BLO/0943/23

TRADE MARKS ACT 1994
IN THE MATTER OF REGISTRATION No. 3301964
IN THE NAME OF DR WILLIAM N JOHNSON
FOR THE TRADE MARK TETRA-KAP IN CLASSES 20 & 28
AND AN APPLICATION FOR A DECLARATION OF INVALIDITY No. 504571
BY TETRA LAVAL HOLDINGS & FINANCE SA

DECISION

---

1. This is an appeal against the decision of Hearing Officer Judi Pike dated 16 May 2023 in which she granted a declaration of invalidity on the grounds of bad faith (s.3(6) Trade Marks Act 1994).

2. The mark in issue is No. 3301964 for TETRA-KAP for goods in class 20: Closures and Class 28: Toy Bricks.

3. The Proprietor and Appellant is Dr William Johnson. He is an inventor and product designer of, amongst other things, closure technology for containers.

4. The applicant for invalidity and Respondent is Tetra Laval Holdings & Finance SA. Tetra Laval is the owner of the well known Tetra Pak range of container products.

5. The decision below was made on the papers. I too was asked to make a decision without a hearing. Dr Johnson represented himself and Tetra Laval was represented by Womble Bond Dickinson (UK) LLP. Like the Hearing Officer, I have taken careful account of all the submissions and the evidence filed.

Standard of Appeal

6. There was no dispute before me as to the standard of appeal, which is now well established.

7. The relevant principles were explained by Daniel Alexander QC sitting as the Appointed Person in *TT Education Ltd v Pie Corbett Consultancy* [2017] RPC 17 at [14]-[52], and his conclusions were approved by Arnold J in *Apple Inc v Arcadia*

Trading Limited [2017] EWHC 440 (Ch), [2017] FSR 40. As Mr Alexander QC concluded:

> "... In the case of a multifactorial assessment or evaluation, the Appointed Person 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. In particular, where an Appointed Person has doubts as to whether the Registrar was right, he or she should consider with particular care whether the decision really was wrong or whether it is just not one which the appellate court would have made in a situation where reasonable people may differ as to the outcome of such a multifactorial evaluation (REEF, BUD, Fine & Country and others)."

The Decision

8. The Hearing Officer's decision on bad faith started at §78. She cited a section from the summary provided by the Court of Appeal in *Sky Limited & Ors v Skykick, UK Ltd & Ors*, [2021] EWCA Civ 1121, which is currently the leading authority on bad faith. I repeat the passage she cited from §67 of *Sky v Skykick* below:

> …
>
> 3. The concept of bad faith presupposes the existence of a dishonest state of mind or intention, but dishonesty is to be understood in the context of trade mark law, i.e. the course of trade and having regard to the objectives of the law namely the establishment and functioning of the internal market, contributing to the system of undistorted competition in the Union, 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 the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin: *Lindt* at [45]; *Koton Mağazacilik* at [45].
>
> 4. The concept of bad faith, so understood, relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices: *Hasbro* at [41].
>
> 5. The date for assessment of bad faith is the time of filing the application: *Lindt* at [35].
>
> 6. It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved: *Pelikan* at [21] and [40].
>
> 7. Where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide

a plausible explanation of the objectives and commercial logic pursued by the application: *Hasbro* at [42].

8. Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case: *Lindt* at [37].

9. For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case: *Lindt* at [41] – [42].

10. Even where there exist objective indicia pointing towards bad faith, however, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists: *Lindt* at [49].

11. Bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark: *Koton Mağazacilik* at [46].

12. It is relevant to consider the extent of the reputation enjoyed by the sign at the time when the application was filed: the extent of that reputation may justify the applicant's interest in seeking wider legal protection for its sign: *Lindt* at [51] to [52].

…"

9. It is also worth repeating Arnold J.'s summary in *Walton International Ltd v. Verweij Fashion BV* [2018] EWHC 1608 (Ch), §186, cited by the Hearing Officer at her §87:

> The tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct was dishonest (or otherwise fell short of the standards of acceptable commercial behaviour) judged by the ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry.

10. In other words, the test for bad faith is an objective one. It is irrelevant if the applicant did not themselves think they were doing anything incorrect.

Findings of Fact

11. The Hearing Officer summarised the facts at §81 onwards of her decision. I précis them below.

12. In 1986 Dr Johnson met with the Rausing brothers, the founders of Tetra Laval, at their home to discuss an invention for packaging eggs. This was not taken forward by Tetra Laval.

13. In 2016 Dr Johnson came up with an idea for a new type of bottle top closure which turned a plastic screw top into a reusable toy. He approached Tetra Laval with the idea but again they were not interested.

