

O-222-18

TRADE MARKS ACT 1994

IN THE MATTER OF

TRADE MARK REGISTRATION NO. 3163454 OWNED BY
BY MAIDSTONE & DISTRICT MOTOR SERVICES LTD



(A SERIES OF TWO MARKS)

REGISTERED IN CLASSES 16, 25, 26, 28 AND 39

AND

THE APPLICATION FOR A DECLARATION OF INVALIDITY THERETO
UNDER NO. 501570 BY OXFORD DIECAST LTD

Background and pleadings

1. These proceedings concern a claim made by Oxford Diecast Ltd (“the applicant”) that trade mark registration 3163454¹, for the series of two marks shown below, was applied for in bad faith, by Maidstone & District Motor Services Ltd (“the proprietor”):



2. As nothing turns upon the fact that the registration is for a series of two marks, for convenience, I will refer to it in this decision as ‘the mark’.

3. The application was made on 9 May 2016 and completed the registration procedure on 5 August 2016. On 21 February 2017, the applicant filed an application to have class 28 of the registration declared invalid under sections 47(1)/3(6) of the Trade Marks Act 1994, which state:

“3.—(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

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

4. The mark is registered in class 28 for:

Cases for toy vehicles; Children's four-wheeled vehicles [playthings]; Children's toys; Clockwork toys [of metal]; Clockwork toys [of plastics]; Craft model

¹ The full list of registered goods and services is contained in the annex to this decision.

kits;Mechanical action toys;Mechanical games;Miniature car models [toys or playthings];Miniature die cast vehicles;Miniatures for use in games;Miniatures for use in war games;Model cars;Model cars [toys or playthings];Model toys;Model vehicles (Scale -);Model vehicles (scale-) [playthings];Models for use with role playing games;Toy cars;Toy lorries;Toy model cars;Toy model vehicles;Toy models;Toy scale models;Toy trucks;Toy vehicles;Toy wagons.

5. I reproduce the claim, as pleaded, here (which includes references to documents attached to the claim form, form TM26(I)):

The application was made in bad faith. The trademark has been used for over 100 years prior to this registration and should not have been possible. The trademark image is based on the scroll fleetname used by an older dissolved company of the same name (Maidstone & District Motor Services Ltd) between 1911 and 1969 (A1-3). Maidstone & District Motor Services Ltd (Company Registration Number 6581209) was formed in 2008 has no connection with the past company. Their company name on formation was "Dogwood Motor Services Ltd", on the 9th April 2013 they changed their name to Maidstone & District Motor Services Ltd.(B1-2). On the 14th December 2015 the new Maidstone & District Motor Services Ltd requested licence fees from Oxford Diecast which was rejected for use of a similar trademark (C1-7) which was registered on the 13th July 2013 against Class 39 UK00003002065 (D1-2). They made a new filing in May 2016 covering 4 classes including Class 28 and specifically miniature diecast vehicles (E1-5). Oxford Diecast (established 1993) has produced miniature diecast vehicles including items showing this scroll name prior to the application in May 2016. Since 1991 at least 48 diecast models have been announced/released using this same scroll fleetname by 6 model manufacturers several of which were released between April 2011-April 2016 (F1). The proprietor has stated in writing "As well as being a PSV (PCV) operator, I am also a model maker and collector, and a bus preservationist" (Page 6). He has a detailed knowledge of the history of the trademark concerned. The application contains specifications of goods and services that are broader than the scope of intended use of the mark by a company that has been dormant since the date of its incorporation(G1).

6. Although the final sentence appears to address the entirety of the registration, the applicant makes it clear in the next part of the statutory form that the application is directed against class 28 only.

7. The proprietor denies the grounds in a counterstatement filed by its sole director, Allan Haynes. He states that the applicant is correct in stating that the trade mark was used as a fleet name by the original Maidstone and District Motor Services Ltd company from 1919 to 1969. He states that the company abandoned the mark on becoming part of the nationalized National Bus Company, and 'hence it could have been adopted and registered by anyone'.

8. Mr Haynes states that the original Maidstone and District Motor Services Ltd company was dissolved in 2013 by its owners, Arriva plc. He states that he was able to adopt the company name in place of the original name of his company, Dogwood

Motor Services Ltd. He changed his company name to Maidstone and District Motor Services Ltd on 9 April 2013. Mr Haynes states that it was a 'natural progression' to register the mark and 'place it in the same portfolio' as his company.

9. Mr Haynes states that he has never demanded a licence fee from the applicant, only a licencing arrangement, with no monetary connotations. He states:

"I do not request any TM Licence fee from organisations or individuals who in my estimation concur with my own principles in the interest and study of transport history. I regard the applicant's company Oxford Diecast Ltd. as thus qualified and would expect to be able to issue him with a TM Licence at no cost."

