

O-131-16

In the matter of THE TRADE MARKS ACT 1994

And in the matter of APPLICATION No. 2646529 by TWG TEA COMPANY

And in the matter of OPPOSITION No. 400500 by MARIAGE FRÈRES,
SOCIÉTÉ ANONYME

Appeal from the Decision of the Hearing Officer, Mr Mark Bryant, on behalf
of the Registrar, the Comptroller General, dated 15 April 2015

Thomas St. Quintin (instructed by Potter Clarkson) for the Appellants
Ian Bartlett (of Beck Greener) for the Respondent

DECISION OF THE APPOINTED PERSON

1. The Applicant, TWG Tea Company, has applied to register a series of two marks, set out below, for various goods in class 30 including teas and tea products:



2. The application is opposed by Mariage Frères, solely under the provisions of s3(6) of the Trade Marks Act 1994. This provides that a trade mark shall not be registered if or to the extent that the application was made 'in bad faith'.
3. The established law on bad faith was set out fairly comprehensively by Arnold J in Red Bull GmbH v Sun Mark Limited and Sear Air & Land Forwarding Limited [2012] EWHC 1929 (Ch), paragraphs 130-138. It suffices for the purpose of this Decision to highlight the following:
 - (i) The relevant date for assessing the issue of bad faith is the date of the application, but later evidence may be relevant if it throws light on the position at the application date [Red Bull paragraph 132, and the cases there cited]
 - (ii) The burden of proof lies on the opponent to establish bad faith on the part of the applicant. The allegation is a serious one which must be distinctly proved. Cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which would also be consistent with good faith [Red Bull paragraph 133, and the cases there cited]
 - (iii) The definition of bad faith is not limited to cases of dishonesty but also includes '*some dealing which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined*' [Red Bull paragraph 134, and the cited cases, particularly Gromax Plasticulture v. Don & Low Nonwovens [1999] RPC 367 at 379]
 - (iv) The assessment of bad faith requires consideration of the applicant's subjective intention, to be determined by reference to the objective circumstances of the case. Intention to prevent a third party from marketing a product may, in certain

circumstances, be an element of bad faith. This is particularly the case where it becomes apparent that the applicant had no intention to use the mark, the sole objective being to prevent a third party entering the market. [Red Bull paragraph 138 citing the CJEU in Lindt v Hauswirth C-529/07 at [35]].

4. The parties to the dispute are commercial rivals in the supply of quality and specialist teas to high end retailers and tea salons. The Managing Director of the Applicant is a former employee of the Opponent, who left his employment in 2007 (which included acting as a waiter in one of the Opponent's salons). The Applicant also employs two other ex-employees of the Opponent. It is quite plain that there is no love lost between the parties. This dispute is only one of a number of oppositions to trade mark applications filed by both parties. More significantly, they have been engaged in wide-ranging litigation in the District Court of Paris in which a number of allegations were made by the Opponent that the Applicant had copied elements of its business.

5. In any allegation of bad faith, the pleadings are of particular importance. The precise facts which are said to establish dishonesty or conduct falling short of the standards of acceptable commercial behaviour need to be identified. The Notice of Opposition in the present case reads as follows:

'The Opponent is a leading worldwide seller of high quality tea products and the provision of tea room services. One of the Opponent's leading tea blends is branded SAKURA. The Opponent has trade mark registrations in France for the trade mark SAKURA and also for SAKURA, SAKURA! The Opponent has used trade marks which incorporate the word SAKURA for at least 10 years for a wide variety of different teas. This use includes use in the UK. The Opponent uses Japanese (Kanji) characters in association with its SAKURA branded teas, for example on packaging.'