14. Dr Johnson applied for the mark TETRA KAP on 6 April 2018. As he explained in his witness statement:

> At the time I thought of the wording Tetra-Kap, I obviously realised that with the spelling 'Kap' inverted from 'Pak' this could be of enormous interest to Tetra Pak. From this point it was my sole purpose to only offer the trademark and device to Tetra Pak for their exclusive use. There was never any intention from the outset to 'piggy back' on their product success nor 'hang on to their tail coat' – I am an inventor NOT a manufacturer and I have not made a penny from this invention to date nor have I approached any other company other than Tetra Pak for the use of the trademark.

15. In September 2019 Dr Johnson received an award for a new design of closure for liquid containers.

16. On 19 October 2020 Dr Johnson emailed Tetra Laval to tell them that he had registered TETRA KAP as a trade mark, that his design had gained an industry award and suggesting that Tetra Laval might be interested in both the trade mark and the closure. He continued:

> To see the many other distinct advantages that the TETRA-KAP would bring please go to the Website www.willyjohnson.com. We would be pleased to discuss any aspect of further interest that you might have at this time. This is not the first time we have approached you but not with such an update as to what we have now achieved. With my best wishes and congratulations on your great achievement concerning recycling, Yours sincerely, Dr. Willy Johnson."

17. There was some further correspondence between the parties in 2021, including in relation to a US trade mark for TETRA-KAP also filed by Dr Johnson, but later abandoned. As explained by Dr Johnson:

> **7 April 2021**: Having withdrawn the USA trademark, I approached Tetra Pak via my solicitors to offer them and only them the offer of the UK trademark as a gift – for free. My solicitor to date has never received a response to this.

18. In an email dated 6 December 2021 Dr Johnson wrote to a Mr Haglind of Tetra Laval, saying:

> In short the idea of Tetra Pak having it's own unique closure under the Brand name Tetra-Kap® - a Brand that would be offering so much benefit to both the Environment and to the market place – encompassed by your mantra "Sustainability. Go Nature. Go Carton".
>
> With Tetra Pak and Tetra-Kap there is a perfect harmony leading to Sustainability.
>
> There is so much more that I could say but you asked for "shortness" and I believe I have complied with that request! More can be found on www.willyjohnson.com
>
> Thank you for your quick response and I hope you find this of enough interest to "review the potential usefulness"?

19. On behalf of Tetra Laval, Mr Shamo, Director of Trademarks, submitted evidence explaining that Tetra Laval responded to Dr Johnson with a polite refusal to adopt either the contested mark or the underlying product. It also told Dr Johnson (via each parties' Counsel) that no meeting or business discussion could take place while the trade mark issues in the US and the UK remained unresolved.

20. This application for invalidity was filed on 8 February 2022.

21. It is clear that Dr Johnson has taken significant offence at the suggestion that he acted in bad faith, considering the accusations offensive and defamatory. As he explained in his witness statement:

> Their accusations of 'acting in bad faith' and 'dishonestly' are in my opinion, libellous and defamatory. I would like to re-iterate that the only company I have ever approached is Tetra Pak for the use of Tetra Kap and as clear as day, I offered it as a FREE GIFT – the only thing I asked for in return was a meeting."

22. However, based on the quote from *Walton* above, the Hearing Officer recorded at §88 that Dr Johnson's own feelings about whether his application for the trade mark was honestly made are irrelevant.

23. In finding that the application was made in bad faith, the Hearing Officer held as follows:

> 91. A trade mark registration is a trade monopoly. It is an item of property (intellectual property). It is not an altruistic favour which a registrant then offers to a third party which it has already identified as being interested, prior to filing the trade mark

application. A trade mark registration is a negative right which can be used to prevent parties with similar marks or signs from using those marks in the course of trade. From a third party's point of view, there is also a danger that the registration may be used in a way which damages its business and reputation, whether by the proprietor or by anyone to whom the registration may later be sold or assigned.

92. The essential function of a trade mark is to guarantee the trade mark as an indication of trade origin for the goods and/or services for which it registered by distinguishing those goods and services from those of other undertakings. Filing a trade mark application in the hope of, or with the aim of, a third party using it without having that party's consent would constitute an abuse of process because the trade mark in question cannot perform such a distinguishing function. A trade mark application filed as an abuse of process is a trade mark application filed in bad faith.

