

**O/0106/26**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF UK APPLICATION NO. 3694874**

**IN THE NAME OF PARABOLICA LTD**

**IN RESPECT OF THE TRADE MARK**

**TESLA**

**IN CLASSES 12, 25 & 28**

**AND**

**THE OPPOSITION THERETO UNDER NO. 432487**

**BY**

**TESLA, INC.**

## Background and Pleadings

1. On 14 September 2021, PARABOLICA LTD<sup>1</sup> (“the Applicant”) applied to register in the UK the trade mark application no. 3694874 for the trade mark TESLA. The application was filed pursuant to Article 59 of the Withdrawal Agreement between the United Kingdom and the European Union relying on an EU filing date of 17 April 2007, in turn claiming a priority from an earlier filed Austrian trade mark application of 17 October 2006. The application was accepted in the UK and published in the Trade Marks Journal on 7 January 2022 for the following goods:

Class 12: Passenger vehicles included in class 12; Electric motorcycles, included in class 12; Electrically powered mopeds, included in class 12; Electrically operated motorcycles, included in class 12; Electrically operated bicycles, included in class 12; Electrically operated tractors, included in class 12, electrically operated motor homes and caravans, included in class 12; Aircraft, included in class 12, namely motorised and non-motorised lighter-than-air electrically operated aircraft and motorised and non-motorised heavier-than-air electrically operated aircraft; Electrically powered space vehicles, included in class 12; Electrically operated rail vehicles, included in class 12; Electrically powered tracked vehicles, included in class 12; Electrically powered water vehicles, included in class 12, namely underwater vehicles and electrically powered underwater vehicles; Electrically powered amphibious vehicles, included in class 12; Electrically operated wheelchairs; electrically powered mobility scooters; Electric golf buggies; Electric prams; Vehicle parts, included in class 12, namely bodywork components; Drives; Motors; Chassis components, in particular brake parts; Springs; Steamers; Steering; Wheel suspensions; Wheels; Tyres; Hub caps; Wheel trims; Axle suspensions; Transmission components, in particular couplings, gearboxes, chains, transfer cases, cardan shafts, differential gears; Accessories for vehicles, included in class 12, Namely trailer hitches, Bicycle carriers, Roof racks, Travel baggage Of the following materials, Leathers, Aluminum, Titanium, Fabrics made from natural fibres, Namely cotton, Jute, Flax, Viscose, restraints and Fine animal hairs (wool), synthetic fibre industry and Plastics, For transport in electric

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<sup>1</sup> Originally filed in the name of Raeti Ltd, but the ownership of the trade mark was assigned to the Applicant and recorded on the Register by way of form TM16 on 16 August 2022.

vehicles, Child's seats, Tarpaulins, namely The aforesaid relating to the following vehicles, electric land vehicles, Electrically operated air vehicles, Electric amphibious vehicles and Electrically powered water vehicles; Snow chains, namely the aforesaid for cars, two-wheeled vehicles, buses, utility vehicles, forestry machines, military vehicles, 4x4 and SUV vehicles, tractors, electrically operated special-purpose vehicles.

Class 25: Clothing, footwear, headgear.

Class 28: Gymnastic and sporting articles; games.

2. On 7 April 2022, TESLA, Inc. ("the Opponent") opposed the trade mark under section 3(6) of the Trade Marks Act 1994 ("the Act"). The basis of the Opponent's claim is that the Applicant filed the UK application with no intention of using the mark and purely with an intention to block or otherwise disrupt the Opponent's business in order to obtain some unfair financial gain. It is said that the Applicant or its director Mr Eric Auer has engaged in practices operating a business model of applying for third parties' trade marks in order to gain an unfair commercial benefit and in which it has no legitimate interest other than to exploit the rights of third parties. In particular, the Opponent claims that Mr Auer and his related companies have over the past 16 years launched a systematic and concerted campaign to register the TESLA trade mark in a number of jurisdictions without any intention to use it. It is said that this conduct falls below the standards of acceptable commercial behaviour and the application should be refused.

3. On 31 August 2022<sup>2</sup>, the Applicant filed a defence and counterstatement denying the claims, stating that Mr Auer developed the trade mark genuinely/autonomously and independently of third parties. It is claimed that neither the Applicant nor Mr Auer had any prior knowledge of the Opponent before the priority date of 17 October 2006. Further it is contended that:

"...there are no "sham companies". The trademark management companies have all been correctly established and manage and exploit intellectual property.

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<sup>2</sup> I shall set out the details surrounding the late filed defence later in my decision.

It is a slander and a lie that there is no genuine intention to use the newly developed trademarks.

The opponent is also not blocked or disturbed. It is known that the opponent has been selling cars under the sign TESLA in the EU and in the UK since 2008/2009.

There is also no illegitimate strategy. What exactly is to be understood by this is not disclosed by the opponent.

New trademarks are created through a complex, creative trademark development process. The trademarks are created genuinely and not by merely taking over third party rights. This was also the case with the trademark development TESLA, which the Austrian Erich Auer got inspired by the old Austrian Nikola Tesla.

The managing director of the applicant has been a well-known trademark creator since the beginning of 2001, who creates the trademark functions of new trademarks, especially the advertising and investment functions, and has been running a trademark agency since 2001. His companies are trademark rights exploitation companies, which manage and exploit the trademarks (pre-) developed by Mr. Erich Auer.

The managing director of the applicant has been known to the opponent at least since 2006 or 2007. This is because in 2007 Mr. Erich Auer filed oppositions with the EUIPO on behalf of the trademark owner against three EU trademark applications of the opponent.

Since October 17, 2006, the Austrian trademark application "TESLA" (Nr. AM 7043/2006) for Class 12: Vehicles and their parts and accessories, included in Class 12; wheels for vehicles

Class 25: Clothing; footwear; headgear

Class 28: Gymnastic and sporting articles; games

was published worldwide.

The opponent was aware of this application and earlier right for the EU and UK. Nevertheless, the opponent registered younger confusingly similar "TESLA"

marks for the EU. These are bad faith trademark applications of the opponent. Now the opponent tries to destroy the legitimate and bona fide trademarks of the applicant by means of "reverse trademark hijacking".

4. Both parties filed evidence and submissions during these proceedings. These shall be summarised and referred to, to the extent that is considered necessary.

5. The Opponent is represented by Bird & Bird LLP and the Applicant is self-represented by its director Mr Eric Auer. A hearing took place before me via telephone conference on 18 September 2024. Mr Andrew Norris K.C. (counsel), instructed by Bird & Bird LLP attended the hearing for the Opponent. Neither the Applicant nor its representative chose to attend the hearing. Mr Auer notified the Tribunal on 26 June 2024 that he would not be in attendance for reasons which I will set out later in my decision. He was given the opportunity to file submissions in lieu of a hearing and chose not to do so other than submitting an extract of a decision issued by the Dusseldorf Higher Regional Court in Germany with no translation on 18 July 2024.<sup>3</sup> The Opponent filed skeleton arguments prior to the hearing.

6. Suffice to say I have taken into account all the material filed by the parties in coming to my decision and taken account of both the written and oral submissions advanced by both parties.

### **Relevance of EU Law**

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

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<sup>3</sup> Albeit Mr Auer had indicated that the material filed included "The German judgement and a German translation of the judgment"

## **Preliminary Issues**

### Deadline for filing TM8

8. The Applicant was required to file its TM8 defence and counterstatement by 28 June 2022. On 13 July 2022 Mr Auer on the Applicant's behalf, wrote to the Registry stating that he had been unable to meet the deadline due to illness. He stated in the email that he had a medical certificate which certified that he was sick beyond 28 June 2022 the due filing date. Further "as far as [he] understood he would be given the opportunity to bring this forward and prove it and submit the TM8 form". On 17 August 2022, given that no further contact had been made by Mr Auer the Registry wrote to the Applicant stating that given that no defence by way of TM8 or otherwise had not been filed it was minded to treat the application as abandoned. The Applicant was given until 31 August 2022 to challenge the preliminary view and file its form TM8 together with a witness statement giving an explanation for the missed deadline. The Applicant duly challenged the decision and filed a witness statement and TM8 in support. Mr Auer outlined that he had been ill from 18 May 2022 to 30 June 2022 and the missed deadline was due to his "100% incapacity". A medical certificate outlining his 'incapacity for work' between 18 May 2022 and 30 June 2022 was also filed. The Registrar determined that the reasons provided were not sufficiently compelling to allow it to exercise its discretion in the Applicant's favour and refused its request to allow it to file its TM8 out of time. Subsequently a Case Management Conference ("CMC") was held following a challenge to this decision. The decision as to whether the late TM8 should be admitted was reserved pending further submissions and enquiries being filed. Both parties filed additional submissions, and a decision was issued on 15 November 2022 allowing the late TM8 to be filed. The reasons for the decision were set out in decision number BL O/1003/22 and I adopt those reasons here.

### Legal Aid

9. Throughout the proceedings Mr Auer persisted in making several requests for legal aid. The Tribunal responded on each occasion (not only in these proceedings but in other proceedings before the IPO) directing him to the government website and other agencies so that he could pursue his request. He was advised repeatedly that the

Tribunal is low cost and that there was no mechanism for it to determine eligibility or award legal aid within these proceedings and any query should be directed to the appropriate body. Additionally, Mr Auer was directed to the CITMA pro bono scheme, and the Citizens Advice Bureau should he require any further assistance. Despite this advice Mr Auer did not pursue any claim external to the Tribunal but throughout the proceedings repeated his claims. Regardless of whether Mr Auer (in his personal capacity) was eligible for legal aid, the Applicant to these proceedings is a limited company and it is my understanding that civil legal aid is not available to corporate entities. Further, legal aid funding in the UK is restricted to certain categories/areas of law which do not include trade mark disputes before a first instance Tribunal. Whether I am correct in my understanding or not, this does not detract from the fact that Mr Auer was given advice on the matter and chose not to pursue it further. Similar repeated requests were also made and dealt with in relation to the services of a translator/ interpreter. There is no mechanism for the Tribunal to appoint a translator to translate documents on a party's behalf and given the nature of the proceedings the onus is on that party to appoint an agent to conduct the proceedings to overcome any language difficulties. In any event I do not accept Mr Auer's contentions that he was unable to understand the proceedings as he has demonstrated sufficient command of English where he made oral representations at procedural hearings and CMCs and filed submissions in the English language, not only in proceedings before the UKIPO but throughout the EU.

