

BL O/0197/23

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NUMBER 3,503,307 IN THE NAME OF SIMPSON PERFORMANCE PRODUCTS, INC

AND IN THE MATTER OF THE OPPOSITION UNDER NO 422,832 IN THE NAME OF ANDREAS FREUNDLIEB

AND IN THE MATTER OF TRADE MARK NUMBER 3,258,521 IN THE NAME OF ANDREAS FREUNDLIEB

AND IN THE MATTER OF A REQUEST FOR A DECLARATION OF INVALIDITY BY SIMPSON PERFORMANCE PRODUCTS, INC UNDER NUMBER 503,732

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF CLARE BOUCHER (O/812/22) DATED 21 SEPTEMBER 2022

DECISION

Introduction

1. This is an appeal from the decision of Ms Clare Boucher, for the Registrar, dated 21 September 2022 (O/812/22). In her decision, she invalidated the trade mark (No 3,258,521) of Andreas Freundlieb on the grounds of bad faith (section 3(6) of the Trade Marks Act 1994).
2. Mr Freundlieb applied to register the mark BANDIT for “Safety helmets” on 22 September 2017. This mark was entered on the register on 23 February 2018.
3. On 22 June 2020, Simpson Performance Products, Inc applied to register the same word mark (BANDIT) for goods in Classes 9, 18 and 25. Mr Freundlieb opposed this application based on his earlier mark. This, in turn, led Simpson to apply to declare the earlier mark invalid under section 3(6) and section 5(4)(a) of the Trade Marks Act 1994. The application for invalidation was successful under section 3(6) only (and it was dismissed in relation to section 5(4)(a)). As she had found the earlier mark to be invalid, the Hearing Office dismissed Mr Freundlieb’s opposition to Simpson’s application. Mr. Freundlieb appeals.

Background

4. The facts in this case are very unusual to say the least. The Respondent (Simpson) was founded in 1959 in the United States. It started selling safety helmets in 1968 and in 1979 it launched a safety helmet in the United States under the mark BANDIT. In 1996,

the Appellant (Mr. Freundlieb) applied to register the mark BANDIT for safety helmets in Germany. This led to an application by the Respondent to the German Court to declare the German mark invalid on the grounds of bad faith. For reasons that will become apparent, I will not touch upon the German litigation here. However, this litigation appears (at this point) to have been resolved by a sealed order which precluded the Respondent in these proceedings from using the BANDIT mark in Germany on (amongst other things) safety helmets. This agreement was actually exhibited by the Respondent (Exhibit CD7).

5. The Hearing Officer found, for the purposes of the invalidity challenge under section 5(4)(a), that the Appellant had begun using the mark BANDIT in the United Kingdom on 1 July 1999 (Decision, [35]). She went on to find that the Respondent had not developed goodwill in the mark before that date (Decision, [42]). These findings are not being challenged.
6. Further, the Appellant applied to register a Community (later European Union) trade mark application on 14 June 1999 (No 1,205,061). A cancellation action was started before the EUIPO on 19 July 2017 on the basis that the earlier mark was applied for in bad faith. After the relevant date, the Cancellation Division (Decision No 15 175C) rejected this cancellation application. The EU trade mark lapsed due to non-payment of renewal fees on 10 June 2019 and the appeal against the Cancellation Division's decision was dismissed by the Board of Appeal as moot.
7. The Hearing Officer found that between 2012 and 2019 the Respondent had sold 1,342 helmets in the United Kingdom (earning £372,016) (Decision, [16]; Exhibit CD/23). The Appellant had been selling helmets in the UK sporadically with invoices dated from 1999 and 2014. For completeness, it is worth mentioning the Appellant started proceedings in Germany for infringement of his trade mark in 2016 and this was later met with an application for cancellation by the Respondent. Once more, I will not discuss these cases in any detail.
8. In summary, on the relevant date the following appears to have been the case: the Appellant had owned the German trade mark for BANDIT since 1996; the Appellant had a court order excluding the Respondent from using the mark BANDIT on helmets in Germany from 2002 (until a date unknown, it was said by the Respondent that it seemed to be effective for 10 years); the Appellant held the equivalent European Union trade mark (and had done so since 1999); and the Appellant had been trading sporadically in the United Kingdom since 1999 (and in any event, before the Respondent). Nevertheless, the Hearing Officer found that the Appellant's 2017 application to register the mark BANDIT had been made in bad faith.
9. It is this finding, which appears somewhat extraordinary, that is being appealed.