10. In relation to his intentions in applying for the mark, Mr Haynes states:

"One of the reasons for my registering the Mark in the first place was to safeguard continued free access to it for the enjoyment of transport enthusiasts and historians, also for the owners of historic former M&D vehicles and buildings and other artefacts, and those with a general interest in the social history of road transport. Additionally, my intention has been to ensure that the Trade Mark remains available to the M&D and East Kent Bus Club, the body overseeing all aspects of interest in the former M&D company, for any purposes they require. This organisation has a substantial membership and is involved in historic vehicle operating, publications, organising rallies, tours and events, and other activities relating to the place of the original M&D company in history as well as promoting interest in their current day successors operating bus services in their area, Messrs. Arriva plc.

...

[The applicant] states that the registration 'contains specifications of goods and services that are broader than the intended use of the Mark'. This

statement is untrue. The Classes 16, 25, 26, 28 and 39 have been carefully selected to protect the retail goods and services currently marketed or proposed for the future by myself (under non-exclusive Licence from M&D [the proprietor, Mr Haynes' company]) or by other existing Licensees. There are currently three TM Licences to others in force.

My other intended use for the Trade Mark was to have it used again under Class 39, displayed on buses operating in the former M&D territory in Kent and Sussex. This has not yet been achieved though discussions are continuing with another bus operator in that area.”

11. Both parties are self-represented. Both filed evidence but neither party wished to be heard. The proprietor filed written submissions during the evidence rounds and in lieu of a hearing.

Applicant's evidence

12. The applicant's evidence-in-chief comprises a witness statement dated 5 July 2017 and exhibits from Lyndon Davies. Mr Davies has been the applicant's Managing Director and Chief Executive since 2002. The applicant makes and releases over 400 scale model vehicles a year.

13. Mr Davies exhibits the following documents:

- Exhibit LDC1: prints from the companies register on the Companies House website showing company registration details for the applicant, which was incorporated on 5 November 1993.
- Exhibit LDC2: a copy of a letter received from the proprietor dated 14 December 2015, referring to trade mark registration 3002065 (the class 39 registration). The letter is written by Mr Haynes and states that “I have no wish whatsoever to curtail your Company's sales and future product development. However, we need to come to a licencing arrangement

concerning your past, present and future commercial use of my Company's Trade Mark". The letter refers to the models which Mr Haynes feels are a problem and says that he understands that these models - the Leyland Royal Tiger ref. no. 76LRT004 and Leyland PD2 ref .no. 76PD2001 - were released in October 2014 and September 2015, respectively. Mr Haynes says in his letter that he is a model maker and collector, and a bus preservationist.

- Exhibit LDC3: is a copy from the trade marks register for trade mark registration 3002065. It is registered for the same mark as the subject of these proceedings, but in class 39 only (for bus and coach services). It was applied for on 16 April 2013 and registered on 26 July 2013.
- Exhibits LDC4 and LDC5: prints of photographs of the 'offending' model vehicles referred to by Mr Haynes in his letter of 14 December 2015.
- Exhibits LDC6, LDC7, LDC8 and LDC9: Copies of the applicant's newsletters, called the Globe, and catalogues, called the Release Programme, from 2014 and 2015, showing the two model vehicles referred to by Mr Haynes in his letter of 14 December 2015. These exhibits show that the model bus 76LRT004 was announced for order taking in June 2014 and was available for despatch in November 2014. The model bus 76PD2001 was announced for order taking in October 2014 and was available for despatch in September 2015. There is a list of acknowledgements of various parties' trade mark rights in the catalogue.
- Exhibit LDC10: a copy of a website publication by the Maidstone & District and East Kent Bus Club, which was formed in 1952, as a transport heritage interest society. The publication was created on 4 June 2012. Mr Davies states that the older dissolved company, Maidstone & District Motor Services Ltd, featured in the publication, has no connection with the present proprietor.

14. Mr Davies gives some hearsay evidence from Adrienne Fuller, the applicant's Product Manager. It would have been preferable to have had direct evidence from Ms Fuller herself. Mr Davies states that Ms Fuller has worked for the applicant since 2007 and that, prior to that, she worked at Corgi² between 1984 and 1986 and from 1991 to 2007. Ms Fuller told Mr Davies that diecast models of buses featuring the Maidstone & District Motor Services logo had been produced for many years. Whilst she worked at Corgi, she liaised with an individual named Richard Lewis of Maidstone & District Motor Services (the original company), continuing after the company was acquired by Arriva Kent & Sussex Ltd. In the course of her employment with the applicant, Ms Fuller had continued her contact with Mr Lewis regarding several of the applicant's products. Mr Davies states that no licensing agreement had ever been requested for use of the logo.