#### Recusal from proceedings

10. During the currency of the proceedings I notified the parties as to the approach being taken by the Tribunal regarding the relevant date for the bad faith assessment (which I shall address in greater detail below). In response Mr Auer wrote to the Tribunal on 6 January 2024 (repeating his request on 2 February 2024) requesting that I be removed from the case for exhibiting "impartial and bias" views. Mr Auer had not identified any actual or apparent bias or partiality but rather the argument concerned a question of statutory construction and interpretation. Given that there was no merit to his argument, his request was refused. The reasons for this decision were set out in my letter dated 1 February 2024 and I adopt those reasons here.

## Non-attendance at the final hearing and ill health

11. Mr Auer requested, throughout the case management of the proceedings, several extensions of time to file documents and adjournments to procedural deadlines and attendances at CMCs, due to ill health. Some of these requests were supported by medical certificates which outlined that he was “incapacitated and unable to work” at various times. Specifically in relation to the final hearing Mr Auer indicated that he would not be attending, since there was no legal aid or translator available and due to his ongoing health issues (claimed as post traumatic stress caused by the Opponent and its representatives). In the same letter he raised issues regarding the violation of his human rights. He did not, however, provide any medical certificates to support his claims.<sup>4</sup> Whilst he was given the opportunity to file submissions in lieu of a hearing he submitted that “Everything has already been said by me in this case”. The Applicant made no further contact with the Hearing’s Team, until an email was received on the morning of the final hearing sent to the Hearing Team’s central inbox address. In that email Mr Auer stated as follows:<sup>5</sup>

“For health reasons, I am unable to attend today's event.

Furthermore, you have not yet provided legal aid for representation, although all the requirements are met.

Furthermore, we have already submitted an application for recusal against Mrs Leisa Davies.

Furthermore, we must take note of the fact that the applicant Tesla, Inc. and its lawyers have committed massive litigation fraud, as well as defamation and slander.”

12. This email was brought to my attention as I was concluding the proceedings, the final hearing having been listed for 10am. I discussed the email with the Opponent’s representative and considered whether there was a basis, medical or otherwise, for the case to be adjourned part heard or postponed and relisted. Having weighed up the Applicant’s right to a fair trial as against the Opponent’s right to have its opposition

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<sup>4</sup> Emails dated 26 June 2024, 26 June 2024 and 18 July 2024.

<sup>5</sup> Received by email from Mr Auer on 18 September 2021 at 10:58 am

concluded within a reasonable period of time, I considered that any further delay in the conclusion of the opposition would lead to an unacceptable delay and proceeded to conclude the hearing. I was satisfied that Mr Auer was aware of the hearing both its date and commencement time, he had indicated some 3 to 4 months prior that he did not intend to attend and had been given the opportunity to file submissions in lieu of a hearing but chose not to do so. The written stage of the proceedings had concluded some time ago with both sides having presented their case on paper. The Opponent had asked to be heard. The Applicant had not. The Applicant was therefore entitled, but not obliged, to attend the hearing.

13. In coming to this conclusion, I also took into account the court's guidelines when faced with issues of ill health being raised as a reason for non-attendance. Even in cases where a medical certificate is filed, a court is not absolutely bound by it. In *R. v Ealing Magistrates Court Ex p. Burgess* (2001) 165 J.P. 82,<sup>6</sup> the court held that a defendant's right to a fair trial presupposed a fair opportunity to attend, not an unlimited right to be present. Having these guidelines in mind I noted that Mr Auer did not request an adjournment, he did not file a medical certificate disclosing the precise nature of his incapacity or provide an indication of recovery within a realistic timescale, neither did he indicate whether his ill health prevented him from attending the hearing as opposed to being incapacitated for work. For these reasons I determined that there was no justification given to necessitate postponing or adjourning the hearing or for going part heard, in order to give Mr Auer a further opportunity to attend.

#### Evidence exceeding 300 page limit

14. The Opponent sought leave to file evidence which exceeded the allowance of 300 pages due to the complexity of the case, in accordance with Tribunal Practice Notice 1/2015 ("TPN"). Following several adjournments, a CMC was convened, and a decision issued agreeing to the Opponent's request. The reasons for that decision were outlined in my letter dated 30 March 2023 which followed that CMC and I adopt those reasons here.

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<sup>6</sup> which involved an application for judicial review to its decision to refuse to adjourn a trial.

## Relevant Date

### The Tribunal's Approach

15. The trade mark application was applied for pursuant to Article 59 of the Withdrawal Agreement between the United Kingdom and the European Union. This provision allows those who had a pending EU Trade Mark ("EUTM") at the end of the transition period to file a comparable UK application and claim the filing date (or priority date if there is one) of the earlier EUTM as the filing and priority date for the UK application. At IP Completion Day, namely 31 December 2020, the Applicant had a relevant pending EUTM and it filed the comparable UK trade mark application within the nine month period allowed for doing so. It has been the Tribunal's approach that in accordance with section 6(2A) and paragraph 25 of Schedule 2A of the Act, the Applicant is entitled to rely on the priority date of its EUTM as the priority date for its comparable UK application for the purpose of establishing "*which rights take precedence*". This means that the priority date of the EUTM, which was 17 October 2006, is the relevant date for determining priority against any conflicting third party trade mark applications in relation to proceedings brought on relative grounds. However, in relation to proceedings brought under absolute grounds i.e. those brought under section 3 of the Act, the relevant date for determining whether the trade mark is subject to refusal is the actual filing date of the application in the UK. This has been the approach taken by the Tribunal in relation to several proceedings before it.<sup>7</sup> Consequently, the relevant date for the purposes of this opposition under section 3(6) of the Act, is 14 September 2021.

16. I outlined this approach to the parties in a CMC dated 30 March 2023.<sup>8</sup> Mr Auer and Mr Milligan (for the Opponent) were both present. I made it clear to the parties that this was the initial approach that I intended to take but would give both parties the opportunity to argue whether a different relevant date should be considered namely the EU filing date or the Austrian priority date. I advised the parties that I would hear/consider legal arguments on the point if either party disagreed with this approach either at the final hearing if one was requested or from the papers otherwise. The

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<sup>7</sup> See BL O/1116/22 at [8] and BL O/1219/24 [119 to 129]

<sup>8</sup> The CMC was called in relation to a separate issue regarding the volume of evidence filed by the Opponent.

Opponent has accepted and agrees with the approach taken by the Registry. At the hearing and in his skeleton arguments, Mr Norris submitted:

“6. There are two parts to this issue. The first is whether priority matters. A claim to priority under the Act does not shift the relevant date for determining whether the filing was made in bad faith. The second part is whether there is even an entitlement to priority.

.....

*Relevance of the Priority Claim*

8. S.35(2) of the Trade Marks Act 1994 sets out the consequences of claiming priority under the Act. It provides:

“(2) If the application for registration under this Act is made within that six-month period –

(a) the relevant date for the purposes of establishing which rights take precedence shall be the date of filing of the first Convention application, and

(b) the registrability of the trade mark shall not be affected by any use of the mark in the United Kingdom in the period between that date and the date of the application under this Act.”

9. Thus, under the Act, claiming priority means that the relevant date is the priority date for the purposes of determining “which rights take precedence”. Claiming priority under the Act does not result in the relevant date being shifted for all purposes, just for the purpose of determining which relative rights qualify as earlier rights.

10. The same applies to priority claims based on earlier EUTM applications. Art.59 of the Withdrawal Agreement was codified in the UK by way of Schedule 2A of the Trade Marks Act 1994. Paragraph 25 of Schedule 2A provides:

“25 (1) This paragraph applies where a person who has filed an existing EUTM application or a successor in title of that person applies for registration of the same trade mark under this Act for some or all of the same goods or services.

(2) Where an application for registration referred to in sub-paragraph (1) is made within a period beginning with IP completion day and ending with the end of the relevant period—

(a) the relevant date for the purposes of establishing which rights take precedence is the earliest of—

(i) the filing date accorded pursuant to Article 32 to the existing EUTM application;

(ii) the date of priority (if any) accorded pursuant to a right of priority claimed pursuant to Article 35 in respect of the existing EUTM application; and

(b) the registrability of the trade mark shall not be affected by any use of the mark in the United Kingdom which commenced in the period between the date referred to in paragraph (a) and the date of the application under this Act.

(3) In paragraph (2), the “relevant period” means the period of nine months beginning with the day after that on which IP completion day falls.”

11. The same language of “for the purposes of establishing which rights take precedence” is used here, as it is in s.35 of the Act, and priority claims from an earlier EUTM application under the Act also only apply for the purpose of determining which relative rights qualify as earlier rights. Claiming priority pursuant to Art.59 (Sch. 2A under the Act) does not result in the relevant date being shifted for all purposes.

12. ....this concept ...is the same in EU Regulation 2017/1001. Recital 12 explains the principle of priority and uses the same words: “the principle of priority under which a registered earlier trade mark takes precedence over later registered trade marks...”. Art.36 of the EUTM Regulation also uses the same language when defining the effect of priority:

“The right of priority shall have the effect that the date of priority shall count as the date of filing of the EU trade mark application for the

purposes of establishing which rights take precedence.” Obviously bad faith is not a ground of opposition under the EUTM regulation so there is a limit to which this comparison applies.

13. But the point should still be clear to Mr. Auer... he is a trade mark attorney. Mr. Auer knows that if the relevant date is the filing date, then he has no defence. He even said so in his 16 January 2024 letter to the UKIPO.

