted to pre-empt the applicants from using and/or registering their mark in the United Kingdom, this constituting an act of bad faith contrary to Section 3(6) and 47(1) of the Trade Marks Act 1994.
- iii) In the alternative, the Registrant filed the application without any intention of making bona fide use of the mark DAAWAT, this also constituting an act of bad faith contrary to Sections 3(6) and 47(1) of the Trade Marks Act 1994.

3. The registered proprietor filed a counterstatement denying the grounds of opposition.

4. Both sides ask for a contribution towards their costs.

5. The matter came to be heard on 19 April 2001 when the applicant for invalidation was represented by Mr R Abnett of Reddie & Grose, Trade Mark Attorneys, and the registered proprietor was represented by Mr S Walters of Trade Mark Consultants, also Trade Mark Attorneys.

The Law

6. Section 47(1) of the Act is as follows:

The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

7. Section 3(6) of the Act states:

A trade mark shall not be registered if or to the extent that the application is made in bad faith.

8. Section 72 of the Act is also relevant. It is as follows:

In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it.

This means it is for the applicant for invalidation to show that the trade mark was registered in bad faith.

9. In Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd 1999 RPC 367, Lindsay J considered the meaning of “bad faith” in s3(6) of the Act and stated (at page 379):

“I shall not attempt to find bad faith in this context plainly includes dishonesty, and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour as observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is best left to be a judged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the act but the paraphrase) but by reference to the words of the act and upon a regard to all material surrounding circumstances.”

10. Commenting on this passage from Gromax, Mr Geoffrey Hobbs QC, acting as The

Appointed Person, stated in Demon Ale Trade Mark 2000 RPC 355,

“These observations recognise that the expression “bad faith” has moral overtones which appear to make it possible for an application for registration to be rendered invalid under Section 3(6) by behaviour which otherwise evokes no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant.”

11. Also in Demon Ale, The Appointed Person stated:

“I do not think that Section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, the observations of Lord Nicholls on the subject of dishonesty in Royal Brunei Airlines Sdn Bhd v Philips Tan [1995] 2 AC 378 (PC), at page 389, do seem to me to provide strong support for the view that a finding of bad faith may be fully justified even in the case where the applicant sees nothing wrong in his own behaviour.”

12. Mr Abnett also drew my attention to the following passage from the publication “Notes on Sections” to the Trade Marks Act 1994, which were prepared to explain the draft provisions of the Bill during its passage through Parliament. In relation to Section 3(6) the Notes state:

“Sub-section (6) declares that a trade mark is not registrable if the application for registration for the trade mark was made in bad faith. The provision does not attempt to indicate what is meant by “bad faith”, thereby leaving it to the Registrar or the Courts to decide in a particular case what amounts to bad faith. Examples of circumstances where bad faith might be found are:

- i. Where the applicant had no bona fide intention to use the mark, or intended to use it, but not for the whole range of goods and services listed in the application;
- ii. Where the applicant was aware that someone else intends to use and/or register the mark, particularly where the applicant has a relationship, for examples as employee or agent, with that other person, or where the applicant has copied a mark being used abroad with the intention of pre-empting the proprietor who intends to trade in the United Kingdom.”

13. It appears from the comments in ‘Notes on Sections’ that pre-emption was envisaged as an example of bad faith. However, I bear in mind that in Wagamama 1995 FSR, page 713, Laddie J. noted that the Act was primarily intended to implement First Council Directive 104/89 to approximate the trade mark laws of Member States. Accordingly, the ‘Notes on Sections’ represents no more than an indication of what Parliament believed the intention of the Directive to be. In relation to those provisions of the Act which are based upon the Directive (of which Section 3(6) is one), the ‘Notes on Sections’ cannot, therefore, be taken as a decisive interpretation of the meaning of the Act.

14. Nevertheless, the contents of the ‘Notes on Sections’ appears to have found favour with the Cancellation Division of the Office for the Harmonisation of the Internal Market (Trade

Marks and Designs) (OHIM). Mr Abnett drew my attention to a decision of the First Cancellation Division dated 25 October 2000 in relation to an application to cancel a Community trade mark registration for the mark BE NATURAL. The cancellation division stated that:

“Since the UK Act does not itself define the term bad faith, an interpretation is given in the Notes on Sections, published by the UK Patent Office. Said Notes provide examples of bad faith, such as:

‘Where the applicant was aware that someone else intends to use/or register the mark, particularly where the applicant has a relationship, for example his employee or agent, with that other person, or where the applicant has copied a mark being used abroad with the intention of pre-empting the proprietor who intends to trade in the United Kingdom.’