15. Exhibit LDC12 comprises a list of past scale models featuring the Maidstone & District Motor Services logo from a website called britishmodelbuses.com. Mr Davies states that the website is run by Gareth Jones and is considered in the model industry to be the most accurate in respect of 1:76 scale buses and bus themed models. The list shows that, since 1993, 26 diecast models incorporating the logo had been released by four scale model manufacturers (Corgi, EFE, Farish/Bachmann and the applicant). Exhibit LDC13 shows pictures of six of the buses on the list.

16. Mr Davies states that, with the above evidence in hand, he replied, on 21 December 2015, to Mr Haynes' letter of 14 December 2015, declining to enter any licence agreement with the proprietor and giving his reasons. Exhibit LCD14 comprises a copy of Mr Davies' letter. Mr Davies advised Mr Haynes that the logo and the applicant's use of it pre-dated the proprietor's trade mark registration (i.e. the class 39 registration) and that the proprietor's trade mark registration covers bus services, not scale models. Mr Davies denied trade mark infringement, making a

² Mr Davies does not give the full company name of Corgi.

reference to European cases which involve the use of trade marks on model vehicles³.

17. Ten months later, on 24 October 2016, the applicant received a further letter from Mr Haynes/the proprietor (Exhibit LDC15) about another scale model bearing the contested mark, the 76FDE014, informing the applicant that it had infringed the proprietor's trade mark registration. The letter did not refer to a trade mark registration number. Mr Davies states that he checked the trade mark register and found that the proprietor had, on 9 May 2016, applied for the trade mark registration which is the subject of these proceedings.

18. Mr Davies replied on 1 November 2016, again refusing to enter into a licence agreement. A copy of his letter is contained in Exhibit LDC17. In the letter, Mr Davies pointed out to Mr Haynes/the proprietor that he/the proprietor had applied for the trade mark in the knowledge that the applicant was already using the mark on its own class 28 products. Mr Davies also said in his letter that the release of the applicant's model 76FDE014 had been announced in trade publications and the applicant's catalogues in January 2016. Mr Davies again denied trade mark infringement, and again made reference to European cases which involve the use of trade marks on model vehicles. Mr Davies states that he views this second trade mark application, in the light of the previous correspondence, as an attempt to extract money from the applicant in the form of a licencing fee.

19. Mr Davies states that he received a further letter from Mr Haynes/the proprietor, dated 30 November 2016, a copy of which comprises Exhibit LDC18. Mr Davies states that the applicant did not reply to this letter. The letter contained a denial that the second trade mark was applied for in response to the applicant's announcement that it was releasing model 76FDE014. Mr Haynes stated that the second registration was to protect the proprietor's 'loyalty' items and stated that it had been selling fleece jackets and polo shirts carrying the logo for several years; that the marketing of reproduction metal badges and embroidered patches was about to

³ These are not cited but, for example, the Court of Justice of the European Union (the decisions of which are binding on the UK, contrary to a statement made by Mr Haynes in his evidence) issued a judgment concerning scale model vehicles: *Adam Opel AG v Autec AG* Case C-48/05.

commence, and that “we are also preparing our first vehicle model in association with another manufacturer.” Mr Haynes said that Mr Davies’ reference to European cases was irrelevant because the trade mark registration and sales were situated in the UK.

20. Mr Davies states that he received a further letter dated 18 January 2017, contained in Exhibit LDC19. This letter is very short; it refers again to the need to come to an arrangement to allow the applicant “to legally continue producing models bearing our scroll fleetname, as we have been able to do with other manufacturers”.

21. Mr Davies states that he replied by letter on 7 February 2017. He exhibits a copy of his letter (Exhibit LDC20) in which he informs Mr Haynes/the proprietor that the applicant would be making an application for cancellation of the trade mark registration which is the subject of these proceedings, setting out the reasons as follows:

“The application was made in bad faith, your detailed knowledge of the past and present use of this trademark meant that you were fully aware that it was already in use by others at the time of the filing. You knew the same or similar marks had been widely used by scale model for a considerable period of time. The M & D Scroll fleetname was used from 1911 to 1969 when National Bus Company took it over. For many years the M & D Scroll fleetname has been used by firms that manufacture scale model vehicles. In your own words (letter dated 14th December 2015) “As well as being a PSV (PCV) operator, I am also a model maker and collector, and a bus preservationist”, “I will be adding them to my collection”. Your own words (letter 30th November 2016) “since its first use in 1919”, “I knew the prototype vehicle 164 SKE well I travelled in it”.