14. As the claim to priority does not change the relevant date for the purposes of determining absolute grounds, such as bad faith, the relevant date in this opposition remains as 14 September 2021, whether or not the claim to priority is justified.

*An invalid claim to priority*

15. The claim to priority is misguided because the goods applied for in the Mark were wider than those listed in the earlier EUTM application, as it remained on the date of the Mark being filed.

16. Art.59(1) of the Withdrawal Agreement gives a right to priority to certain earlier EUTM applications. It creates, through Schedule 2A of the Act, a right to parties who have applied for an EUTM to get the same right in the UK. The scope of the right is the issue here. The EUTM application cannot provide a basis for wider rights in the UK than the underlying EUTM. Art.59 explains that the mark needs to be the same, and the goods and services to be the same as or ‘contained within’ the goods and services of the earlier mark from which priority of claimed. In other words, the subsequent UK application must not list goods or services outside those goods and services covered by the earlier EUTM application.

17. The EUTM application from which Mr.Auer claims priority in this case (appn no.5 838 727) was decided shortly before he filed for the Mark. The EUIPO’s decision (Opposition No. B 1 247 099) is dated 12 July 2021 and the Mark was filed on 14 September 2021. It was no longer a pending EUTM Application. The Opposition Division upheld most of the opposition (some vehicle accessories, clothing, headgear and footwear proceeded to registration) and the EUTM listed goods that were narrower than the goods listed by the Mark when it was filed.

Mr.Auer appealed the decision, after filing for the Mark, then abandoned the appeal, but the list of goods and services registered remained materially narrower than those listed by the Mark. A particularly relevant example being 'passenger vehicles included in class 12'.

18. Thus, the EUTM application (to the extent that it was one) did not contain goods that had been applied for in the Mark and as they were not the same and not 'contained within' the goods of the earlier EUTM, Art.59 does not apply and there is no claim to priority.

19. Mr. Auer is a trade mark attorney and filed both marks himself. He would have known that his filing of the Mark covered a broader list of goods and services than those listed in the EUTM. His EUTM application had just been largely dismissed and no appeal had been filed by the date that he filed for the Mark. Despite that, he claimed priority on the wider class in the UK anyway. He had enough knowledge of the system to claim priority on Art. 59 and it can be inferred that he was familiar with Art.59 and saw that it required double identity. This point is consistent with Tesla's position that Mr.Auer has systematically tried to abuse the procedures of the EU and UK Trade Mark Registries and to abuse the rights of Tesla."

17. Whilst Mr Auer argued against this approach submitting as follows:

Furthermore, I have now received confirmation that Ms Davies has a preconceived opinion on the relevant date of the assessment of alleged bad faith for the final decision.

Ms Davies now considers the date of application for the national trade mark of 14 September 2021 to be the relevant date. However, this is incorrect.

Ms Davies' preconceived opinion arbitrarily violates or disregards the requirements and rules of international law, which she is also aware of:

In accordance with Article 59(1) of the "Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Union and the European Atomic Energy Community"

available at: <https://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:12020W/TXT>

the priority date of 17 October 2006 must be taken into account for the English national trade mark, in particular for the assessment of whether or not there is bad faith in the trade mark application.

*Article 59*

*Right of priority with respect to pending applications for European Union trade marks, Community designs and Community plant variety rights*

*1. Where a person has filed an application for a European Union trade mark or a Community design in accordance with Union law before the end of the transition period and where that application was accorded a date of filing, that person shall have, for the same trade mark in respect of goods or services which are identical with or contained within those for which the application has been filed in the Union or for the same design, the right to file an application in the United Kingdom within 9 months from the end of the transition period. An application made pursuant to this Article shall be deemed to have the same filing date and date of priority as the corresponding application filed in the Union and, where appropriate, the seniority of a trade mark of the United Kingdom claimed under Article 39 or 40 of Regulation (EU) 2017/1001.*

Ms Davies therefore has a preconceived opinion on the pending matter, which is also contrary to the rules of international law. Ms Davies is therefore no longer impartial with regard to this case. She is already anticipating the most important point of the final decision (date of assessing bad-faith) and has a preconceived opinion on this.

18. Mr Auer on behalf of the Applicant did not advance any substantive legal arguments against the approach adopted by the Registry other than relying on the wording of Article 59 itself and submitting that it was “a preconceived opinion contrary to the rules of international law”. It is clear that he gave no consideration to the fact that the Withdrawal Agreement is a political agreement, and it has been given legal effect in the UK by section 6(2A) and paragraph 25 of Schedule 2A of the Act.

19. Consequently, given that there has been no cogent arguments advanced by the Applicant to justify me adopting a contrary approach to the one adopted by the Registry I shall proceed on the basis of the approach originally taken and which has been accepted by the Opponent. In any event even if I am wrong as regards the relevant date being the UK application date, as will become clear later in my decision this will make little difference to the final outcome.

20. Given that I find that the relevant date is the UK application date it is not necessary for me to consider the second position taken by the Opponent as to whether there is even an entitlement to priority as advanced by Mr Norris. Even if this argument has merit, the Opponent did not raise this issue before filing its skeleton arguments. It has to be noted that the EUTM was still a pending mark as at the relevant date and was only formally registered at the EUIPO in July 2022 after the appeal to the original opposition decision was withdrawn. Consequently, I need not consider this matter further.

21. For the reasons set out above, the relevant date for the purposes of this decision and the date upon which bad faith is to be assessed is the date of the UK filing of the application, namely 14 September 2021.

## **Evidence**

22. Both parties filed evidence during the evidence rounds.<sup>9</sup>

### **The Opponent's evidence in chief**

23. The Opponent's evidence consists of the witness statement of Peter Brownlow, dated 17 January 2023 together with thirty-eight exhibits marked PRB 1-38. Mr Brownlow is a partner at Bird and Bird LLP, the Opponent's representative in these proceedings. His evidence consists of:

(i) The history of the TESLA brand, having been founded in California in 2003 and introduced to the UK market in 2009 with its first showroom in Knightsbridge, London.

(ii) Screenshots of articles taken from various publications reporting on Elon Musk's significant investment in the Opponent's business in 2004 and his involvement in the business since.<sup>10</sup> These include East Bay Times, Welt, Ziet Online and Forbes. Whilst the screenshots have a print access date of 2023, I note the articles themselves were dated at various dates to include 29 September 2022 (Forbes), 17 December 2006 (East Bay Times), 5 June 2019 (Welt)

(ii) Screenshots of the global press coverage the Opponent received dated between 20 July 2006 and 24 July 2009 reporting on the development and launch of the first

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<sup>9</sup> Although I note that the Applicant's evidence consisted of both submissions and evidence of fact.

<sup>10</sup> PRB 1 and 2

'Tesla Roadster', a two-seater electric sports car as well as its display at the San Francisco Auto Show on 18-26 November 2006 and the Los Angeles Auto Show on 1-10 December 2006. Articles include those published in Forbes, Welt, Zeit Online, The Guardian, CNN, Business Insider, Motor Trend, The Economist and Financial Times.<sup>11</sup>

(iii) An extract taken from the Time Magazine's website dated December 2006 in which the Tesla Roadster vehicle is recognised as one of the 'Best Inventions of 2006'.

(iv) Screenshots of blogs taken from the Opponent's website dated 2 August and 6 December 2006 as well as online articles dated between 26 June 2009 and October 2022 describing the reaction to the Tesla Roadster at the aforementioned auto shows.<sup>12</sup>

(v) Extracts from Tesla's Financial Services Ltd's<sup>13</sup> annual reports and financial statements between 2016 and 2021 which include details of accounts relating to the financing and leasing of the Opponent's electric vehicles.<sup>14</sup>

(vi) Details of the expansion of the range of models being offered under the brand to include Model S, Model X, Model 3 and Model Y.<sup>15</sup>

(vii) Details regarding the Opponent becoming a public company via an IPO on NASDAQ in June 2010.

(viii) details outlining that Parabolica Ltd (the Applicant), is controlled by Erich Auer, as its sole director who is said to own multiple UK companies (318 are listed) with minimal share capital and dormant accounts.<sup>16</sup> Details taken from [www.companieshousedata](http://www.companieshousedata) as at 14 January 2023 are produced to show that all these companies share the same registered address as the Applicant.<sup>17</sup>

(ix) Details taken from Company House records showing that the Applicant, its predecessor and other UK registered companies to include Chalfen Corporate Limited ("Chalfen"), have registered capital of only £1.<sup>18</sup>

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<sup>11</sup> PRB3

<sup>12</sup> PRB4-6

<sup>13</sup> A company shown in evidence to be under the significant control of the Opponent.

<sup>14</sup> PRB7

<sup>15</sup> PRB8

<sup>16</sup> PRB 9-13

<sup>17</sup> PRB11

<sup>18</sup> PRB9 and paras 13 and 14

(x) A screenshot taken from Chalfern's website showing that it offers company registration and management services and that, according to its website, it has already registered over 20,000 companies.<sup>19</sup> An email exchange is provided to illustrate that Chalfern charges £90 to register a company with that company being incorporated within 24 hours and that for an additional annual cost they can provide a registered office facility.<sup>20</sup>

(xi) Company accounts for Raeti Ltd from 2020 to 2022 and Parabolica Ltd from 2019 to 2022 said to show that both companies are dormant and that neither company has generated any income or engaged in any business activity.<sup>21</sup>

(xii) Extracts taken from Mr Auer's LinkedIn page as at 12 January 2023 regarding his filing practices in which he describes himself as "The Trademark Creator" with claims that he is 'one of the EUIPO's top users, who jointly account for 50% of EUIPO's business'. His page (an extract of which is reproduced below) is said to appear to indicate that Mr Auer engages in a practice of filing trade marks without any intention to use them. Instead, Mr Brownlow states that Mr Auer files trade mark application(s) in the hope that third parties will want to purchase the trade mark(s) from him.<sup>22</sup>

*"Since 2001 - only outstanding new Trademarks for new products or new services.*

*New pre-developed trademarks to choose from, instead of buying "a pig in the poke", when placing an order to an agency.*

*With "ready-to-use", legally secure trademark-rights, you can start launching a new product/service/business-name as soon as possible."*

(xiii) Results of a Polymark search report dated 22 October 2022 showing that Mr Auer made numerous trade mark applications in Germany and Austria covering vehicles in class 12. For Germany almost all of the 1968 applications were withdrawn. Likewise, of the 1713 results in the search report for Austria almost all of these were said to have been cancelled due to non-payment of the application fee.<sup>23</sup>

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<sup>19</sup> PRB10

<sup>20</sup> PRB12

<sup>21</sup> PRB13

<sup>22</sup> Paragraph 20 and exhibits PRB-14

<sup>23</sup> PRB15

(xiv) Results of a Polymark search report prior to 31 December 2006 showing that Mr Auer made 1484 filings in Germany and 500 in Austria. It is said that these demonstrate Mr Auer's practice of filing a large number of trade mark applications in class 12 in these two countries and the majority being cancelled or withdrawn, was well established by 2006.