If the “United Kingdom” is replaced by “European Union”, the UK Office’s interpretation very well may also serve as a basis for interpretation of Article 51(1)(b) CTMR.”

15. For the registered proprietor, Mr Walters appeared to accept that pre-emption could, at least in some circumstances, constitute an act of bad faith. However he urged me to adopt a narrow interpretation of pre-emption. He argued that a narrow approach was appropriate because, in a case where the applicant for invalidation was based abroad and had no goodwill under the mark in the UK, an application for registration of that mark was not invading any property right held by the foreign proprietor of the trade mark. Thus, pre-emption should only be considered as the basis for a finding of bad faith in exceptional circumstances.

16. For his part, Mr Abnett accepted that mere knowledge of use of the same mark in another jurisdiction did not necessarily mean that an application for registration of that mark in the UK was made in bad faith. However, he submitted that such knowledge combined with other factors which gave rise to a reasonable inference that the foreign proprietor intended to extend its trade under the mark to the UK, was sufficient to justify a finding of bad faith on the grounds of pre-emption. On the facts, Mr Abnett submitted that the applicant in this case could go further than this minimum requirement.

17. In my view, a vague suspicion that a foreign proprietor may wish to extend its trade to the UK is insufficient to found an objection under Section 3(6). However, if an applicant for registration of a trade mark has reasonable grounds to believe that a foreign user of the trade mark is making plans to extend its trade to the UK, his application may be deemed to have been made in bad faith, particularly in the absence of any use of the mark by the applicant prior to the date of UK application. The applicant’s purpose in making such an application may be highly relevant to the issue of bad faith.

18. It has been noted by others that the limits of Section 3(6) of the Act may, in due course, need to be clarified by means of a reference to the European Court of Justice. I believe that this case tests the limits of section 3(6) and therefore raises a matter of general legal importance. However, neither party in this case has asked me to make a reference to the ECJ.

I therefore intend to proceed taking account of the views expressed above, but particularly bearing in mind the guidance of Lindsay J. that each case must ultimately be determined by reference to the words of the Act and the facts before me.

Undisputed Facts

19. The registered proprietor filed a statutory declaration by Balbir Singh Mann dated 26 February 1999. The applicant filed two statutory declarations dated 26 November 1998 and 24 August 1999 by Vijay K Arora. The second of these declarations was in reply to Mr Mann's declaration. Mr Mann is the Sales Director of the A1 Trading Ltd. He is commonly known as Bob Mann. Mr Arora is the Managing Director of L.T. Overseas Ltd. These gentlemen appear to be the moving forces behind the parties to these proceedings. I have read their declarations carefully. There has been no request for cross examination of the witnesses so I can only go on their written evidence. The following facts do not appear to me to be significantly in dispute:

- i) The applicant is a rice producing company based in India (para 2, first statutory declaration of Arora) that has used the trade mark DAAWAT in India since 1989 in relation to a trade in Basmati Rice.
- ii) All Basmati Rice is grown in India or Pakistan and there is an export trade in these goods to international markets (para 4 of Mr Arora's first statutory declaration and para 2(b) of Mr Mann's declaration).
- iii) The applicant extended its trade in Basmati Rice under the trade mark DAAWAT to the United States of America on the 1 May 1994 (para 2 of the first statutory declaration of Mr Arora).
- iv) Neither the applicant nor the registered proprietor had any trade in the UK under the mark DAAWAT before October 1995 (para 2(b) of Mr Mann's declaration).
- v) Bob Mann, the Sales Director of A1 Trading Limited, is an experienced person in the rice business (paras 1 and 2(c) of the statutory declaration of Bob Mann).
- vi) Mr Mann visited India in March and August of 1995 (para 6 of the statutory declaration of Mr Mann).
- vii) During one or both of these visits, Mr Mann had "indirect acquaintance" with the applicant through a third party (para 6, statutory declaration of Mr Mann).
- viii) The (unnamed) third party telephoned the registered proprietor, on behalf of the applicant, "with a view to introducing the two companies as the applicants were looking for customers in Europe" (para 6, statutory declaration of Bob Mann).
- ix) The registered proprietor applied to register the mark DAAWAT as a trade mark in the United Kingdom on 5 September 1995.