Your letter of the 14th December 2015 requested licence fees, from Oxford Diecast for use of a similar trademark (UK00003002065) which was registered on the 13th July 2013. Your failure to receive licence fees from

Oxford Diecast led you to make a new filing in May 2016 covering 4 classes. This filing falls short of the standards of acceptable behaviour.

We have our doubts of your intention to use the mark. We believe that the application contains specifications of goods and services that are broader than the scope of intended use of the mark.”

22. Mr Davies exhibits the proprietor’s company registration details (Exhibit LDC21). The proprietor was incorporated on 30 April 2008 under the name DOGWOOD MOTOR SERVICES LTD. Its name was changed to the current name on 9 April 2013. Mr Haynes is the sole director. The page showing a history of documents filed since incorporation shows that the company has been dormant all along (at least up until the date of Mr Davies’ witness statement).

23. Mr Davies points out that in Mr Haynes’ letter of 30 November 2016 (described above, Exhibit LDC18), Mr Haynes says “As you may know we have been selling fleece jackets and polo shirts carrying the logo for several years, we are soon to market reproduction metal badges and embroidered patches, we are also preparing our first vehicle model in association with another manufacturer.” Mr Davies states that, as a dormant company, the proprietor should not be trading; if it has been trading and has filed dormant accounts, it has committed an offence.

24. Mr Davies concludes by stating that the application was made in the knowledge that the mark was in use by others in relation to goods in class 28; Mr Haynes has stated in correspondence that he is a model maker and collector and a bus preservationist. Mr Davies states that Mr Haynes has shown himself to have an extensive knowledge of the history of the trade mark, the older Maidstone & District company, and the scale model industry. He states that the purpose of the contested trade mark application in class 28 was Mr Haynes’ failure to extract funds from the applicant through a licensing agreement with Mr Haynes’ dormant company based on the earlier class 39 trade mark registration. He claims that the application was therefore made in bad faith.

25. The applicant also filed further evidence in order to clarify evidence filed by the proprietor, to which I refer in my summary of the proprietor's evidence.

Proprietor's evidence

26. The proprietor's evidence-in-chief is filed by Mr Haynes. It is somewhat tangled owing to 'corrections' made to his original evidence by filing subsequent evidence, as I shall explain. Two documents were filed, both verified by a statement of truth, even though one was headed 'Counter submissions'. As this document contains facts, I shall treat it as evidence (except in relation to content which is properly to be regarded as submission).

27. Mr Haynes' first witness statement is dated 6 September 2017. He gives what he states to be his rationale for registering the contested trade mark:

"I am very well aware of the history and heritage of the former M&D Company and I believe I first travelled with them at the age of just a few days in 1943. I lived and worked for some thirty years in the area covered by them and I have been an enthusiast for the company for as long as I can remember. As far as I can ascertain the M&D logo which was first used from 1919 and then up to 1969 had never previously been registered. I had been aware for some time that there were others who wished to own the Trade Mark and that they might wish to restrict the use of it by, in particular, owners of former M&D vehicles in preservation, also buildings and other former M&D artefacts carrying the M&D logo, and by enthusiasts in general, and likely levying fees or royalties for its use.

I regard myself as the guardian of the Trade Mark and as such am able to control its use, my declared policy being that I will issue Trade Mark Licences at no cost to those who require and ask for them, and who share my own enthusiasm and loyalties towards the old M&D Company, and of road passenger transport in general and its association social history.

In addition I have been attempting to arrange to have some buses operating in the former M&D livery colours and carrying the M&D logo Trade Mark in the former M&D territory in Kent and Sussex. This requires the cooperation of a bus operator based in that area, and I have been in some discussions but have not yet been able to make any suitable arrangements.

Additionally I am now marketing some “spin off” items bearing the M&D logo, and have been able to issue TM licences to others for their own M&D badged products”.

28. Mr Haynes states that the contested trade mark “only follows the realization that the earlier Mark UK00003002065 did not provide protection for all of the activities I was undertaking”.

29. Mr Haynes states that he was unaware of the applicant’s Globe and Release Programme publications. He states that although he is a model collector, having about forty model vehicles (shown in Exhibit AH16), his only notice of new models is by way of a regular email subscription from a third-party retailer.

30. Mr Haynes refers to the lack of opposition to his mark by the applicant and notes that Mr Davies states that the applicant regularly checks the trade mark register. He also refers to Mr Davies’ evidence concerning Adrienne Fuller and the lack of written evidence concerning her conversations with Richard Lewis of Arriva Plc. Mr Haynes states that he knows Mr Lewis and that the latter is aware of both of his trade mark registrations, without having made any comment to him that there might be grounds for objection.