(xv) Details of trade marks applied for by Mr Auer or his companies which have identical or similar names similar to those of established and well known brands, examples include CHINOOK (a trademark used by Boeing for helicopters), SHOGUN (a trade mark used by Mitsubishi for cars) and QUANTUS<sup>24</sup> (a misspelling of QANTAS an Australian airline).

(xvi) Information regarding Mr Auer and his companies being consistently ranked among the top trade mark applicants in Germany from 2004 and 2018 either being placed at the top or among the top three.<sup>25</sup>

(xvii) Evidence relating to Mr Auer and/or his companies engaging in the practice of filing national trade mark applications in Austria and/or Germany on a six month basis and then only filing EUTM applications claiming a priority from the Austrian or German trade mark application once a third party has filed for the same or similar mark as part of an EUTM application. It is said that Mr Auer takes advantage of the system of repeat filing in accordance with Article 4(A)(3) and 4(C)(4) of the Paris Convention namely:

*"4(A)(3), priority can be claimed from 'any filing that is adequate to establish the date on which the application was filed in the country concerned, whatever may be the subsequent fate of the application'.*

*4(C)(4) "A subsequent application concerning the same subject as a previous first application within the meaning of paragraph (2), above, filed in the same country of the Union shall be considered as the first application, of which the filing date shall be the starting point of the period of priority, if, at the time of filing the subsequent application, the said previous application has been withdrawn, abandoned, or refused, without having been laid open to public inspection and without leaving any rights outstanding, and if it has not yet*

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<sup>24</sup> Originally referred to as QUANTAS in Mr Brownlow's first witness statement but corrected to read QUANTUS in his third witness statement at paragraph 15.

<sup>25</sup> PRB17 extract taken from markenfacts.de.

*served as a basis for claiming a right of priority. The previous application may not thereafter serve as a basis for claiming a right of priority."*

(xviii) Details of a number of decisions issued in the EU which have criticised Mr Auer's filing strategy which include:

- the decision of the Board of Appeal of the EUIPO in *COPERNICUS-TRADEMARKS Limited v MAQUET GmbH & Co. KG* (decision of 25 November 2013, case R 2292/2012-4);<sup>26</sup>
- the decision of the General Court in *Copernicus- Trademarks Ltd v EUIPO; Maquet GmbH* (decision of 7 July 2016, case T-82/14)<sup>27</sup> in which the General Court concluded that the trade mark application at issue was "*part of an unlawful filing strategy consisting in successively chaining together applications for registration of national trade marks and seeking to grant a blocking position to Mr A., which he used to oppose possible applications for registration of identical or similar signs by third parties, by claiming priority for an application for registration of a European Union trade mark*".<sup>28</sup>
- the decision of the Supreme Court of the Republic of Austria (*Oberste Gerichtshof der Republik Österreich*, decision of 17 September 2014, case 4 Ob 98/14m);<sup>29</sup> in which it was concluded that Mr Auer had applied for a large number of trade marks but only a few very small number had been registered which in view of the "quite extraordinary ratio between applications and registrations - speaks in favour of speculative intent."<sup>30</sup>
- the decision of the Higher Regional Court of Frankfurt am Main (decision of 7 February 2013, case U 126/12);<sup>31</sup>
- the decision of the Vienna Higher Regional Court (decision of 13 November 2014, ref. 34R127/14t (RUSH vs. ROUSH));<sup>32</sup> in which it was concluded that the contested mark in question was no more than a 'shelf mark' which taking

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<sup>26</sup> PRB19

<sup>27</sup> PRB20

<sup>28</sup> Paragraph 144, *ibid* T-82/14

<sup>29</sup> PRB21

<sup>30</sup> *Ibid* SC of Austria 4 Ob 98/14m

<sup>31</sup> PRB22

<sup>32</sup> PRB23

all the objective circumstances indicated the subjective element of bad faith on the part of Mr Auer and the company.<sup>33</sup>

(xx) Search engine results taken from Google for the word TESLA to show that none relate to the Applicant which it is said demonstrates that neither Mr Auer, the Applicant nor any of Mr Auer's companies are using the mark TESLA.<sup>34</sup>

(xxi) Details by way of articles published in national newspapers in Germany, Austria UK and the US to show the visibility of the Opponent's activities in these countries and the EU more generally prior to the Applicant's first filed application in Austria on 17 October 2006.<sup>35</sup> It is contended that this press coverage reported both in national newspapers and online resources globally on the development and launch of the first Tesla Roadster.

(xxii) Articles from Austrian and German publications/newspapers dated 11 September 2006 and 13 October 2006, to include inter alia Die Presse and Handelsblatt (popular and daily newspapers in both Austria and Germany with high circulation figures) reporting on the Opponent's commercial success and launch of its 'TESLA Roadster' vehicle.<sup>36</sup> The inference being suggested is that with Mr Auer's background, he would have had knowledge of the Opponent's activities as they would have come to his attention via these channels before he filed the application in Austria.

(xxiii) Details are provided regarding the filing of the Austrian TM application no. AM7043/2006 on 17 October 2006 in relation to which the Applicant claims priority and the filing of EUTM application no. 005838727 on 17 April 2007. It is said that the Austrian filing was in the name of Mr Eric Auer but was cancelled as Mr Auer did not pay the registration fee which it is said is in keeping with his practices. On the same day Mr Auer filed a German trade mark application claiming a priority from the Austrian filing which was later withdrawn. Extracts are produced regarding these circumstances.<sup>37</sup>

(xxiv) Details of the Opponent's applications in relation to various TESLA marks and details regarding previous opposition proceedings between the Opponent and Mr Auer

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<sup>33</sup> Para 31.

<sup>34</sup> PRB24

<sup>35</sup> PRB 3

<sup>36</sup> PRB 25

<sup>37</sup> PRB 27-28

at the EUIPO which commenced in October 2007.<sup>38</sup> Mr Auer relied on his EUTM application to oppose the Opponent's applications in October 2007, which was still pending as at IP completion day. Details are also provided regarding a further opposition filed by a Czech third party ("the Czech opposition") against Mr Auer's EUTM application (commenced on 19 November 2007) which resulted in the proceedings between Mr Auer and the Opponent being suspended. Details are provided from the EUIPO register showing that in the Czech opposition Mr Auer filed 47 restrictions to his specification between 30 June 2008 and 10 May 2021 it is said as a tactic to delay those proceedings.<sup>39</sup> A decision on the Czech opposition was issued on 12 July 2021, subsequently appealed by Mr Auer but later withdrawn in June 2022. Mr Auer's EUTM application proceeded to registration on 8 July 2022 for goods in classes 12 and 25.<sup>40</sup> It is noted that during the Czech opposition the EUTM was transferred between different companies owned by Mr Auer to include COPERNICUS EOOD, CAPELLA EOOD, VERSUS EOOD, COPERNICUS-TRADEMARKS LIMITED, Ivo-Kermartin GmbH, SEGIMERUS LIMITED, RAETI LTD, back to VERUS EOOD and finally back to CAPELLA EOOD in June 2022.<sup>41</sup> It is said that none of these companies appear to be trading, have minimum share capital and file dormant accounts.

(xxv) Details regarding other related proceedings as between the parties in various jurisdictions in the EU.<sup>42</sup>

24. Mr Brownlow filed a second witness statement dated 27 April 2023 which serves merely to introduce revised certified translations of various documents that were produced in German in his first witness statement and to outline the restrictions in relation to the specifications applied for by Mr Auer in relation to the Czech opposition proceedings. I do not propose to summarise this statement.

### **The Applicant's evidence in chief and submissions**

25. The Applicant's primary evidence consists of the witness statement of Mr Eric Auer dated 19 June 2023 together with four exhibits and a further statement dated 16

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<sup>38</sup> PRB 29 and PRB 30

<sup>39</sup> PRB 31-33

<sup>40</sup> PRB 34-37.

<sup>41</sup> PRB 38.

<sup>42</sup> Paragraph 54 and 55.

February 2024. Mr Auer has however filed a number of submissions and statements via email (not all in evidential format) at various stages throughout the proceedings. For the most part these merely repeat what has been included in his witness statement and which I do not propose to summarise. Suffice to say I have taken into account all material filed by Mr Auer.