x) On the same date, the registered proprietor also applied to register the marks SONA and CHAND (para 7, first statutory declaration of Mr Arora).

xi) The marks SONA and SONA CHANDI are trade mark applied by the applicant to different grades of rice in connection with its business in India (para 7, first statutory declaration of Mr Arora).

xii) In October 1995, Mr Mann visited the applicant in India (para 6, statutory declaration of Mr Mann and Section 6, second statutory declaration of Mr Arora).

xiii) Following this visit, Mr Mann became involved in some form of economic arrangement with the applicant. Mr Mann subsequently placed two orders for Basmati Rice with the applicant. The rice was to be delivered to a French company called Soufflet Ailmentaire (exhibits 1 to 3, statutory declaration of Mr Mann and Section 6, second statutory declaration of Mr Arora).

xiv) On 12 February 1996, Mr Mann wrote to the applicant indicating that he and his brothers (the other officers in A1 Trading Ltd) agreed, in principle, to transfer the DAAWAT brand to the applicant provided the parties could “clarify our future understanding with regards the DAAWAT brand and how we intend to work together” (exhibit 4, statutory declaration of Mr Mann and exhibit VA4, second statutory declaration of Mr Arora).

xv) The economic relationship between Mr Mann and the applicant, although troubled, continued until July 1997 when it finally broke down over a dispute over non-payment of monies to Mr Mann (exhibit 5 to the statutory declaration of Mr Mann).

Disputed (relevant) Facts

20. The following matters are in dispute:

i) The applicant claims to be one of the largest rice producing companies in India and to have sold 182.5 Million Rupees worth of basmati rice under the mark DAAWAT in 1994/1995 in India (para 2, first statutory declaration of Mr Arora). The registered proprietor says these figures are misleading because they are the total turnover of the applicant and that 90 per cent of its business is not in basmati rice (para 2(a) of the statutory declaration of Mr Mann). The applicant rejects this allegation and provides figures for 1996/1997 showing that around two thirds of its world wide turnover is under the DAAWAT brand (para 2 of Mr Arora’s second statutory declaration).

ii) The applicant claims that the DAAWAT mark is well known to major UK rice companies, and has been since 1989 because most rice producers and traders are international companies present in India and in countries where rice is sold (para 4, first statutory declaration of Mr Arora). The registered proprietor denies that the reputation of DAAWAT extended to the UK prior to 1995, pointing out that major importers of rice import under their own markings (para 2(b) of the statutory declaration of Mr Mann).

iii) The applicant claims that Mr Mann visited them in India in 1993/94 prior to his visit in October 1995 (para 5, Mr Arora's first statutory declaration and para 6 of his second). Mr Mann says that he visited India but once in this period in connection with "some pending matters in India for my previous employers" (para 2(c) of Mr Mann's statutory declaration).

iv) Mr Mann says that he produced evidence of his UK trade mark application for the mark DAAWAT at his meeting with the applicant in October 1995, and that Mr Arora suggested that the registered proprietor should act as the applicant's agent in Europe (para 6 statutory declaration of Mr Mann). The applicant denies this saying it was Mr Mann who demanded that the registered proprietor be appointed sole distributor for the applicant in the UK/Europe and/or be paid a sum of money for the transfer of the UK registration of the mark DAAWAT (para 8, first statutory declaration of Mr Arora and Section 6 of his second). The applicant claims that the commercial relationship with Mr Mann which commenced in October 1995, was unconnected with the use of the DAAWAT mark in the UK. The applicant says that this relationship pertained to two transactions between the applicant and the French Company Soufflet Ailmentaire for whom Mr Mann was acting as agent (Section 6, second statutory declaration of Mr Arora).

v) The applicant says that, in June 1997, Mr Arora met Mr Mann in London and that Mr Mann demanded £25-30K for the transfer to the applicant of the UK registration of the mark DAAWAT (para 10, Mr Arora's first statutory declaration). Mr Mann denies this (para 2(d) of Mr Mann's declaration).

vi) The registered proprietor claims to have made substantial sales of DAAWAT rice commencing on the 3 April 1996 (para 5, statutory declaration of Mr Mann). The applicant says that, according to its market information, sales of DAAWAT rice by the registered proprietor have been negligible (Section 5, second statutory declaration of Mr Arora).