31. Mr Haynes states:

“My understanding is that to protect only one or two items within a Class it is necessary to select the Class as a whole, as I have done. If my assumption is incorrect, a suitably revised application can easily be submitted if required. The inclusion of the entire contents of a Class also serves as protection for

the Trade Mark should another party produce an unexpected item carrying the Mark. The registration currently includes Classes 16, 25, 26, 28 and 39. Generally I need to have only one or two items in each Class protected. They are described in my witness statement.”

32. Mr Haynes explains that he has never suggested to the applicant that he would request payment for a licence.

33. Mr Haynes explains the dormant company point raised by Mr Davies. He states that the proprietor is dormant and does not trade; it has no bank account and no capital assets apart from the £10 paid up shareholding. All advertising and sales are handled through Mr Haynes’ own personal accounts as a sole trader, trading as Dogwood Coaches, with income and expenditure reported to HMRC under the self-assessment regime. Mr Haynes states that the proprietor is able to own a trade mark and to issue trade mark licences to others provided that no monetary considerations are involved. Mr Haynes paid personally for the trade mark application fee. He states that he shortly intends to change the status of the company from dormant to active to transfer his bus operator’s licence to the name of the proprietor.

34. Mr Haynes’ second witness statement is also dated 6 September 2017. He states that the purpose of this is to describe the goods for sale which carry the mark, marketed by Mr Haynes and by third party licensees of the proprietor. I will summarise these briefly, since they have little impact on the outcome of this decision, but they serve to add to the overall picture of the proprietor, personified by Mr Haynes.

- A small stock of paint aerosols kept by Mr Haynes since 1993 (a purchase order is shown in Exhibit AH1) accurately matched to the pre-1969 bus liveries. The paint is sold to modellers and bus preservationists and bears the mark. Mr Haynes states “I have always regarded this as purely a hobby venture”. He does not have any sales records, but estimates that he sold about 50 units between 1993 and 2017. He states that he should have added

Class 2 (which covers these goods) to his trade mark application, but that it was inadvertently omitted.

- In January 2014, Mr Haynes began offering for sale fleeces embroidered with the mark. They are listed on eBay, through Mr Haynes' personal eBay account. Exhibit AH2 shows the current listing. I note that the listing states "134 available, 0 sold". Polo shirts were offered for sale from June 2016; a similar eBay print is shown as Exhibit AH3 ("158 available, 0 sold"). The items were available by mail order from December 2016 (order forms are shown in Exhibits AH4 and AH5). Mr Haynes states "I think it is probable that very few more of these items will be sold and I have possibly reached the "embedded" sales level". Mr Haynes states that total sales of both types of garment to date is 24 pieces.
- In February 2017, Mr Haynes sought a quotation from a manufacturer of metal and enamel lapel badges. Exhibit AH6 comprises the reply from the manufacturer, dated 9 March 2017, from which Mr Haynes concluded that the cost of production would be prohibitive, and so he shelved the project. Mr Haynes states that he may wish to revisit this at a later date.
- Mr Haynes states that he intends to produce model buses on a 1:76 scale but, as no drawings of the original exist, the development of the model has had to be halted. Another bus which has been in storage for 40 years was revealed early in 2017, still in its 1950s condition. Mr Haynes states that he will now be able to complete the design of his model bus project. The model is to be produced in cast white metal and will be offered for sale in two forms, either in kit form for home construction, or complete (painted and decorated).
- Extracts from licences to third parties and to Mr Haynes himself, granted by the proprietor, Exhibits AH10, AH12, AH13 and AH14, in relation to a book about the original company and its buses; in relation to paintings showing vintage buses bearing the mark; and in relation to production of scale models, decalcomanias, and other memorabilia bearing the mark.

35. The extracts from the licences, including one from the proprietor to Mr Haynes himself, do not show the signature pages or what mark is licensed. The licences are dated as follows: 20 December 2016 (to Mr M.D. Woods, Exhibit AH10); 16 May 2016 (to Mr David Molyneaux, Exhibit AH12); 5 August “20616” (to The M&D and East Kent Bus Club, Exhibit AH13); and 5 August 2015 (to Mr Haynes, Exhibit AH14). On 6 October 2017, a month after this evidence was filed, Mr Haynes filed what he called ‘revised versions’ of Exhibits AH10, AH12, AH 13 and AH 14. These are said to contain the full texts of the licences. I note that the licences all identify the mark by its registration number, 3163454; i.e. the mark which is the subject of these proceedings.