26. Mr Auer states that he is the director of the Applicant company and is a European trade mark attorney. He states that since 2001 he has been a “European pioneer in the field of interdisciplinary development of new trade mark rights”<sup>43</sup> and creator of numerous trade marks. He states that he is a well known trade mark creator and his companies are trademark-rights exploitation companies, which he states manage and exploit the trademarks (-pre) developed by himself.<sup>44</sup> Mr Auer states that the trade mark rights are offered for licensing or (partial) purchase.<sup>45</sup>

27. In so far as the development and inspiration of the TESLA trade mark he states that he had a subscription for the Austrian newspaper DER STANDARD in 2000 and came across an article about Nikola Tesla on 16 March 2000. A further inspiration was a CD titled “Complete Book of Boat Names” (from the year 2000) which he purchased from Amazon on 29 October 2003, in which the name TESLA is suggested on page 4464 of the book.<sup>46</sup>

28. Mr Auer’s witness statement serves to respond to the Opponent’s evidence in chief for the most part refuting many of the allegations raised by the Opponent. His evidence is a combination of evidence of fact, bare denials and assertions/submissions. Consequently, I will outline the most relevant parts. His evidence/submissions consist of the following:

(a). Submissions that the UK trade mark at issue is cloned from the EUTM and has a legal valid priority of 17 October 2006. Mr Auer states that any attachments (by which I understand him to mean exhibits) submitted by the Opponent after this date have no evidential value. He says that this is in conformity with the Paris Convention among others but gives no further information or authorities of the same.

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<sup>43</sup> Witness statement paragraph 23 page 16.

<sup>44</sup> Counterstatement.

<sup>45</sup> Paragraph 4.

<sup>46</sup> Exhibit 4 Observations pages 9-11

(b). Details regarding the development of the TESLA trade mark which he states was developed by the trade mark author Mr Erich Auer for goods in classes 12, 25 and 28. He states that this “intellectual development took place autonomously and independently”. He states that he was not aware about the non-public presentation of the TESLA prototype in Santa Monica USA before 17 October 2006 and that he has never visited the USA. He states that the TESLA Roadster prototype was revealed to the public on 19 July 2006 in a 350-person invitation only event attended by celebrities and invited special guests at the Santa Monica Airport rather than member of the public. He produces screenshots taken from Twitter and a link to “[www.vator.tv/news](http://www.vator.tv/news)” in support of this contention.

(c). In response to the contention that the Applicant had no intention to use the trade mark Mr Auer states that the trademark rights were newly developed at considerable cost and time and are offered for licensing or (partial) purchase. The reason given of not being able to put the mark into use is because it is being challenged. He states that the Opponent has never made any enquiries with him or his company regarding the obtaining of a licence.

(d). He refutes the suggestion that no application fees have been paid. He says that in more than 23 years, fees relating to trade mark applications of in excess of €500,000 has been paid for EU trade marks, approx. €35,000 for German trade marks and €50,000 for Austrian trade marks, as well as significant sums paid for IR, English and other national trade marks.

(e). In so far as the Austrian trade mark application Mr Auer states that an application fee was paid and if no fees were paid then no registered trade mark right could come into existence. Further he states that it is not clear from the various trade mark registers adduced by Mr Brownlow why the trade marks referred to were surrendered, lapsed, withdrawn or refused. Whilst this is accepted by the Opponent Mr Auer offers no explanation to counter Mr Brownlow’s inference.

(f). Mr Auer confirms that since the beginning of his business activity in 2001 one focus of his trade mark development work, was the development of new trade marks for vehicles, their parts and accessories.<sup>47</sup> He states that in 2003 he developed

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<sup>47</sup> Exhibit 4 page 8

trademarks for vehicles especially electric vehicles, citing one example relating to the trade mark VOLTIGA filed on 4 September 2003.

(g). He refutes the suggestion that he only files EUTM applications claiming a priority from his Austrian or German trade mark applications once a third party has filed for the same or similar mark as part of an EUTM application. In reply to the suggestion that he or his companies apply for trade marks that are identical or similar to ones already in existence he outlines the status of various applications which he developed and registered to include the following trade marks:

- HURACAN which he states was later stolen and used by LAMBORGHINI;
- ASCENT which was registered in Germany in 2006 and said to have been plagiarised by SUBARU in 2015;
- ANTOS sold to Daimler; and
- CROSSCAMP registered in Germany in 2016 and said to have been plagiarised by Dethleffs in 2018.

(h). In so far as the EUIPO decisions referred to by Mr Brownlow, Mr Auer criticises the outcomes of these, claiming that the decisions were reached based on “bending of the law and distortion of facts”, “violation of fundamental rights and violation of the jurisprudence of the ECJ” by the EUIPO officials and judges. In the decision issued by the Supreme Court of Austria he claims that the judge in those proceedings was “convicted for coercion in the proceedings” and that no finding of bad faith was made against him or his company. However no further evidence is provided to support these claims/assertions.

(i). Mr Auer states that he was not aware of the Austrian and German articles adduced by the Opponent as at October 2006, only becoming aware of the TESLA Roadster launch in 2008. He refers to an article dated 20 April 2010 headed “Tesla Motors Begins Regular Production of 2008 Tesla Roadster” taken from a blog posted on the Opponent’s website in support of his claim.

(j). He disputes that the Opponent was the proprietor of the Turkish TESLA trade mark filed in 27 June 2005 which he says was registered by a company TESLA OTOMOTİV SANAYİ TİC.LTD.ŞTİ. He accepts however that many years later the Opponent bought the trade mark even though he says that it had no prior rights for Turkey.

(k). Mr Auer disputes that “the US company”,<sup>48</sup> has any earlier rights in the EU. He states that the US company offered to buy the earlier trade mark right owned by him for €5,000 in 2010, later increasing that offer to €50,000 in 2023.

(l). Mr Auer disputes that the filing of restrictions to the specifications of the EUTM before the EUIPO (which extended over 13 years) was a tactic. He claims that it was an attempt to give the opponent in those proceedings the opportunity to end the proceedings. He states that there is a right to be heard on the filing of each restriction which is why resolving the specifications took so long. Mr Auer gives no explanation as to why he chose to restrict the specification one term at a time.

(m). In relation to the companies being dormant Mr Auer explains that they are neither dormant or dead and that their status will change once turnover is achieved following the licensing of the trade marks. He explains that no turnover can be achieved due to “trademark theft, bending of law, legal fraud and defamation campaigns”.

(n). Mr Auer disputes that the EU trade mark was filed in bad faith because:

“a bad faith trade mark application is cancelled ex-tunc; as if it had never existed.

Bad faith trade mark applications or trademarks are (therefore) not assets; they are a nothing, a nullum.

It was only because there was no response to the [opponent’s] immoral offers to purchase that the latter now wilfully and in a malicious, vindictive manner attempted to eliminate the trade mark by means of litigation fraud.”

(o). Mr Auer disputes that there was any suggestion that the Tesla Roadster vehicle was being offered outside the US. He provides screenshots of several articles to show that the Opponent’s activities were restricted to the US. He states that the Opponent’s worldwide expansion was only considered in August 2009.

(p). Mr Auer refers to over 32 judgments/decisions that he states have gone in his favour which “concerned among other things, the further development and strengthening of fundamental rights and human rights, in particular the negation of “bad faith trademark registration” or abuse of rights”. Whilst a number of case names

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<sup>48</sup> Which I understand him to mean Tesla Inc.

are listed, I have not received any transcripts which allows me to draw any conclusions in favour of the Applicant or otherwise. I pause at this stage to note that the fact that other applications were not found to be in bad faith does not mean that it follows that the same conclusion will be reached in relation to the trade mark under consideration.

29. Various exhibits accompany Mr Auer's witness statement totalling 170 pages. These include

- Exhibit 1 – a screenshot of various posts dated 19 July 2022, commenting on a tweet regarding the launch of the TESLA Roadster prototype in 2006.
- Exhibit 2 - an article headed "When Tesla was young: the early years" dated 11 December 2017 taken from [www.vator.tv/n](http://www.vator.tv/n);
- Exhibit 3 – A screenshot of a blog dated 20 April 2010, headed "Tesla Motors Begins Regular Production of 2008 Tesla Roadster" taken from [www.tesla.com](http://www.tesla.com);
- Exhibit 4 – Copy of observations (comprising 113 pages) dated 05.04.2023 said to have been filed in an action against the Opponent before the EUIPO.

30. Mr Auer's second statement merely serves to repeat many of the denials and assertions as outlined in his first witness statement. It also includes copy correspondence (together with English translation) between himself and the Austrian Patent Office clarifying that the initial application fee was paid, but not the second 'term of protection fee' to secure registration of the Austrian TM. The application was formally rejected on 22 August 2011 and finalised on 12 January 2012.

### **The Opponent's evidence in reply**

31. The Opponent's evidence in reply consists of:

- (i) the witness statements of Alex Volante, dated 31 October 2023, accompanied with one exhibit marked AV1; and
- (ii) the third witness statement of Peter Brownlow dated 6 November 2023 accompanied by eight exhibits marked PRB43-PRB50.

### **Mr Volante's witness statement**

32. Mr Volante's witness statement was accompanied by a request that exhibit AV1 of his witness statement be treated as confidential and not to be made available to the public. The request was granted in so far as the document itself would not be made

available for public inspection but that, if necessary, the figures contained within the exhibit to the extent that they were relevant could be referred to in any decision. The confidentiality order was granted on 22 March 2024. As will become clear there has been no reason to refer to the details of the documents filed other than in general terms and, therefore, it has not been necessary for me to redact any parts of this decision.

33. Mr Volante is an Associate of FP&A<sup>49</sup> Sales Finance at the Opponent company a position he has held since 2003 previously holding the position of a Senior Analyst on the Sales Finance team since 2021. The purpose of Mr Volante's evidence is to provide information regarding the total number of cars delivered to the UK in the years between 2014 and 2022 which exceeds over 117,000. He provides details regarding the usual delivery times from purchase and details regarding the position of the mark on the cars themselves. Mr Volante provides invoices for motor vehicle purchase/order agreements and vehicle configurations dated between December 2013 and March 2021.<sup>50</sup> These invoices are produced to support the figures of the number of TESLA cars purchased and delivered to UK customers. It is to be noted that the invoices themselves are subject to a confidentiality order.