Standard of appeal

10. The standard of appeal is by way of review. Neither surprise at a Hearing Officer's conclusion nor a belief that he or she has reached the wrong decision will suffice to

justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer was wrong. The principles to be applied were summarised by Joanna Smith J in *Axogen Corporation v Aviv Scientific Ltd* [2022] EWHC 95 (Ch) at [24]:

...I was referred to numerous cases on the subject (including *English v Emery Demibold & Struck Ltd* [2002] 1 WLR 2409, *REEF Trade Mark* [2003] RPC 5, *Fine & Country Ltd v Okotoks Ltd* [2014] FSR 11, *Fage UK Ltd v Chobani UK Ltd* [2014] EWCA Civ 5, *Shanks v Unilever Plc* [2014] RPC 29, *TT Education Ltd v Pie Corbett Consultancy* [2017] RPC 17, *Apple Inc v Arcadia Trading Limited* [2017] EWHC 440 (Ch), *Actavis Group PTC v ICOS Corporation* [2019] UKSC 1671 and *NINEPLUS O/039/21*), the approach of the appeal court to a statutory appeal under section 76(1) of the TMA is uncontroversial. I bear the following principles, relevant to the issues before me, firmly in mind:

i) The appeal is by way of a review, not a rehearing (see *TT Education Ltd v Pie Corbett Consultancy Ltd* (O/017/17) at [52(i)]);

ii) The appeal court will allow an appeal where the decision of the lower court was “wrong” (see CPR 52.11). Neither surprise at a Hearing Officer's conclusion, nor a belief that he or she has reached the wrong decision suffices to justify interference (*NINEPLUS O/039/21* at [14]);

iii) The decision of the lower court will be “wrong” if the judge makes an error of law, which might involve asking the wrong question, failing to take account of relevant matters or taking into account irrelevant matters. Absent an error of law, the appellate court would be justified in concluding that the decision of the lower court was wrong if the judge's conclusion was “outside the bounds within which reasonable disagreement is possible” (*Actavis Group* at [81]);

iv) The approach required by the appeal court depends on a number of variables including the nature of the evaluation in question (*REEF Trade Mark* [2003] RPC per at [26]). There is a “spectrum of appropriate respect for the Registrar's determination depending on the nature of the decision” (*TT Education* at [52(ii)]), with decisions of primary fact at one end of the spectrum and multi-factorial decisions ... being further along the spectrum.

v) In the case of a multifactorial assessment or evaluation, involving the weighing of different factors against each other, the appeal court should show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. Special caution is required before overturning such decisions (*TT Education* at [52(iv)], *REEF* at [28] and *Fine & Country* at [50]-[51]).

vi) An error of principle is not confined to an error as to the law but extends to certain types of error in the application of a legal standard to the facts in an evaluation of those facts. The evaluative process is often a matter of degree upon which different judges can legitimately differ and an appellate court ought not to interfere unless it is satisfied that the judge's conclusion is outside the bounds within which reasonable disagreement is possible (*Actavis Group* at [80]).

vii) Another variable to be taken into account will be “the standing and experience of the fact-finding judge or tribunal” (*REEF* at [26], *Actavis Group* at [78]). Expert tribunals are charged with applying the law in the specialised fields and their decisions should be respected unless it is quite clear that they have misdirected themselves in law. Appellate courts should not rush to find such misdirections simply because they might have reached a different conclusion on the facts (*Shanks* at [28] citing the warning given by Baroness Hale in *AH (Sudan) v Secretary of State for the Home Department* [2007] UKHL 49).