36. In the case of Exhibit AH13, the original exhibit was dated “5 August 20616”, which is clearly a typographical error. The revised exhibit carries a date of 5 August 2016, which appears to be the likely correct date, the middle 6 having been inserted erroneously. However, Exhibit AH14 also has a revised date. The original exhibit showed an extract from the licence granted to Mr Haynes, by the proprietor, dated 5 August 2015. It has been re-dated in the revised exhibit to 5 August 2016, which is a move from a date prior to the filing of the contested trade mark application, to a date afterwards. The applicant challenged the re-dating of this exhibit in an email dated 7 October 2017, calling into question the validity of the exhibit. The following day, the applicant filed evidence in reply, consisting of a witness statement dated 7 October 2017 from Mr Davies. Mr Davies states that, upon noticing that the original licence exhibits were incomplete, he requested that the Tribunal ask the proprietor to provide the complete exhibits. It appears, therefore, that this was the catalyst for the filing of the revised exhibits. Mr Haynes wrote to the Tribunal in a letter dated 8 October 2017 saying that he was not aware that any such change had been made, although he did not have a copy of Exhibit AH14 to compare. In a further letter, dated 10 October 2017, Mr Haynes apologised, regretting that it appeared to be an error on his part and that he had incorrectly typed 5 August 2015 on the original licence, when the date should have been 5 August 2016. He says that he does not recall making the correction, but that he obviously did during the preparation of his revised exhibits. Mr Davies refers to all of this correspondence in further witness

statements, dated 21 October 2017 and 12 November 2017, in which he concludes that the revised Exhibit AH14 is an additional document, not a revised document, because it bears a different date.

37. Whilst the amendment of the date of the licence exhibited at AH14 calls into question the validity of that exhibit, it is not pivotal to the overall outcome of these proceedings. I also note that Mr Davies/the applicant calls into question the validity only of Exhibit AH14, not the remainder of the proprietor's evidence. In any event, the evidence which I do consider to be important to the outcome of this case has been corroborated by both sides.

38. The application attacks only class 28 of the registration, as set out in the application on form TM26(I). To this extent, I find that the trade mark application was filed in bad faith. The reasons for my decision and the law pertaining to claims of bad faith are set out below.

Decision

39. In *Red Bull GmbH v Sun Mark Ltd & Anr* [2012] EWHC 1929 and [2012] EWHC 2046 (Ch) ("Sun Mark") Arnold J. summarised the general principles underpinning section 3(6) as follows:

"Bad faith: general principles

130 A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/ Article 3(2)(d) of the Directive/ Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131 First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C-529/07

Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH [2009] ECR I-4893 at [35].

132 Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2009] EHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133 Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207–2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134 Fourthly, bad faith includes not only dishonesty, but also “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined”: see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135 Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main

classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see Cipriani at [185].

136 Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137 Seventhly, 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 is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138 Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

“41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, *inter alia*, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48).”

139. There have been a series of cases in which courts and tribunals have had to consider whether a lack of intention to use the trade mark on the part of the applicant constitutes bad faith within section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation. It should be noted at the outset that there are a number of variants of this question, including the following:

(1) whether the making of a declaration of intention to use the mark as required by section 32(3) of the 1994 Act, which is false because in fact the applicant did not intend to use the mark, amounts to bad faith;

(2) whether an intention to use the mark in relation to some goods covered the application, but not others - and hence a statement of intention to use that is true in relation to the former goods, but not in relation to the latter – amounts to bad faith; and

(3) whether a lack of intention to use amounts to bad faith if there are exacerbating factors, such as (a) an attempt to obtain protection for an unregistrable mark or (b) an attempt to block others from registering the mark by repeated applications.”

40. Although the proprietor is Maidstone & District Motor Services Ltd, Mr Haynes’ motives can be attributed to the proprietor because he is the sole Director of, and therefore controls, the proprietor; see *Joseph Yu v Liaoning Light Industrial Products Import and Export Corporation* BL O/013/05, in which Professor Ruth Annand, sitting as the Appointed Person, held:

“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.”

41. Mr Haynes is an aficionado of vintage buses, with a particular interest in those which were operated by the original Maidstone & District Motor Services company. His affection for the buses and the original company permeates his evidence. He is a collector of, and authority upon, replica scale models, made by third parties, of such buses. Mr Haynes decided to change his own company’s name, Dogwood Motor Services Ltd, incorporated in 2008, to Maidstone and District Motor Services Ltd upon the dissolution of the original company of that name, in 2013.