#### Mr Brownlow's third statement

34. Mr Brownlow's evidence consists of:

- extracts from Tesla Motors Limited's annual reports and financial statements from 2016 to 2021 and an extract from UK Company House's register showing that the Opponent has significant control of Tesla Motors Limited. The accounts relate to the sale and servicing of the Opponent's electric vehicles in the UK.<sup>51</sup>
- reviews, images and articles relating to the Tesla Model S and X motor cars dated between December 2013 and July 2021 taken from various motor car publications circulated in the UK, Austria, Switzerland and Germany. These include Topgear, Autocar, Welt, RedaktionsNetzwerk Deutschland, Nau and kfz-betrieb.<sup>52</sup>

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<sup>49</sup> Financial Planning and Analysis

<sup>50</sup> Exhibit AV1.

<sup>51</sup> Exhibit PRB 43

<sup>52</sup> Exhibit PRB 44-45 with English translations where necessary.

- an extract taken from PwC's report titled Global Top Companies Market Capitalisation dated May 2021 commenting on the Opponent's astonishing 565% increase in market capitalisation from March 2020-2021.<sup>53</sup>
- Screenshots of blogs taken from the Opponent's website dated between May 2012 and June 2014 reporting on the Opponent's business activities in the UK and Europe.<sup>54</sup>
- Clarification regarding Mr Auer's filing strategy and a correction to his assertion that Mr Auer had not filed the 'application fee'. He sets out details regarding the application system in Austria and evidence that Mr Auer had not paid the second registration fee resulting in it being cancelled.
- Extracts from the Austrian Patent Office Fees Act valid in October 2006 to show that in order to register a trade mark two fees were payable, one at the time of filing the application and the second to secure the registration.<sup>55</sup>
- Emails dated 26 May 2023 confirming that the Austrian TM from which priority was obtained, was rejected, as Mr Auer had failed to pay all fees due to secure the registration.<sup>56</sup>
- Mr Brownlow accepts that no reasons are shown as to why all the applications referred to in his first witness statement were withdrawn or cancelled.
- Confirmation that as at 27 June 2005 the Turkish trade mark was owned by a third party but was later partially transferred to Tesla, Inc on 20 March 2015 with an effective date of May 2015.
- An explanation as to the reasons for issuing its competition law claim against Mr Auer before the Commercial Court of Zurich.

35. Mr Brownlow filed a fourth witness statement dated 1 December 2023 together with exhibit PRB 51 to PRB 53 which serves merely to introduce revised certified translations of various documents that were produced in his previous witness statements. I do not propose to summarise this statement.

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<sup>53</sup> Exhibit PRB 46

<sup>54</sup> Exhibit PRB 47

<sup>55</sup> PRB 48

<sup>56</sup> PRB 49

### Decisions from other jurisdictions filed by both parties

36. Both parties have filed numerous references to decisions issued by other courts and tribunals throughout the EU. I say at the outset that whilst I have considered those where transcripts were provided these decisions are not binding on me. Further as stated by Phillip Johnson as the appointed Person in *TM Bandit O/0197/23*

“15. In short, the rule [Hollington v Hewthorn Rule]<sup>57</sup> renders factual findings made by a judge in one set of legal proceedings inadmissible in subsequent proceedings (subject to any estoppel against a party). While the rule is usually framed in terms of factual findings made by domestic tribunals it clearly applies in relation to such findings made by courts in other jurisdictions (and would, for instance, extend to factual findings by an EUIPO tribunal).”

37. This rule is of course subject to the caveat, as Mr Johnson went on to say in *Bandit* (my emphasis):

“17.... there is, however, one important qualification to the rule which is particularly relevant to cases of bad faith. In *Thomas v Russell* (1854) 9 Ex 764 (156 ER 327) the old Court of Exchequer held that the existence of a judgment is admissible as evidence for the effect it might have on a person's state of mind. This exception is relevant because to establish bad faith it must be shown that when the applicant applied to register the mark it did so with a dishonest state of mind (in a trade mark sense): see the factors for assessing bad faith set out by the Court of Appeal in *Sky Ltd v Skykick, UK Ltd* [2021] EWCA Civ 1121, [67].”

38. Therefore whilst I note that ordinarily a finding of fact in one jurisdiction cannot be relied on in another and the Hearing Officer must determine matters afresh on the evidence presented before him/her, this is subject to a qualification to the rule which is that the existence of previous judgments in other jurisdictions can go to the state of mind of a party and therefore may be used to establish a dishonest intention or prior knowledge of the Opponent's activities at the relevant date. I shall bear these matters in mind, therefore, when making my assessment.

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<sup>57</sup> [1943] KB 587

## Decision

39. 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.”

40. In *SkyKick UK Ltd & Anor v Sky Ltd & Ors (Rev1)* (“*Skykick*”) [2024] UKSC 36, Lord Kitchin summarised the general principles applicable to bad faith at [240] as follows:

“(i) [...]

(ii) The date for assessing whether an application to register [a] trade mark was made in bad faith is the date the application for registration was made (*Lindt*, para 35).

(iii) Bad faith in this context is an autonomous concept of EU law which must be given a uniform interpretation [...], and must be interpreted in the context of Directive 89/104 in the same manner as in the context of Regulation 40/94 (*[Malaysia Dairy Industries Pte Ltd v Ankenaevnnet for Patenter og Varemaerker (C-320/12) EU:C:2013:435 (“Malaysia Dairy”)*], para 29; *[Sky plc v SkyKick UK Ltd (C-371/18) EU:C:2020:45 (“Sky CJEU”)*], para 73).

(iv) While, in accordance with its usual meaning in everyday language, the concept of bad faith presupposes the presence of a dishonest state of mind or intention, the concept must also be understood in the context of trade mark law, which involves the use of marks in the course of trade. Further, it must have regard to the objectives of the [...] law of trade marks, namely the establishment and functioning of [...] a system of undistorted competition in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable consumers, without any possibility of confusion, to distinguish those goods or services from those which have a different origin (*Lindt*, para 45; *[Koton Mağazacılık Tekstil Sanayi ve Ticaret AS v European Union Intellectual Property Office (EUIPO) (C-104/18) EU:C:2019:724 (“Koton”)*], para 45).

(v) Consequently, the objection will be made out where the proprietor made the application for registration, not with the aim of engaging fairly in competition but either (a) with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties; or (b) with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, and in particular the essential function of indicating origin (*Koton*, para 46; *Sky CJEU*, para 75).

(vi) The intention of the applicant is a subjective matter, but it must be capable of being established objectively by the competent administrative or judicial authorities having regard to the objective circumstances of the case ([*Hasbro Inc v EUIPO, Kreativni Dogaaji d.o.o. (intervening)* (Case T-663/19) EU:T:2021:211 (“*Hasbro*”)], paras 39 and 40; *Koton*, para 47).

(vii) The burden of proving that an application for a registered mark was made in bad faith lies on the party making the allegation. But where the circumstances of the case may lead to a rebuttal of the presumption of good faith, it is for the proprietor of the mark to explain and provide a plausible explanation of the objectives and commercial logic pursued by the application for registration (*Hasbro*, paras 42 and 43).

(viii) Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all of the factors relevant to the particular case (*Lindt*, para 37).

(ix) The applicant for a trade mark is not required to indicate or to know precisely when the application is filed or examined, the use that will be made of it (*Sky CJEU*, para 76; [*AS v Deutsches Patent-und Markenamt* (C-541/18) EU:C:2019:725], para 22).

(x) Nevertheless, the registration by an applicant of a mark without any intention to use it in relation to the goods and services covered by the registration may constitute bad faith where there is no rationale for the application in the light of the aims referred to in Regulation 40/94 and Directive 89/104 (*Sky CJEU*, para 77).

(xi) Such bad faith may, however, be established only where there are objective, relevant and consistent indicia tending to show that, when the application was filed, the applicant for registration had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark (*Sky CJEU*, para 77).

(xii) It follows that the bad faith of the applicant cannot be presumed on the basis of a mere finding that, at the time of filing the application, the applicant had no economic activity corresponding to the goods and services referred to in the application (*Sky CJEU*, para 78).

(xiii) When the absence of an intention to use the mark in accordance with the essential functions of a trade mark concerns only certain goods or services referred to in the application for registration, that constitutes making the application in bad faith only in so far as it relates to those goods or services (*Sky CJEU*, para 81).

(xiv) If, at the end of the day, the court concludes that, despite formal observance of the relevant rules and conditions for obtaining registration, the purpose of the rules has not been achieved, and that there was an intention to take advantage of the rules by creating artificially the conditions laid down for obtaining the registration, this may amount to an abuse sufficient to find that the application was made in bad faith (see, for example, *Hasbro*, para 72).

(xv) Directive 89/104 does not preclude a provision of national law under which an applicant for registration must state that the mark is being used in relation to the goods or services in relation to which it is sought to register the mark, or that the applicant has a bona fide intention that it should be used, provided that infringement of such an obligation cannot constitute a ground for invalidity. It may, however, constitute evidence for the purposes of establishing possible bad faith on the part of the applicant when the application was filed (*Sky CJEU*, paras 86 and 87)."

41. The essence of a bad faith objection is that the Applicant's intended conduct is a departure from accepted principles of ethical behaviour or honest commercial

practices. Lord Kitchin considered the question of what amounts to bad faith further in *Skykick* where he underlined that the categories of bad faith and the circumstances which may constitute bad faith are not closed. He continued:

“152. In seeking to identify the relevant principles, it is necessary to have in mind two fundamental aspects of trade mark law to which I have already referred: first, it is concerned with the use of marks in trade to denote the origin of goods and services. Secondly, the aim of the trade mark regime is to contribute to a system of undistorted competition in which businesses are able to attract and retain customers by the quality of their goods and services, and for that purpose are able to have registered signs which enable consumers to distinguish the goods and services of one undertaking from those of another. Such a system must also provide an incentive and protection for the investment by a brand owner in the quality and other beneficial aspects of its goods and services, and so allow it to develop a goodwill in its business relating to their sale and supply.