One of the founders of the applicant company, TWG Company Pte Limited, was previously employed by Mariage Freres. This individual, Mr Taha Bouqdib, commenced employment as a waiter with the Opponent on 27 July 1993 and was promoted to various positions within Mariage Freres prior to his resignation on 27 May 2007. Shortly after leaving the Opponent's employment, Mr Bouqdib set up the business of TWG Tea Company Limited. During his employment with Mariage Freres, Mr Bouqdib will have served SAKURA branded teas to customers and patrons of Mariage Freres in the Parisian tea rooms and he would have been involved in the sale of various SAKURA branded teas. Furthermore, because of his elevations and promotions within the Mariage Freres business, he would have been in receipt of confidential and strategic information relating to the business operated by Mariage Freres. Consequently the Opponent contends that the application has been filed in bad faith and offends s3(6) of the Trade Marks Act, on the basis that the Applicant is not entitled to register or use the Opponent's SAKURA brand.

As can be seen from the representation in Application No. 2646529, the Applicant's trade mark which features the word SAKURA SAKURA also includes Japanese (Kanji) characters.'

6. The pleaded case thus appears to be suggesting that Mr Bouqdib has acted in bad faith through the agency of the Applicant in applying for the trade mark (i) because he was aware of the sale of the Opponent's SAKURA branded tea from his experience in employment with the Opponent including by serving tea to customers; (ii) because he was in receipt of confidential and strategic information relating to the Opponent; (iii) because the Applicant's mark includes Japanese characters (which the Opponent also used on its packaging).
7. It seems to me that the Grounds of Opposition are entirely defective in that they do not set out facts which (if proven) would establish bad

faith on the part of the Applicant. On the contrary, the pleaded facts are perfectly consistent with good faith. The sale of the Opponent's SAKURA tea in the salons of Paris and elsewhere was not a secret. So knowledge of the existence of SAKURA tea cannot form part of any confidential information which it could be said that Mr Bouqdib ought not subsequently to use for his own purposes. In fact, the pleading is entirely obscure as to the nature of the information which is said to be confidential, nor does it link that information in any way to the application for the trade mark. One might add that the idea that some confidential information obtained from the Opponent in or before 2007 could have been useful to the making of a trade mark application in 2012 is in any event a surprising one. Finally, it is impossible to see how the common presence of Japanese characters in the trade mark and on the Opponent's tea packaging has anything to do with bad faith.

8. The Hearing Officer did not limit himself to considering the pleaded case. He reviewed the entirety of the evidence which had been filed and sought to draw out the case as it appeared from that evidence and from the submissions which had been made to him in writing and at an oral hearing. Primarily the evidence on the Opponent's part consisted of a wide-ranging series of allegations against Mr Bouqdib and his associates of conduct which the Opponent perceived as disloyal and/or commercially disreputable. The accusations against Mr Bouqdib included the following:
 - (i) using in his business the knowledge he had obtained whilst working for the Opponent that SAKURA tea was one of the best-selling teas of the Opponent;
 - (ii) copying a large range of products sold by the Opponent including teapots;

- (iii) using a number of marks which are the same as or similar to marks of the Opponent (such as 'Polo Club' and 'Wedding');
- (iv) a 'plot' to form a rival company hatched between the founder of the Applicant (a Mr Murjani) and Mr Bouqdib as far back as 2004;
- (v) copying the idea of an annual event promoting this year's SAKURA tea;
- (vi) offering employment to other employees of the Opponent;
- (vii) soliciting the Opponent's suppliers to provide copied products such as tea canisters;
- (viii) using the same designer of labels as that used by the Opponent;
- (ix) selecting crockery very similar to that used in the Opponent's tea rooms and copying the style of the Opponent's tea rooms.

9. The Applicant and Mr Bouqdib denied many of these allegations, and disputed the significance of others. For example they said that the Polo Club mark had been invented by the Applicant, not the Opponent. Wedding tea was in common usage by a number of companies. There was no annual event promoting SAKURA tea, but SAKURA was a seasonal product. There was no long-lasting 'plot' as alleged, the discussion with Mr Murjani about involvement in the Applicant's business not having started until much later. The designs of tea canisters etc. were commonplace in the industry. The style of the tea rooms was not the same at all. The two other employees of the Opponent who had joined the Applicant were not senior executives, as had been suggested, but rather a pastry chef and a shop manager.