42. Mr Haynes is a self-styled guardian of the heritage of the buses which were operated by the original company until the late 1960s. He has made it his personal business, through his company, to control the use of the mark which appeared on the original buses by licensing it to those who he considers are worthy of its use; by which he means those who share his enthusiasm and loyalty towards the buses and the original company (see paragraph 27 of this decision). In relation to his reasons for registering the contested mark, Mr Haynes states that:

“One of the reasons for my registering the Mark in the first place was to safeguard continued free access to it for the enjoyment of transport

enthusiasts and historians, also for the owners of historic former M&D vehicles and buildings and other artefacts, and those with a general interest in the social history of road transport.

43. A registered trade mark is a 'negative right' to prevent third party use without the owner's consent⁴. It is a monopoly right. It is ironic, therefore, that in registering the trade mark to "safeguard continued free access to it"⁵, Mr Haynes has ensured the opposite. The proprietor owns the trade mark in relation to the goods of interest to those who make replica models, and the proprietor can prevent third party use without its consent, except where the nature of the use is not such as to affect the functions of the trade mark⁶.

44. Although a trade mark is a negative right, this is not the essential function of a trade mark. Neither is its purpose some sort of defensive right: Mr Haynes states in his evidence that the inclusion in the registration of entire contents of classes "serves as protection for the Trade Mark should another party produce an unexpected item carrying the Mark." Recitals 16 and 31 of Directive (EU) 2015/2436, with which the UK Trade Marks Act 1994 is harmonised, state that 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.

45. Mr Haynes, whilst recognising the 'negative right' function of a trade mark registration, appears also to know that the essential function of a trade mark is to signpost the trade origin of goods and services. He has stated in his evidence that he has sold a (very small) number of items of memorabilia and livery paint and that he intends to sell models, either complete or in kit form. He also has plans to put the vintage buses into operation (or a modern day replica). Further, the contested trade mark registration is the second such trade mark that the proprietor/Mr Haynes has registered, the first being solely registered in class 39 for bus transportation services.

⁴ Section 9(1) of the Trade Marks Act.

⁵ Counterstatement.

⁶ See note 3 above and the CJEU case mentioned therein.

46. One of the classes of abuse referred to by Arnold J in the *Red Bull* case is abuse vis-à-vis third parties. Mr Haynes is not a stranger to the UK trade mark registration system and it is evident that he understands that the proprietor owns a monopoly/negative right (even if his wider understanding of trade mark law is less certain). The clearest evidence of this knowledge is the correspondence between the parties, prior to this application for a declaration of invalidity being made. The sequence of events leading up to the filing of the trade mark application and the knowledge that Mr Haynes had about the applicant's trading (and about the trade in general) lead me to conclude that the application for the contested trade mark falls within the explanation of bad faith which is set out in the *Red Bull* case (above). I find this despite having the clear impression that Mr Haynes has a keen interest in preserving the heritage of the mark and the vehicles upon which it historically appeared. As the case law states, the test is an objective one (i.e. not what Mr Haynes thinks about his motive for applying for the trade mark). At the date on which the application for the contested trade mark was filed, 9 May 2016, the making of that application fell short of the "standards of acceptable commercial behaviour observed by reasonable and experienced men" in this area because:

- Mr Haynes sent the applicant a letter, dated 14 December 2015, before the contested trade mark was applied for. This letter sought to impose a licence agreement upon the applicant on the basis of the proprietor's trade mark registration (although Mr Haynes did not state that it was registered only in class 39). This purported licence was said to relate to the applicant's past "commercial use" of the mark on scale model vehicles, as well as present and future use.
- The fact that Mr Haynes sent this letter meant he knew, prior to the relevant date (the date that the contested application was made) of the applicant's use of the mark as part of the authentic decoration of the scale vintage bus models and that the applicant was selling (Mr Haynes refers to "commercial use") such goods as part of an established scale model business. He states in his letter that he understands that the models to which he referred were released in October 2014 and September 2015.

- Still prior to the relevant date, on 21 December 2015, Mr Haynes received a reply from Mr Davies which pointed out that a) the applicant's use of the logo pre-dated the proprietor's class 39 registration and b) that the proprietor's registration covered bus services only, not scale model vehicles.
- Nothing further was said until some ten months later when, on 24 October 2016, Mr Haynes again wrote to the applicant seeking to impose a licence agreement. However, by this time the proprietor owned a newer trade mark registration (the subject of these proceedings), which covered class 28, in particular, covering the goods which are the subject of the applicant's business (scale model vehicle replicas). The proprietor had filed for, and had had registered, the contested trade mark in the intervening 10 months since the applicant had refused to enter into a licence agreement owing to its own prior use of the mark (as decoration) and the limited nature of the proprietor's class 39 rights.