153. Against this background, the essence of the objection that an application to register a mark was made in bad faith may be understood: it is that the motive or intention of the applicant was to engage in conduct that departed from accepted principles of ethical behaviour or honest commercial practices having regard to the purposes of the trade mark system which I have described. Whether the conduct was undertaken with that motive or intention and did indeed depart from such ethical behaviour or honest commercial practices must be assessed having regard to all the objective circumstances of the case: see, for example, *Koton Mağazacılık Tekstil Sanayi ve Ticaret AS v European Union Intellectual Property Office (EUIPO)* (C-104/18) EU:C:2019:724 ("*Koton*"), paras 46 and 47 [...].”

42. According to *Alexander Trade Mark*,<sup>58</sup> Mr Geoffrey Hobbs sitting as the Appointed Person outlined the key questions for determination in a claim of bad faith which are: (a) What, in concrete terms, was the objective that the applicant has been accused of pursuing? (b) Was that an objective for the purposes of which the contested application

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<sup>58</sup> BL O/036/18

could not be properly filed? and (c) Was it established that the contested application was filed in pursuit of that objective?

43. It is necessary to ascertain, therefore, what the Applicant knew at the relevant date.<sup>59</sup> Evidence about subsequent events may be relevant, if it casts light backwards on the position at the relevant date.<sup>60</sup> The presumption is that the Applicant has acted in good faith and therefore an allegation of bad faith is a serious allegation which must be distinctly proved. The burden is on the Opponent to show that the facts surrounding the application establish a prima facie case of bad faith. It is, however, also clear following the Supreme Court's judgment in *Skykick* that, if a prima facie case of bad faith is established, the burden shifts to the Applicant to provide a plausible explanation of the rationale underlying the application. In deciding whether it has been proved, the usual civil evidence standard applies (i.e. balance of probability). This means that it is not enough to establish facts which are as consistent with good faith as bad faith.<sup>61</sup> Further as Lord Kitchin makes clear at [204(iv)]-[204(v)] of his judgment in *Skykick*, bad faith must be understood in the context of trade mark law and, in particular, the essential function of a trade mark.

44. The Opponent's case is that Mr Auer who is the controlling mind of the Applicant is a 'trade mark troll' who has either under his own name or companies within his control filed thousands of trade marks across the UK and EU with no commercial rationale behind those filings other than to block and exploit the rights of third parties. In support of this claim Mr Brownlow has provided evidence that a great number of these filings have not proceeded to registration and argues that Mr Auer's modus operandi is to file trade mark applications with the sole purpose of claiming a priority date with no intention to use them in a manner consistent with the essential functions of a trade mark.

45. Mr Brownlow provides evidence of the status of the Applicant and numerous companies owned or controlled by Mr Auer showing that they are dormant companies which have not generated any income or turnover since incorporation. This is said to demonstrate that neither the Applicant nor Mr Auer have manufactured or sold any

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<sup>59</sup> *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch).

<sup>60</sup> *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others*, [2009] RPC 9 (approved by the Court of Appeal in England and Wales: [2010] RPC 16).

<sup>61</sup> *Ibid Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited*.

goods/services under the trade mark and therefore it has not conducted any legitimate business. Mr Brownlow states that Mr Auer has not shown that he has any customers who have made enquiries to purchase or licence marks or who have instructed him to act on their behalf. Mr Brownlow gives evidence surrounding the circumstances of filing the national Austrian mark from which priority is claimed which shows that it did not proceed to registration because the second ‘term of protection fee’ was not paid. Mr Auer does not dispute this, merely arguing that he paid the initial application fee. Mr Brownlow also provides details of other speculative filings which have not secured registration in similar circumstances arguing that this displays a pattern of behaviour in abuse of the trade mark system in an attempt to take advantage of Article 4(A)(3) and 4(C)(4) of the Paris Convention which allows a priority date to be claimed in subsequent EU filings irrespective of the fate of the first filed mark and even if it is subsequently withdrawn, abandoned, or refused. Mr Brownlow’s evidence also outlines the Opponent’s history and success in the UK and worldwide. The evidence shows the promotional activity and press interest in the Opponent’s TESLA brand which has a significant reputation in the motor vehicle industry. It has been shown that the turnover figures and sales in the years leading up to the relevant date both in the UK and worldwide are substantial. As at 2021 it is claimed that the Opponent’s activities were well publicised and widespread and the brand TESLA was well known by the public. Mr Auer has acknowledged that as *“the US company had been already active in Europe since 2009 ... it would therefore be easy to accuse [the Applicant] of bad faith if the date of assessing bad faith in the 14 September 2021 because on this date the US company was known by the public etc”*.<sup>62</sup> Whilst this is not tantamount to an admission of bad faith (as was argued by Mr Norris) it nevertheless gives an indication of Mr Auer’s state of mind that he filed the UK application in full knowledge of the Opponent’s global success.

46. I find that the Opponent has raised a prima facie case that the UK application for registration of the mark at issue was part of a strategy to file applications for registrations of trade marks seeking to claim priority for an application for registration of a European Union trade mark by circumventing the six-month period of reflection and the five-year grace period<sup>63</sup> with no intention to use the marks but merely in order

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<sup>62</sup> Comments included in email dated 11 January 2024

<sup>63</sup> Article 29(1) and Article 51(1)(a) of Regulation No 207/2009.

to block and disrupt the business of third parties to seek financial gain and prevent them from using their marks or to undermine their rights.

47. Mr Auer states in reply that his/the Applicant's business model is that of a "trademarks right exploitation company" which is not altogether a helpful description to the Applicant's case that it was acting in good faith. In response to the Opponent's claims, Mr Auer has not filed evidence that the mark at issue has been used and has produced very little if any evidence sufficient to rebut the allegations raised by the Opponent. Mr Auer states that he has paid thousands of euros in application fees but gives no explanation why the majority have not proceeded to registration, been withdrawn or refused as claimed by the Opponent. Of the thousands of applications filed only one reference is made to a sale and that is in relation to the ANTOS mark sold to DAIMLER but no details are provided as to the circumstances of the sale and whether this was as a result of a settlement of a dispute as between the parties or otherwise. Mr Auer makes reference to some of the other marks which are said to have been similar to ones already in existence but merely argues that his trade marks were "plagiarised or stolen" by other companies. No details are provided of his companies' turnover or the income generated. Mr Auer seems to accept that many of the companies including the Applicant are dormant.

48. In particular in relation to the mark TESLA Mr Auer has admitted in his evidence that its sole purpose for applying for the mark in question was to licence it or sell it, which does not necessarily mean that it was done for the sole purpose of blocking other parties' applications. However, whilst the Applicant's subjective intention is relevant, the question of whether the conduct fell short of ethical behaviour or honest commercial practices involves an objective standard. The application with the sole purpose of licensing or selling the mark is a purpose which does not fall within the functions of a trade mark. It is apparent from the Applicant's own admission that the application was not filed to put it to use but to obtain an exclusive prior right in order to sell or licence the mark to others and thus preventing others from being able to use or register the mark themselves. This is prima facie bad faith. Whilst I accept that it does not necessarily follow that a company which is set up with the sole aim of licensing or selling marks cannot be legitimate, the sheer volume in Mr Auer's case and the clear lack of evidence of use, together with the evidence that shows that Mr Auer or companies in his control chose to file marks which appear to be ones identical

or similar to ones already in existence leads me to find that there was no proper commercial rationale for these filings.

49. By 2021 Mr Auer as the Applicant's controlling mind was fully aware of the Opponent's activities which were globally widespread and well publicised and I find that he has not rebutted the prima facie inference of bad faith. Mr Auer admits that there would be no difficulty in establishing bad faith as at September 2021 because the Opponent was by then known to the public.<sup>64</sup> This submission makes it clear as to Mr Auer's state of mind as at 2021 when he filed the UK application and that he did so whilst being fully aware of the Opponent's reputation and global success. I find that the Applicant applied for the trade mark not with the intention of using it in accordance with the essential functions of a trade mark namely to use it in the course of business to identify commercial origin of the goods, but in order to gain some financial leverage, block and prevent others from doing so. I find that as at the relevant date namely 14 September 2021 the UK filing was made in bad faith.

### **The position as at 2006**

50. Even if I am wrong regarding the Registry's interpretation of the relevant date and that I should assess the matter as at the priority date of 17 October 2006, this does not assist the Applicant or Mr Auer. This is because I simply do not accept Mr Auer's account of how he came to develop the name TESLA before filing the trade mark application in Austria on 17 October 2006.

51. When assessing a party's response to a bad faith allegation, Lord Kitchin said in *SkyKick* at [235] and [252]:

"235. I recognise that an inference that an application to register a trade mark was made in bad faith may be displaced by an explanation of an appropriate commercial rationale for making it. In my opinion, however, a failure to provide any satisfactory explanation may reinforce the inference and provide further support for a finding of bad faith.

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<sup>64</sup> Comments included in email dated 11 January 2024

252. I recognise that such an applicant, when given an appropriate opportunity, may provide a reasonable explanation and justification for its actions and in that way answer and dispel any inference that it made the application in bad faith. If, however, it fails to do so, it is in my view open to the tribunal to find that the application was indeed made in bad faith in respect of those goods and services.”

52. Further Mr Alexander stated in *Accessible Labs Ltd v Rui Qu (Shanghai) Enterprise Management Consulting Company Limited*:<sup>65</sup>

“48. ... where there is evidence from which it is proper to infer that an application for registration has been made in bad faith (on the basis that it was not applied for to protect one or more of the legitimate functions of a trade mark) an applicant can reasonably be expected to provide a sufficiently coherent explanation for the application specifically in the UK including as to its scope. An applicant may be able to justify the application (including its scope) on the basis of credible evidence as to its purposes in making it, for example by reference to the width of the underlying business, actual or reasonably contemplated, which the trade mark is intended to protect. If no adequate or sufficiently credible explanation is provided or one which justifies the UK application, there may be a proper basis for a finding of bad faith in whole or in part.”