Decision

21. In order to make out a prima facie case of bad faith in this case the applicant must show that the registered proprietor:

- a) had knowledge of the applicant's use of the mark DAAWAT in India prior to the date of its application for the registration of the same mark in the UK;
- b) had reasonable grounds to believe that the applicant intended to enter the UK market for rice under that DAAWAT mark;
- c) applied to register the mark DAAWAT in order to take unfair advantage of the applicant's knowledge of the registered proprietor's plans.

Knowledge of Applicant's Use in India?

22. I believe that it is tolerably clear on the evidence that DAAWAT is the principal brand of the applicant in India. The applicant claims substantial sales in India under the mark in the years leading up to 1995. According to Mr Arora's second statutory declaration, the DAAWAT mark had become the best selling brand of basmati rice in India by 1999. Mr Mann is experienced in the rice business. He accepts that he had "indirect acquaintance" with the applicant earlier in the year (possibly the month before) his company made its UK application for the registration of DAAWAT. In these circumstances it seems to me overwhelmingly probable that Mr Mann knew of the applicant's use of its DAAWAT brand in India at the date of the UK application. Indeed Mr Mann does not appear to directly deny such knowledge. In his statutory declaration he says:

"The word DAAWAT is an Urdu word meaning an "invitation to dinner". We chose DAAWAT as a trade mark after suggesting a list of different names to family and friends. It is common practice in the Asian community to have similar brands in Asia and in other parts of the world because everybody likes to have a name which is associated with ones culture. There are quite a few brands having the same name but owned by different companies all over the world because they are common words used by the community. One example of this is a brand called PARI. This brand was until recently the biggest selling brand of Basmati Rice in India. It is registered by different parties in India, Germany and France. This is because PARI is a common word and means "beautiful angel". The owners of the PARI brand in India are the pioneers for exporting Basmati Rice out of India and have been established far longer than the applicant's company. They have had to accept that the PARI brand is also registered by other companies in their own countries."

23. I conclude that Mr Mann was aware of the applicant's DAAWAT brand in India at the date of the UK application for registration.

Knowledge of the Applicant's Intention to Enter the UK Market?

24. The applicant extended its trade in basmati rice under the trade mark DAAWAT to the USA in 1994. People in the rice business, such as Mr Mann, may have been aware of this. However, this is not something which can be ascertained from the evidence and I make no such finding. In fact, the best evidence of the registered proprietor's state of knowledge of the applicant's intentions is to be found in paragraph 6 of Mr Mann's declaration. It is reproduced below:

"Our association with the applicants company started in October 1995 when I visited India with a view to importing brown Basmati Rice from India. Prior to this I visited India in March and August 1995 for the purpose of supplying Urea to the Indian Government. During this time I did not visit the applicant's although I had indirect acquaintance to the applicant's company through a third party, this was for the purpose of collecting money's owned to us by the third party. I had arranged for a personal friend of mine to collect these monies as I was busy. The third party on behalf of the applicant's phoned us a few times with a view to introducing the two

companies as the applicant's were looking for customers in Europe. For this reason alone, during my visit in October 1995 I visited the offices of L.T. Overseas Limited for the first time. During the conversation at that meeting it became apparent that both of us were promoting the same brand. Mr Arora indicated that they had registered the trade mark world wide apart from the UK. He requested that if I could show him proof of the application which I did by telephoning my office in London and requesting them to fax the same while I was in Mr Arora's office. On receipt of this fax Mr Arora said that we had more reason to work together and said that now it was now his prerogative to insist that we should buy rice from their company to pack in our DAAWAT brand."

25. It seems clear from this that the reason for the meeting in India in October 1995 was because the registered proprietor had become aware that the applicant was looking for customers in Europe.

Unfair Advantage?