93. The subsequent decision by Dr Johnson, after application, to offer the registration to the applicant as a free gift, does not absolve him of having acted in bad faith at the relevant date. Even if he had already decided, at the relevant date, to offer it as a free gift, this does not avoid a finding that the application was made in bad faith. Firstly, for the reasons set out above, the trade mark application was not filed for the essential purpose of a trade mark. Secondly, it was filed speculatively on the assumption that it would be of 'enormous' interest to the applicant. The third reason that the 'free gift' aspect of the defence does not help Dr Johnson is that a gift is given unconditionally. He states that all he wanted in return was a meeting. The extract from his Counsel's letter, attached to the defence form and counterstatement and set out earlier in this decision, sheds a harsher light on his request than for a simple meeting. The letter said:

> "So, our client would assign its trademark applications/registrations to your client, in exchange for a commitment from your client to hold a business meeting."

94. The 'gift' was not unconditional and so was not a gift. Dr Johnson was prepared to assign the mark in exchange for a business meeting. The context is clear from what comes before this 'offer': that the 'TOPO' closure technology, which converts to a toy, 'harmonizes' with the square TETRA PAK carton because it is square. Dr Johnson wanted to secure the applicant's business for his invention in exchange for the trade mark, whether or not he charged money for assigning the trade mark.

95. It is no defence to point to the applicant's website where it invites inventors to discuss their ideas with the applicant. It is naïve to think that a company would invite business propositions regarding inventions for which conflicting trade mark applications had already been filed. It is also no defence that the section 5(2)(b) ground failed against

Toy Bricks for want of similarity according to the parameters of the relevant caselaw. It is clear from Dr Johnson's evidence and his counterstatement that the closure product he has invented turns into a toy which 'harmonizes' with the applicant's four-sided containers. Finally, it is not a defence that tetra describes a four- sided figure and that "KAP is a commonly used word in industries across the world such as the KAP Motor Company". This is trade mark use of KAP; the territory in question is the UK, not the world in general, and the consideration is the marks as wholes, not one part of the contested mark. Dr Johnson clearly knew that the mark was similar to the applicant's mark(s) because he states that he considered it to be of enormous interest to the applicant because KAP was in inversion of PAK.

…

97. The applicant has accused Dr Johnson of filing his trade mark application whilst being fully aware of the earlier marks at the date on which the application for the contested registration was filed. It claims that, owing to approaches made on more than one occasion by Dr Johnson to the applicant, the application for the contested registration was filed speculatively, with the sole purpose of obtaining financial compensation from the applicant. The applicant claims that Dr Johnson had no intention of using the mark in the UK. These are, for the reasons given above, an abuse of the trade mark registration system. I consider that the evidence establishes all of the applicant's claims. The financial compensation was the securing of a business opportunity with the applicant, for Dr Johnson's invention, in return for the trade mark registration. This means that Dr Johnson did not intend to use the mark because, as he states in his evidence and in his counterstatement, his intention was for the mark to be used by the applicant. He had no consent from the applicant at the date of application and no reason to believe that the applicant would use the mark. He had no intention to use the mark itself, which means that the mark could not fulfil its essential function.

The Appeal

24. The Appellant's submissions are contained within the TM55.

25. They contain a number of complaints which I can summarise as follows:

(a) It is inconsistent to determine that the application for toy bricks in class 28 meets the requirements for registration but then to conclude that it was made in bad faith.

(b) It is wrong to make a finding of bad faith where the Applicant for invalidity induced the actions now complained of. The Applicant held out hope of a business meeting once the trade mark issue had been resolved.

(c) The fact that Dr Johnson knew of Tetra Laval at the time of filing is not sufficient to demonstrate sinister intent.

(d) Dr Johnson was not "squatting" and demanding monies from Tetra Laval.

(e) Evidence of offers to compromise should not be relied upon.

(f) It would have been imprudent for Dr Johnson to have disclosed the fact of the application prior to grant.

(g) Tetra Laval did not oppose the mark but only applied to invalidate after grant.

(h) It was Tetra Laval who imposed conditions on dealings in the mark, not Dr Johnson.

26. I remind myself that in the absence of an error of principle, the Appointed Person should be reluctant to interfere with a multifactorial decision of a Hearing Officer. An appeal is not an opportunity to argue the points below afresh. Nevertheless, I deal with the criticisms in turn below.

27. Points (a) and (g) amount to a criticism of Tetra Laval for not having opposed the mark when it was applied for, and only seeking to invalidate after grant. There is nothing in this. The UK trade mark system allows for both routes of opposition to a mark and the route that Tetra Laval has elected to pursue is a legitimate one. Indeed, point (f) is rather inconsistent with points (a) and (g), and it is difficult to see how Tetra Laval could be criticised for not objecting to the application at the earliest stage when Dr Johnson acknowledges that he did not inform them of its existence until after grant.

28. Points (c) and (d) can be taken together. Dr Johnson is right that mere knowledge of Tetra Laval at the time of filing is insufficient on its own to amount to bad faith. Further, it is right that he did not demand monies from Tetra Laval in the way that a traditional "squatter" might have done. But, again, that cannot be determinative of the issue, and the Hearing Officer was required, as she did, to take account of all the relevant circumstances underlying the case. Neither of these points can on their own undermine her overall decision.