viii) The appellate court should not treat a judgment as containing an error of principle simply because of its belief that the judgment or decision could have been better expressed; “The duty to give reasons must not be turned into an intolerable burden” (see *REEF* at [29]). The reasons need not be elaborate. There is no duty on a judge, in giving her reasons, to deal with every argument presented by counsel in support of his

case. It is sufficient if what she says shows the basis on which she has acted (*English* at [17], *Fage* at [115]). The issues the resolution of which were vital to the judge's conclusions should be identified and the manner in which she resolved them explained (*English* at [19]).

ix) In evaluating the evidence, the appellate court is entitled to assume, absent good reason to the contrary, that the first instance judge has taken all of the evidence into account (*TT Education* at [52(vi)]).

11. When considering this appeal, and applying these principles, it is important to remember the high bar set.

Grounds of appeal

12. The Appellant appealed the Hearing Officer's decision on three grounds (I will address them in an order different from that followed by the Appellant). First, the Hearing Officer erred by taking into account the factual findings made by a foreign court contrary to the rule in *Hollington v Hewthorn* [1943] KB 587. Secondly, the finding of bad faith was improperly predicated on the Hearing Officer's conclusion that the safety helmets sold under the mark by the Appellant were "copied" from safety helmets made by the Respondent. Thirdly, the Hearing Officer erred by taking into account an unpleaded allegation, namely the lapse of the Respondent's European Union trade mark, which occurred just before the domestic application was filed. Finally, the Hearing Officer erred by failing to take into account (as an indication of the Appellant's good faith) the long period during which the Appellant made use of the of mark BANDIT before he filed his application to register that mark.

Ground 1: The rule *Hollington v Hewthorn*

13. Both the Appellant and the Respondent included in their evidence before the Hearing Officer transcripts (and translations) of judgments handed down by German Courts. The Respondent exhibited the Decision of the District Court of Munich dated 20 June 2001 (Exhibit CD/6) and the Decision of the Higher Regional Court of Düsseldorf dated 6 August 2020 (Exhibit CD/9). The Appellant exhibited a judgment of the Federal Court of Justice (Bundesgerichtshof) dated 27 May 2021 (Exhibit AF/7).
14. Mr Moss, for the Appellant, submits that the Hearing Officer should not have taken these judgments into account (notwithstanding, one of them was exhibited by the Appellant himself). This submission was based on the rule in *Hollington v Hewthorn* [1943] KB 587 although earlier forms of the rule date back at least to the *The Duchess of Kingston's Case* (1776) 2 Sm LC 644, 667 (168 ER 175).
15. In short, the rule 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).
16. In *Rogers v Hoyle* [2014] EWCA Civ 257 the justification for the rule was explained as follows at [39]:

As the judge rightly recognised the foundation on which the rule must now rest is that findings of fact made by another decision maker are not to be admitted in a subsequent trial because the decision at that trial is to be made by the judge appointed to hear it (“the trial judge”), and not another. The trial judge must decide the case for himself on the evidence that he receives, and in the light of the submissions on that evidence made to him. To admit evidence of the findings of fact of another person, however distinguished, and however thorough and competent his examination of the issues may have been, risks the decision being made, at least in part, on evidence other than that which the trial judge has heard and in reliance on the opinion of someone who is neither the relevant decision maker nor an expert in any relevant discipline, of which decision making is not one. The opinion of someone who is not the trial judge is, therefore, as a matter of law, irrelevant and not one to which he ought to have regard.