10. There was no cross-examination of the witnesses on either side.
11. The Hearing Officer did not consider that he could come to any firm conclusion on the disparate allegations to the effect that the Applicant had copied the Opponent's business model. Furthermore, he plainly considered that the evidence about those allegations did not serve to advance the allegation of bad faith in the filing of the trade mark application at all. As he said at paragraph 44:

'It is clear that the opponent is unhappy with the global activities of the applicant and the information may, at worst, paint a picture of applicant adopting practices that could be collectively described as being at the 'sharp end' of acceptable business practices. At best, they indicate no more than a rival business operating in the same niche market of 'high end' teas accessing the same resources as the opponent solely because they were known to Bouqdib from his time working for the opponent. In other words he was merely using his knowledge of the industry acquired whilst working for a previous employer.'

He went on to point out that there was not even a suggestion that the actions complained of were in any way contrary to law. That being the case, in circumstances where Mr Bouqdib did not owe any continuing form of contractual or fiduciary duty to the Opponent in 2012, I agree with the Hearing Officer that it is hard to see how (even if proved) they could turn an otherwise perfectly permissible application into one which was made in bad faith.

12. So far as the specifics of the trade mark application itself were concerned, the Hearing Officer found that the word 'SAKURA' in Japanese means 'cherry blossom' and that it is common to use cherry blossom essence as a flavouring for tea. He also found that it was not surprising to find Japanese characters used on packaging intended for Japanese tea (I would add that my research indicates that the

characters used in the trade mark application are the characters meaning 'cherry blossom', which makes the position even less surprising). Furthermore, the overall design of the trade mark is not in any way similar to the Opponent's Sakura tea packaging. For convenience, I set out one example of this packaging (from 2012) below:



13. Taking an overall view of his findings on the evidence, the Hearing Officer held that the trade mark application had not been made in bad faith. In particular he relied on:
 - (i) the fact that SAKURA was a perfectly apt name to describe Japanese cherry blossom tea;
 - (ii) the dissimilarity between the trade mark and the get up of the Opponent's SAKURA tea;
 - (iii) the absence of any protectable right owned by the Opponent in the UK;

- (iv) the fact that this case did not appear to fall within the category of case identified by the CJEU in Lindt as being one where bad faith might well be established on the basis of ‘intent’, namely where a third party had adopted a mark with no intention to use it, but merely to prevent another party from entering the market. As he noted, on the Opponent’s own evidence it had been selling SAKURA tea in the UK for some 6 years at the date of the application, so this could hardly be called a ‘pre-emptive’ move by the applicant.
14. For the Opponent on this Appeal (he did not appear below), Mr St. Quintin fairly accepted that he faced a heavy burden. Allegations of bad faith are classic instances of the application of (in Lord Hoffmann’s words from Designers Guild v Russell Williams [2000] FSR 121) a ‘*not altogether precise legal standard*’ to a set of facts. They require a multi-factorial consideration and an exercise of judgment by the fact-finding tribunal. Where (as here) such a decision has been taken by an experienced Hearing Officer, having correctly directed him or herself as to the law, an appellate tribunal should be extremely unwilling to interfere with the result, unless something has plainly gone wrong in the Hearing Officer’s understanding of the facts, or the result is simply irrational.
15. Mr St. Quintin did not challenge the Hearing Officer’s account of the relevant law. However, he contended that the Hearing Officer had failed to understand the significance of a vital point in the evidence.
16. This alleged error concerned the repetitive use of the word SAKURA in the Application, along with the accompanying exclamation marks (‘SAKURA! SAKURA!’). Mr St. Quintin pointed to the use of the repeated term SAKURA with a single exclamation mark (SAKURA, SAKURA!) on the packaging of some of the boxes of the Opponent’s teas in the evidence. It can (just) be seen on in the reverse side of the packaging I

have set out above. He alleged that this coincidence made it inconceivable that the Applicant could have arrived independently at the trade mark which is the subject of the application. He said that the adoption of the repeated term was plainly done *'to mimic the Appellant's packaging'*. Furthermore, he said that the copying was a strong indication that the Applicant's intention was to *'damage to the Appellant's nascent business'* and *'as a pre-emptive strike on the Appellant's future use of a similar mark'*. He said that the Hearing Officer had not properly understood the significance of the repetition and the use of exclamation marks, and that, if he had done so, he would or should have made a finding of bad faith.