29. The Hearing Officer dealt with point (e) at §80 and held that both sides had waived privilege in any without prejudice correspondence by putting it in issue in evidence in the proceedings. She was right to do so.

30. The real complaint made by Dr Johnson is that Tetra Laval were themselves at least partly responsible for the situation arising, because they continued to correspond with him and held out the prospect of future relations continuing once the trade mark issues had been resolved. This is contained in points (b) and (h) listed above. He also continues to maintain that the fact he registered the mark with the intention of Tetra Laval ultimately using it means that there should be no finding of bad faith.

31. I acknowledge that Dr Johnson is plainly a businessmen and inventor with sufficient ability to have interested Tetra Laval with his designs in the past. I also acknowledge that Dr Johnson may honestly believe that he did not do anything untoward in registering the TETRA PAK mark, which he sincerely hoped and intended would eventually be used by Tetra Laval alongside his container invention.

32. But as noted above, Dr Johnson's subjective intent is not the relevant indicia for judging bad faith. What is important is the objective assessment of the requirements for bad faith as a matter of trade mark law.

33. As to this, I do not think the Hearing Officer fell into error. Tetra Laval can hardly be blamed for seeing to negotiate an amicable outcome to the dispute once it had arisen and this fact does not take away from whether Dr Johnson applied for the mark (before the negotiations had begun) in bad faith.

34. As both Dr Johnson and his lawyers have acknowledged, he sought to retain the trade mark until such time as a meeting had taken place to discuss the question of his invention and the possible use of the mark alongside it.

35. The letter from Dr Johnson's lawyers is quoted by the Hearing Officer at §93 (emphasis added):

> "So, our client would assign its trademark applications/registrations to your client, **in exchange for a commitment from your client to hold a business meeting**."

36. The same point is repeated in Dr Johnson's submissions on this appeal (emphasis added):

> It was to full fill this condition laid down by Tetra Pak that the offer of giving freely as a gift was made in Good Faith and Good Will with no strings attached and a total awareness and agreement that **should the meeting come to nothing** Johnson would walk away Period and obviously Tetra Pak would own the Trade Mark lock stock and barrel, with no redress from Dr.Johnson to do with it whatever they wished.

37. Equally, he also stated in the TM55 (emphasis added):

> **Likewise, Dr. Johnson clearly intended the Mark be used, either by himself or by a licensee**. It is black letter trademark law that use of a mark by a license inures to the benefit of the registrant.

38. As the Hearing Officer rightly concluded at §94, cited above, having registered the mark, Dr Johnson was not gifting the trade mark unconditionally. He was negotiating with Tetra Laval in order to try to secure a meeting with them at which to discuss his invention. He considered that there was an advantage to be gained by securing the registration. The fact that he may have considered that the advantage would inure to both himself and to Tetra Laval does not undermine the finding of bad faith. It is the fact that there was some potential advantage to him as a result of procuring the registration which the Hearing Officer relied on as bringing the case within the bounds of s.3(6) of the Act.

39. As pointed out by Tetra Laval on this appeal, Tetra Laval had not, whether directly or impliedly, given its consent for Dr Johnson to apply to register or use the mark. Dr Johnson applied for the mark knowing full well that Tetra Laval had rights in it, yet he chose to apply for it himself to benefit himself (at least in part) without Tetra Laval's permission.

40. For all these reasons I think the Hearing Officer was entitled to find as she did. Indeed, I think she was correct to do so for the reasons I have set out in full above. There is nothing in any of the criticisms of Dr Johnson made on this appeal.

41. Further, I have stepped back and sought to analyse the decision objectively and I can discern no error in the outcome.

42. It is regrettable that Dr Johnson's misunderstanding of the requirements of trade mark law have led to this dispute. The findings and reasoning of the Hearing Officer are fully consistent with the established authorities on bad faith and I have no hesitation in upholding the decision of the Hearing Officer.

Conclusion

43. The declaration of invalidity made by the Hearing Officer should be upheld and registration 3301964 deemed never to have been made.

44. The Hearing Officer ordered that Dr Johnson should pay £1500 to Tetra Laval in respect of the costs below. Tetra Laval are also entitled to a contribution to their costs of this appeal.

45. Given the nature of the appeal and taking into account that Tetra Laval had to consider the TM55 and filed a skeleton argument, I order that Dr Johnson should pay an additional £600 on the appeal.

46. Dr Johnson should pay the total sum of £2100 to Tetra Laval by 4pm on 25 October 2023.

Thomas Mitcheson QC
The Appointed Person
3 October 2023