26. Against this background I cannot accept that it was merely coincidental that the registered proprietor applied to register the mark DAAWAT in the UK in the month before the meeting in October 1995 with the applicant. I have to say that I find Mr Mann's suggestion that it only became apparent that the parties were promoting the same brand during the course of their meeting, highly improbable. On the contrary, it seems plain that the application to register the mark DAAWAT in the UK was made so as to improve the registered proprietor's bargaining position with the applicant in the context of a prospective economic relationship between the parties relating to the sale of rice in the UK and/or in Europe. This is no doubt why Mr Mann produced evidence of having made his UK application for the registration of DAAWAT at the meeting in October 1995. This strongly suggests that Mr Mann knew, or at least strongly suspected, that the applicant would be interested in selling its basmati rice in Europe under the mark or marks it had used in India.

27. The applicant alleges that Mr Mann "demanded" a sole distributorship arrangement for the UK on behalf of A1 Trading Ltd. Mr Mann says that it was Mr Arora who suggested that the registered proprietor should act as his agent in Europe. There is no evidence of any direct written request from Mr Mann, or his company, for a distributorship or agency agreement. The closest one gets to this is the letter of 12 February 1996 from Mr Mann to Mr Arora agreeing "in principle" to transfer the UK mark to the applicant. The letter makes clear that this offer was conditional. Mr Mann wrote (to Mr Arora) that "we need you to clarify our future understanding with regards to the DAAWAT brand and how we intend to work together. This will clear the way for our common goal and will keep us clear of any future pitfalls." The letter more than hints at the registered proprietor's willingness to transfer the mark in return for some form of more definite economic arrangement with the applicant.

28. Considering the evidence in the round, I believe it is consistent with the view that the application for registration of the mark DAAWAT in the UK in respect of rice and similar goods was, in effect, a tool used by the registered proprietor in order to improve the prospects of it obtaining an agency or distribution agreement with the applicant in connection with the applicant's plans to start selling its basmati rice in the UK and/or in Europe.

29. The applicant worked with the registered proprietor in the period October 1995 through to early/mid 1997. Mr Arora suggests that this co-operation was in relation to an unrelated activity. I am doubtful about this but, in any event, it is clear that the applicant had knowledge of the registered proprietor's UK application for the registration of DAAWAT from at least as early as February 1996, and probably from as early as October 1995.

30. Mr Walters submitted that the co-operation between the parties was inconsistent with the applicant's subsequent allegation that the registered proprietor had made its application for registration in bad faith. He suggested that the application for invalidation was instead consistent with Mr Mann's claim, that the application was inspired by "sour grapes" on Mr Arora's part as a result of a fall-out between the parties over the non-payment of monies.

31. The registered proprietor has not pleaded acquiescence as a defence to the attack upon the registration. Mr Walters purpose in drawing my attention to the co-operation between the parties was, therefore, merely to shed light on the applicant's allegation that the registered proprietor had made its application in bad faith. He suggested that the applicant's initial response would have been much different if it had really believed that the registered proprietor had acted in bad faith. This submission presupposes that the applicant was, at the relevant time, aware of the opportunities available to him to oppose registration of the trade mark DAAWAT in the UK in the name of the registered proprietor. It also assumes that the applicant's limited co-operation with the registered proprietor was a sign of contentment with the situation rather than simply reluctant acceptance that the registered proprietor had filed first for the registration of DAAWAT in the UK.

32. It is clear that the applicant sought to have the UK registration of DAAWAT transferred into its own name from an early point in the economic relationship between the parties. Mr Mann's letter of February 1996 is testament to this. There is no suggestion that the applicant ever dropped this request. The impression that emerges from the evidence is of an uneasy relationship between the parties in which the applicant sporadically co-operated with the registered proprietor whilst simultaneously seeking the transfer of the UK registration into its own name, whilst the registered proprietor sought a more reliable and closer relationship with the applicant. Eventually, the relationship broke down completely and the registered proprietor sought a different supplier of basmati rice.

33. I do not doubt that Mr Mann and the other Directors of A1 Trading Ltd believed that the conduct they were engaged in was acceptable commercial behaviour. However, as I noted earlier, it is possible for persons to believe they are acting reasonably when most independent observers would disagree. I believe that this is the case here. The registered proprietor made its application to register DAAWAT in the UK in order to exploit to its own advantage the knowledge it had gained of the applicant's plans to extend its trade to Europe. The commercial advantage to be gained by the registered proprietor was to be achieved by closing off the possibility of the applicant extending its use of its DAAWAT mark to the UK without the registered proprietor's consent. Viewed objectively, I believe that this course of action, although falling short of outright dishonesty, was unacceptable commercial behaviour. In short it was unfair to the point of bad faith.