17. I disagree, for the following reasons.
18. First, it is plain that the Hearing Officer did appreciate the issue about the repetition and the exclamation marks. As he said in paragraph 42 of his Decision:

'The use of exclamation marks and the repeating of the word SAKURA in the applicant's mark is perhaps less easily explained. The applicant submits that it was merely to emphasise the Cherry Blossom element of the goods, but it is notable that it has chosen to emphasise this element in the same way that the opponent has done on some of its packaging'.

The issue therefore plainly went 'into the mix' in his multi-factorial analysis, and he did not regard it as sufficient to tip the balance in favour of a finding bad faith. The point on appeal therefore cannot be that he failed to take relevant evidence into account (which could feasibly amount to an error of principle sufficient to justify interference on appeal), but simply that he failed to give that evidence enough weight. As explained by Lord Hoffmann in Biogen v Medeva [1997] RPC 1 at 45, giving too much or too little weight to a factor in a global assessment does not fall into the category of an 'error of

principle' which warrants interference by an appellate tribunal with a decision on a multi-factorial issue of this kind.

19. Second, the significance of the coincidence is somewhat watered down by a number of points:
 - (i) there is only a single exclamation mark (SAKURA, SAKURA!) in the version used on the Opponent's packaging;
 - (ii) the usage of the repeated term by the Opponent is at a minimal level – it is only present in small print on the reverse of some of their boxes, well away from their main get up and mark which is a badge containing the word SAKURA in the singular, the words MARIAGE FRERES and some Japanese characters;
 - (iii) the overall appearance of the trade mark is completely different from the Opponent's packaging – in the circumstances the suggestion by the Opponent that the adoption of a repeated term which is only visible on a close inspection of the rear of its packaging indicates an intention to '*mimic*' that packaging seems far-fetched.
20. Fourth, there is nothing in the evidence to indicate that the repeated use of SAKURA with or without exclamation marks is or was an important part of the Opponent's future marketing plans, let alone that this 'fact' was known to the Applicant. In the circumstances, it is hard to understand the suggestion that the repeated term was adopted by the Applicant to cause damage to the Opponent's business.
21. Fifth, it will be recalled that the pleaded case is that the bad faith derives from the knowledge obtained by Mr Bouqdib of the Opponent's teas whilst working for them between 1993 and May 2007, including by serving their teas in the Paris salon. So far as I can

see on the evidence, there is no basis for suggesting that the packaging of the tea which Mr Bouqdib would have served or been aware of in this period contained the repeated term SAKURA, SAKURA! It is not suggested in the Opponent's evidence that this would have been the case, and the dated packaging which is exhibited to that evidence (MF3 to the witness statement of M Cohen-Tanugi) indicates that the repeated term was not in fact used prior to 2010.

22. Sixth, Mr Bouqdib's evidence in his witness statement included the following statements:
- (i) *'I absolutely deny...that the trade mark was copied from or had anything to do with Mariage Freres' [paragraph 11]*
 - (ii) *'We have not copied anything from Mariage Freres' [paragraph 36]*
 - (iii) *'We have not 'copied' any aspect of Mariage Freres products, their products names or any other aspect of their business. On the contrary we have made every effort to create a unique presentation for our TWG brand in the tea market' [paragraph 48]*

The Opponent chose not to seek to cross-examine Mr Bouqdib at the hearing. This does not mean that the Hearing Officer was obliged to accept his evidence on every point. However, in the case of a serious accusation of bad faith, the tribunal should be slow to disbelieve evidence of the accused party which is not challenged in cross-examination unless there are very cogent and persuasive reasons for doing so.

23. I therefore reject the attack on the Hearing Officer's determination of the issue of bad faith.

24. In the circumstances it is unnecessary to deal with the Respondent's Notice.

25. I uphold the Hearing Officer's decision and direct that the Application shall proceed to grant. I will also direct that the Opponent shall pay the Applicant £1200 towards its costs of this Appeal.

IAIN PURVIS QC
THE APPOINTED PERSON
7 January 2016