17. The rule also extends beyond the factual findings to the legal effect of a judgment: *Ward v Savill* [2021] EWCA Civ 1378. Thus, the finding by the EUIPO Cancellation Division that the application by the Appellant was not made in bad faith is not admissible in these proceedings to establish that that application was in fact made in good faith. 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].
18. It is clear therefore that the Hearing Officer should not have admitted or considered the German judgments for the purpose of establishing any factual matters before her. Mr Carter, for the Respondent, accepted that the Hearing Officer should not have taken factual findings from those judgments. His position was, in essence, that the German judgments (while referred to in the Hearing Officer’s decision) were not relied upon by her in relation to any of her *material* fact findings.
19. One of the difficulties faced by the Respondent is that the Hearing Officer notes that the judgments were relied upon by the Respondent to provide a factual summary (Decision, [29]). Clearly, this is contrary to the rule in *Hollington v Hewthorn*. She also referred to factual findings by the German courts as well as evidence before them (Decision, [53], [54], [57]). Problematically, the Hearing Officer relied upon factual findings of the German Courts to establish the necessary access required for “copying” (Decision, [54]). As copying was central to her finding of bad faith, this breach of the rule in *Hollington v Hewthorn* was clearly material and so cannot stand. However, for the reasons I set out below, I think it is part of a larger error on on the issue of copying.
20. Finally, and for the sake of completeness, I should make it clear that some of the references to the foreign litigation by the Hearing Officer were perfectly proper. The Hearing Officer refers to the existence of the EUIPO proceedings as evidence that the Appellant was aware that his EU trade mark might be cancelled (Decision, [57]) and she also suggests that the ongoing litigation might be playing on the Appellant’s mind (at [58]). Here she is not relying on foreign proceedings to establish facts about the parties’ conduct or actions, but as original evidence as to the Appellant’s state of mind,

namely his concern that he might lose his EU trade mark being material to his decision to apply for a mark in the United Kingdom. This aspect of her approach cannot be criticised.

Ground 2: Copying of the Helmet

21. One of the factors identified by the Hearing Officer to suggest the Appellant's application was made in bad faith was that the Appellant "copied" the Respondent's helmet design. She finds that the Respondent "made out a prima facie case of copying" (Decision, [54]) and this was a central tenet of her finding why the mark was filed in bad faith (at [58]):

In the light of the prior trade by Simpson, the evidence of its reputation, the establishment of a prima facie case of copying and the ongoing litigation, I consider that Simpson has established a prima facie case that the application for a UKTM was made in bad faith to exploit Simpson's reputation and helmet design and prevent Simpson from continuing to sell Bandit helmets in the UK.

22. Mr Moss submits that the Hearing Officer wrongly undertook a comparison of the helmets to determine whether the Appellant's helmet design was copied from that of the Respondent. The Appellant's position is that there were no intellectual property rights in the helmet pleaded by the Respondent, and even if such rights had been properly pleaded, they would have been immaterial to any trade mark application being made.
23. Furthermore, Mr Moss submits that in the absence of any design, copyright or other similar intellectual property right in the helmet it was perfectly lawful for the Appellant to copy the Respondent's helmet design should he wish to do so. On this last point, it is clearly right that if there is no legal restriction against copying, including by reason of no relevant intellectual property rights subsisting, then if the Appellant copies the helmet he would be acting lawfully.
24. However, I do not accept the extreme version of the Appellant's submission, namely that whether a product sold under a mark is infringing intellectual property rights is always immaterial to any finding of bad faith. For instance, if such infringements were committed with knowledge and were part a course of conduct involving improper commercial behaviour this might be a relevant factor (but not determinative) in assessing where an application was made in good or bad faith. In each case it depends upon all the circumstances surrounding the making of an application.
25. Furthermore, it has been established by the Court of Justice that registering a trade mark for the purpose of blocking a third person entering the market can amount to bad faith: *C-529/07 Chocofabriken Lindt & Sprungli* [2009] ECR I-4893, [43]. I would not rule out a case where selling a product that very closely imitates the third person's product under the registered mark makes the market blocking more effective than it would be if a very different looking product entered the market under the mark (or no equivalent product at all enters the market). In such a case copying may be relevant because it is part of a strategy to block a person out the market and not because of the copying simpliciter.