34. I therefore find that the Section 3(6) ground for invalidation succeeds in respect of rice

and similar goods. The application for invalidation goes further than this. The applicant's third ground for invalidation alleges that the applicant had no intention to use the mark at all at the date of the application. This is denied. Mr Abnett appeared to accept that the applicant's three specific grounds for invalidation were, in effect, three different ways of making the same complaint about the registered proprietor's pre-emption of the applicant's intended trade in the UK. If the third ground needs to be considered separately, the evidence sheds no light, one way or the other, on what the applicant's intention might have been in respect of the use of the mark in respect of items such as biscuits and coffee. Given that the onus is on the applicant, the application must therefore fail insofar as it asks for the invalidation of the registration in respect of goods dissimilar to rice such as:

Biscuits, coffee, ketchup (sauce), mustard, peanut confectionary, sauce (tomato), tea.

35. If I am right so far, I do not believe that the registered proprietor's subsequent use of the mark is a defence to the partial invalidation of the registration. The question of whether, or to what extent, an application was made in bad faith must be judged at the date of the application. To the extent that an application was made in bad faith, the defect cannot be cured by establishing that, at a later date, the same applicant could have made the application in good faith.

36. I am fortified in this view by the absence of any reference to Section 3(6) in the proviso to Section 47(1) of the Act, and also by the wording of Section 48(1) of the Act, which indicates that the statutory defence of acquiescence is not available where a) the ground for invalidation is based upon an earlier trade mark or right, and b) the application to register the later trade mark was made in bad faith. The applicant has no earlier trade mark or right within the meaning of the Act, so 'a' above is not relevant here, but the "bad faith" exception described at 'b' is sufficient to demonstrate that if a bad faith objection is made out, it cannot be cured by subsequent use. In any event, as Mr Abnett pointed out at the hearing, the extent of the registered proprietor's use in the UK has not been clearly established in the evidence in these proceedings.

37. Mr Walters drew my attention to a decision of OHIM in relation to an opposition filed by L T Overseas Ltd to an application by A1 Trading Ltd to register the trade mark DAAWAT as a Community trade mark. OHIM issued a decision under No 110/2001 on 29 January 2001 rejecting the opposition by L T Overseas Ltd. As I indicated at the hearing, I do not believe that this decision is relevant to the application before me because bad faith cannot be raised as a ground of opposition to a Community trade mark application. It can only be raised as a ground of cancellation of a Community trade mark under Article 51 of the Community Trade Mark Regulation. The opposition to the Community application was based on Articles 8(3) and 8(4) of the Community Trade Mark Regulation, which relate to an earlier unregistered right in the Community and a mark registered in the name of an agent or representative of the proprietor without his consent. The Opposition Division did not decide whether the corresponding Community trade mark application had been made in bad faith. This is clear from the following extract from the decision:

“Neither has the opponent made reference to any agency agreement or to any express or tacit understanding having a similar effect. Indeed, facts of the case are so vague

that it cannot even be determined whether any sales were actually made to the applicant and on which terms.

Under the circumstances, the Office cannot best infer that the relationship between the parties never exceeded occasional, isolated sales of rice, for which no further details are given.

However, such a relationship does not justify an application of Article 8(3). A mere purchaser, or an occasional client, cannot amount to an “agent or representative” within the meaning of this provision, since such persons are under no special obligation of trust to the trade mark owner. Thus, *even where such persons apply to register a third party’s trade mark in bad faith*, the owner cannot rely on Article 8(3) to oppose such applications, given that the status of agents/representative is a necessary condition for the application of this provision.” (emphasis added)

38. I have found that the application for registration was partly made in bad faith. It is therefore invalid for all the goods for which the mark is registered, except those listed in paragraph 34 above. The registration will be cancelled to this extent pursuant to Section 47 of the Act.

Costs

39. The application having mainly succeeded, the applicant is entitled to a contribution towards its costs. I therefore order the registered proprietor to pay the applicant the sum of £850. This sum to be paid within 7 days of the end of the period allowed for appeal or, in the event of an unsuccessful appeal, within 7 days of the final determination of the matter.

Dated this 11TH Day of May 2001

**Allan James
For the Registrar
The Comptroller General**