53. Mr Alexander stated that the decision in *Skykick* reinforced the importance of a satisfactory explanation. It is important therefore for the decision taker to consider whether an explanation was provided at all and whether there is sufficient basis to find that the explanation was unconvincing, taking the evidential picture as a whole.<sup>66</sup>

54. Mr Auer’s explanation of his inspiration of the name is that he came across an article about Nikolas Tesla in 2000 and purchased a CD from Amazon in 2003 about a book of boat names, (of which it is said that name Tesla was listed on page 4464). He, however, waited some 3 to 6 years before filing the Austrian trade mark application. I simply do not accept as plausible that a trade mark attorney with his purported experience, running a trade mark agency since 2001 and being ranked in

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<sup>65</sup> O/0534/25.

<sup>66</sup> Mr Alexander in *Accessible Labs Ltd*.

the top three filers in the EU with an interest in vehicles and in particular electric vehicles, would wait some 3 to 6 years before filing. Mr Auer would be fully aware of the 'first to file' principle and that the filing dates of applications are of the utmost importance in trade mark law. He himself is a self confessed trade mark creator. I find that the evidence shows that Mr Auer or companies within his control have filed thousands of applications for trade marks (the majority of which are identical or similar to ones used by third parties). His knowledge and experience would mean that he was fully familiar with trade mark procedures and processes and would therefore know full well how to be able to exploit the system for his own means. I find it incongruous, if his account is to be believed, that he would delay filing the TESLA trade mark by a number of years after developing it. Mr Auer has given no plausible explanation for the delay.

55. Further Mr Auer denies that he saw any press releases in 2006 about the Opponent's activities or the launch of the TESLA Roadster vehicle adding that the launch itself was an invitation only event not open to the public. This however did not prevent well known global publications reporting on the same to include those in Germany and Austria. Mr Auer states that one focus of his trade mark development since 2001 has been in relation to vehicles and in particular electric vehicles. He has filed numerous marks with specifications related to these fields. As a trade mark creator with a keen interest in motor vehicles I believe that Mr Auer would have been closely monitoring new inventions and emerging technology/developments in the motor industry. I therefore simply do not believe that the press interest in the Opponent's activities in the US did not come to his attention in 2006. It is highly coincidental (and to which I take an adverse inference) that the filing of the Austrian trade mark on 17 October 2006 by Mr Auer was done within a matter of days/weeks after the popular German and Austrian newspapers Die Presse and Handelsblatt had reported on the launch of the Tesla Roadster vehicle. There can be no other reasonable explanation for the filing at this time, other than Mr Auer doing so after becoming aware of the Opponent's activities.

56. In considering the claim to bad faith as at the earlier date of 2006 it is permissible to consider evidence about subsequent events if it casts light backwards. Given my findings as to Mr Auer's (and companies within his control) systematic strategy, spanning over 20 years, of filing trade marks to gain priority dates with no intention to use them, his account of his actions in 2006 simply do not ring true. The later conduct

which casts light backwards on his earlier actions merely reinforces my belief that he was acting in bad faith even as early as 17 October 2006. The application of the trade mark was done with no legitimate purpose for doing so other than as a pre-emptive filing to prevent the Opponent, or other third parties from entering or launching their products on the market and in order to abuse the trade mark system. I find that Mr Auer filed the trade mark solely for his own or his company's benefit with no intention to use it for the essential functions of a trade mark.

57. This finding as to Mr Auer's state of mind applies equally as at April 2007 (the EUTM filing date) by which time Mr Auer and companies within his control were aware of the Opponent's activities. It has been found by various courts across the EU that the application for registration of the EU mark was part of a strategy to file applications for registration of trade marks seeking to claim priority for an application for registration of a European Union trade mark by circumventing the six-month period of reflection and the five-year grace period<sup>67</sup> with no intention to use the marks and to grant a blocking position to Mr Auer and by extension the Applicant in order to oppose applications for registration of trade marks filed by third parties.

58. It is possible that Mr Auer/the Applicant saw nothing wrong in his behaviour, but that changes nothing, since his behaviour must be judged against an objective standard. I do not consider that Mr Auer has provided a satisfactory explanation as to his motivation and in light of the other evidence presented before me, I find his justification unconvincing with no appropriate commercial rationale for his actions.<sup>68</sup>

59. I consider that the circumstances of the filings in 2006, 2007 and 2021 are those as set out by Lord Kitchen namely (1) where the application was not made with the intention of engaging fairly in competition but with the intention of undermining in a manner inconsistent with honest practices the interests of third parties and (2) where the application was made with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin.

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<sup>67</sup> Article 29(1) and Article 51(1)(a) of Regulation No 207/2009.

<sup>68</sup> Mr Alexander at [45] to [48] in *Accessible Labs Ltd*.

60. Lastly, it must be noted that in *Joseph Yu v Liaoning Light Industrial Products Import and Export Corporation*, BL O/013/05, Professor Ruth Annand as the Appointed Person held that:

“22. [A] claim of bad faith is not avoided by making an application in the name of an entity that is owned or otherwise controlled by the person behind the application.”

61. Consequently, the knowledge, intentions and motives of Mr Auer can properly be attributed to the Applicant, and its predecessors.<sup>69</sup>

62. In short, as per *Alexander*, Mr Auer (and by extension the Applicant) has pursued an objective of filing a trade mark application with no legitimate intention to use it for its essential function as a trade mark but merely as a blocking strategy to seek financial gain. Such an objective is in my view not one that could be properly made. Consequently, I find that bad faith has been established not only as the primary relevant date of 14 September 2021 but also as at the claimed priority date of 17 October 2006 and the EU filing date of 17 April 2007. Whilst my finding applies particularly to those goods in class 12 it applies equally to the goods in classes 25 and 28.

63. Subject to appeal the application shall be refused registration in its entirety.

### **Costs**

64. The Opponent has been successful and is entitled to an award of costs in its favour. Mr Norris on the Opponent's behalf indicated that it wished to make an application for an off scale costs award if it succeeded in its opposition and invited me to reserve my position on costs so that it could file submissions. I note that Mr Norris intimated that the basis of the request for off scale costs was because of Mr Auer's conduct in filing the trade marks, his request to have me recused from the proceedings in relation to the Tribunal's approach as to the relevant date with which he disagreed and his history of abusing the trade mark system.

65. When considering an award of costs, I am mindful of the fact that the purpose of an order is not to impose a financial penalty on the losing party and any award should

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<sup>69</sup> *John Williams and Barbara Williams v Canaries Seaschool SLU*, BL O/074/10

reflect the effort and expenditure to which it relates. After all a costs order is contributory not compensatory.

66. Section 68 and Rule 67 provide me with wide discretion to award costs. As Anthony Watson Q.C. stated in *Rizla*, when considering a very similar provision under the Patents Act 1977:

“The wording of section 107 could not in my view be clearer and confers on the Comptroller a very wide discretion with no fetter other than the overriding one that he must act judicially.”

67. In so far as off scale costs are concerned, they are not automatic even where there is a finding of unreasonable behaviour. It has to be noted that although the courts have endorsed the Registrar’s power to award compensatory costs in cases of unreasonable behaviour, it does not follow that compensatory costs must be awarded whenever there is such behaviour. Rather, as stated in *Rizla*, the question is whether “the behaviour in question constituted such exceptional circumstances that a standard award of costs would be unreasonable.” This must be assessed taking into account all the relevant factors. Therefore, although I made a finding of bad faith it does not necessarily mean that an off scale costs award will follow. It has to be remembered that the assessment of bad faith is taken as at the filing date of the trade mark application whereas whether the conduct is deemed unreasonable must be in the context of conduct throughout the duration of the proceedings. *Rizla* also underlines that the correct question for determining costs is whether the conduct is so exceptional that an award on the standard scale is unreasonable.

68. Whilst Mr Auer’s persistent claims for legal aid, for me to be recused, requests to adjourn and extensions of time did cause some delay and frustration, the delay in my view was not excessive when taken across the proceedings as a whole and mainly these issues were for the most part curtailed to the Tribunal’s management of the case rather than something that overly affected the Opponent. Against this backdrop therefore my initial view is that I do not consider that the Applicant’s conduct was exceptional to warrant an award of costs off scale.

69. That being said, even though I consider that the award of costs can be determined as on scale, I recognise that the limits of the scale should not necessarily be constrained by the ordinary normal limits of the published scale but adapted to reflect

the work undertaken to prepare, produce and review the large volume of evidence and submissions in relation to this case. Consequently, although my initial view is that I do not consider it reasonable to award off scale costs, I nevertheless consider that it is reasonable to award costs at the higher end of the published scale, not for reasons of fully compensating the Opponent but, rather, in order to award, what I believe to be an appropriate contribution to their costs and to reflect the work required to prosecute the case and to produce and consider the evidence/submissions filed.

70. Despite this initial view I am aware that I have given this indication without the Opponent having the opportunity to file submissions on the matter. I do so in the full knowledge that further time and money would need to be taken to file submissions together with a breakdown of the work undertaken and therefore give this indication in order to avoid any further unnecessary costs being incurred. In light of Mr Norris' submissions at the hearing, I will reserve my position on costs and allow the Opponent, if it so chooses, the opportunity to make submissions.

71. Consequently, the above decision concludes my determination of the substantive issues in these proceedings. It will take effect as a decision when the question of costs is decided, and at that point but not before, the provisions relating to the right of appeal will come into operation. In line with the Opponent's submissions at the hearing, the parties are invited to make submissions as to the costs of these proceedings as per the following directions:

### **Directions**

1. I direct that within 14 days of this decision, the Opponent files its submissions on costs together with any detailed breakdown, if it maintains its position in pursuing an off scale costs award. In light of my comments above, if the Opponent chooses not to pursue its request for off scale costs, then the remaining directions are not applicable and I will proceed to make a costs award in accordance with the scale as set out under TPN 1/2016.

2. If the Opponent files submissions on costs I direct that the Applicant is given 14 days thereafter to file submissions in reply on costs.
3. I direct that if the parties file submissions, they are to be no longer than 2 pages in length.

**Dated this 11<sup>th</sup> day of February 2026**

**Leisa Davies**

**For the Registrar**