26. The Respondent's case before the Hearing Officer was that the copying of their helmet by the Appellant was an attempt to exploit its reputation (Decision, [55]). This appears to relate to exploiting its reputation for good design. I accept that a designer suffering damage to its reputation for good design can lead to damages being recoverable in copyright or design infringement cases (*Sutherland Publishing v Caxton Publishing* [1939] AC 178), and there will also be cases where a design becomes distinctive and so may be protected as get-up under the law of passing off. But, as I have already said, copying a product is perfectly lawful unless there is an intellectual property right (or another law) preventing it. The Respondent's reputation makes no difference.
27. Therefore, copying the helmet in itself cannot be relevant to bad faith. Only if the reason for copying a product was part and parcel of an attempt by a person to use the trade mark registration system for an improper purpose can copying ever be a relevant factor (but only a factor) in assessing whether the mark covering the product was made in bad faith.
28. Taking all these things into account, I find that the Hearing Officer fell into error when she relied on copying to establish bad faith and, furthermore, her assessment of whether there had been copying was deeply flawed.
29. First, the evidence before the Hearing Officer was that both parties were already on the market selling their respective helmets. Indeed, both parties relied upon this fact in relation to the opposition under section 5(4)(a). There was therefore no evidence before her that any copying of the helmet was for the purposes of blocking the Respondent from entering the United Kingdom market.
30. The fact that, if registered, the trade mark might inhibit the Respondent selling its helmets (because it has to do so under a new mark) is simply an incident of the trade mark system (and it being based on first to file). Indeed, the need to rebrand products after long periods on the market is a common problem facing those involved in trade mark proceedings.
31. Secondly, the Hearing Officer identified very imprecisely what was said to be the "protected" part of the Respondent's helmet. She simply described the helmet as having an "angular, protruding chin, air inlets and eye-framing". She went on to say this marked out the helmet from others on the market. Yet this was done without any reference to any design corpus. How did she know it marked the helmet out? How did she know these features were not common? Furthermore, in a normal case alleging copying, there should have been a direct comparison between the "protected" part of the design and the article alleged to be a copy. This did not happen.
32. Thirdly, the evidence the Hearing Officer used to assess the copying was in no way fit for purpose. It involved a decades old catalogue showing photographs of the Respondent's helmets being compared with pictures of the Appellant's helmets taken from the Amazon website after the relevant date. The pictures of the helmets were of

different sizes and represented the helmets at different angles. Critically, there was no clear evidence before the Hearing Officer of what sort of helmet was sold on the relevant date (as the Hearing Officer notes, Decision, [52]). Indeed, if the Appellant had been selling helmets made to the same design before (and after) the relevant date this would suggest against bad faith. This is because the motive for selling these helmets would not be to block entry into the market but to exploit legitimately the *unprotected* good design.

33. Fourthly, there was no indication of what legal rights, if any, existed in the helmet. The Hearing Officer set out an extract from *Copinger and Skone James on Copyright* (18th Ed, Sweet and Maxwell 2020): Decision, [49]. She then described the Respondent's helmet as "distinctive" (Decision, [51]). If legal rights are being relied upon they need to be identified, and even if copying of an unprotected design is being alleged, the basis of the assessment needs to be made clear. It was not.
34. Finally, the Hearing Officer referred to correspondence from an employee of a third party business (Custom Crusier) in 2012 that suggested the Appellant's helmets were copies of the Respondent's (Decision, [53]). She also referred to a magazine article published in 2000, extracted in one of the German judgments (Decision, [53]). This is all deeply problematic. There was no indication as to what standard or meaning was being applied by the author of the correspondence or the article when indicating copying. Indeed, relying on this evidence is essentially using (hearsay) opinion evidence to establish copying. The authors of these documents may or may not have had expertise. But even if the opinions were expert they certainly did not comply with the normal rules courts and tribunals apply to such evidence. In any event, expert evidence is unlikely to be useful in assessing whether a product is copied (see comments of Jacob LJ in *Procter & Gamble v Reckitt Benckiser* [2007] EWCA Civ 936, [4] to [6]).
35. I therefore allow the appeal on this ground as well.

Grounds 3: Timing of the application not being pleaded

36. The Appellant also criticised the Hearing Officer for taking into account the cancellation of the Appellant's EU trade mark and its close proximity to the date when the application in suit was filed in the United Kingdom. The criticism was that the allegation had not been properly pleaded by the Respondent.
37. Any allegation of bad faith must be fully and properly pleaded as it is akin to an allegation of dishonesty: *Jaguar Land Rover Ltd v Bombardier Recreational Products Inc* [2016] EWHC 3266 (Ch), [50]. While Hearing Officers often adopt a degree of liberality when it comes to the particularity of pleading before the registrar, this should not apply where dishonesty, or bad faith, is alleged. As *Jaguar* makes clear it needs to be very clear to the trade mark proprietor (or applicant) exactly how its probity is being attacked. So any Statement of Case alleging bad faith should be properly set out so that every fact supporting bad faith is clear.

38. In this case, after setting out a summary of the law surrounding bad faith, the Respondent (and applicant for the declaration of invalidity) set out the facts it relied upon in paragraphs [18] to [20] of its Statement of Grounds. While these included proper particularisation of an allegation of bad faith, there was no mention of the Appellant filing the application in suit because he was concerned about his EU trade mark being declared invalid. In the absence of a proper pleading, it was not open to the Respondent to rely on this conduct to establish bad faith. The Hearing Officer therefore fell into error when she took it into account. Therefore, I allow the appeal on this ground as well.
39. In any event, I am dubious the timing of the filing demonstrates bad faith. Even if the EU trade mark had been invalidated (which it never was) this would have been on the basis that the application in 1999 was made in bad faith. It does not follow that any application in 2017 would likewise have been made in bad faith. So the Appellant's application for the mark might simply be to protect rights which, by 2017, were legitimate even if they had not been in 1999. This is not an issue I have to decide, however.

Ground 4: The Appellant's long period of use

40. I need not consider the final ground of appeal as the Appellant only needs to demonstrate good faith if the Respondent has established a prima facie case of a bad faith filing. As I have found the Hearing Officer erred in finding such a prima facie case, the issue of good faith is moot. However, I will say that it seems to me that where a trader uses a mark in the United Kingdom for a long period before filing its application to register the mark this suggests good faith. The fact that bad faith is judged at the date of filing might mean that a registered mark when tainted by bad faith remains so. But I am not so sure (but of course do not need to decide) that where the use of an unregistered mark was started in bad faith its use is corrupted forever. The stain might eventually be washed away.

Conclusion

41. I allow the appeal and dismiss Simpson Performance's Products application for a declaration of invalidity of the BANDIT trade mark (No 3,258,521).
42. In turn, this means that Mr Freundlieb's opposition under section 5(1) and (2)(a) to Simpson Performance's Products application to register the mark BANDIT (No 3,503,307) for a variety of goods in classes 9, 18 and 25 falls to be decided.
43. As Mr Freundlieb's earlier mark was found (incorrectly) to be invalid, the Hearing Officer quite properly did not move on to consider his opposition at all. I therefore consider it appropriate for the opposition to be remitted back to the registrar for determination before a different Hearing Officer.
44. As Mr Freundlieb was successful in these proceedings, I also discharge the costs order made by the Hearing Officer. I award him £3,500 as a contribution to his costs in

relation to the proceedings before me and below. This sum is to be paid by the Respondent within 21 days of the date of the order.

PHILLIP JOHNSON
THE APPOINTED PERSON
26 February 2023

Representation

Mr Jonathan Moss (instructed by Kilburn & Strobe) appeared for the Appellant.

Mr Sam Carter (instructed by K&L Gates) appeared for the Respondent.