47. Even if Mr Haynes is strictly correct that he did not apply for the contested trade mark in order to extract a licence fee, the sequence of events points strongly to the conclusion that he realised that his first attempt to impose a licence was faulty because of the limited nature of the class 39 registration and therefore required a registration covering a greater range of goods and services, including those of the applicant's longstanding business. It is no answer to state, as Mr Haynes does, that no money was sought in return for the granting of a licence to use the trade mark. Trade marks can be bought and sold, and business strategies change – the proprietor, or a successor, may decide to charge for a licence. Imposing a licence, even a free one, is a curtailment of the legitimate use of the logo upon goods which the applicant had been selling prior to the relevant date. At the very least, such a demand creates legal uncertainty for third parties, in particular the applicant, who are likely to be using, or wish to use, the mark upon scale model replicas as authentic representations of vintage buses and their liveries. By registering the second trade mark, Mr Haynes/the proprietor has not safeguarded access to the mark, but has instead enclosed it. Mr Haynes' intention was to obtain the power of veto over who

is allowed to use the mark, depending on whether they meet his personal standards. In other words he wished to stop others he was aware were using the mark on scale models from continuing to do so without his consent. He did this without having himself traded under mark in relation to scale models, or even having an imminent plan to do so. This is enough to satisfy the criteria for bad faith.

48. The other class of abuse referred to in *Red Bull* is abuse vis-à-vis the relevant office; in this case the UK Intellectual Property Office. The applicant has made a claim that the proprietor did not have an intention to use the mark in relation to all of the goods applied for. As the applicant has limited its claim to the class 28 specification, it is not open to me in these proceedings to examine the position in any of the other classes. It is also not strictly necessary for me to decide this issue as the application for a declaration of invalidity has been successful (against class 28). However, for the sake of completeness, I will give my views here. The class 28 specification is:

Cases for toy vehicles;Children's four-wheeled vehicles [playthings];Children's toys;Clockwork toys [of metal];Clockwork toys [of plastics];Craft model kits;Mechanical action toys;Mechanical games;Miniature car models [toys or playthings];Miniature die cast vehicles;Miniatures for use in games;Miniatures for use in war games;Model cars;Model cars [toys or playthings];Model toys;Model vehicles (Scale -);Model vehicles (scale-) [playthings];Models for use with role playing games;Toy cars;Toy lorries;Toy model cars;Toy model vehicles;Toy models;Toy scale models;Toy trucks;Toy vehicles;Toy wagons.

49. The goods are all in the nature of toy vehicles, models or model kits rather than a blanket reliance upon all the possible goods in class 28 which covers, for example, sporting articles and Christmas decorations, or the class heading. Mr Haynes states in his evidence that he has plans to produce model buses/model bus kits.

50. *Red Bull*, Arnold J said this about intention to use:

“Is a possible or conditional future intention to use enough?”

161. If the UK's requirement for a declaration of intention to use is compatible with the Directive, and the making by the applicant of a false declaration of intent to use can amount to bad faith, the next issue concerns the intention which the applicant must have in order to be able to declare in good faith that he intends to use the mark in relation to the goods or services specified in the application in the UK. Counsel for the Defendants submitted that a concrete present intention was required, whereas counsel for Red Bull submitted that a possible or contingent future intention was sufficient.

162. In *Knoll* Neuberger J said that "whether a contemplated use, or a possible or conditional intention to use, can suffice must depend upon the circumstances". In that case, he found that the proprietor had had a definite intention to use the mark in relation to pharmaceutical preparations for the treatment of obesity and contemplated that it might use the mark in relation to other pharmaceutical products. In those circumstances he held that it was unarguable that the proprietor had acted in bad faith by making a false declaration that it intended to use the mark in relation to pharmaceutical preparations and dietetic substances. In *32Red* the Court of Appeal appears to have accepted that a possible future use of the mark in relation to the services applied for was enough to defeat an allegation of bad faith on the ground of lack of intention to use in the circumstances of that case, albeit without any detailed consideration of the law.

163. Neuberger J's statement in *Knoll* appears to me to be not only correct in principle, but also supported by the subsequent jurisprudence of the CJEU in *Lindt v Hauswirth and Internetportal v Schlicht*. I therefore conclude that a possible or contingent intention to use the mark at some future date may suffice. Whether it does suffice will depend on all the circumstances of the case, and in particular whether there are other factors present of the kind mentioned in paragraph 139 above."

51. The signed declaration on the application form that the mark will be used on all the goods is intended to allow sufficient room for development of a business. In all the circumstances of the case, I accept that there was a contingent intention to use the mark on model buses and model bus kits if and when circumstances allowed. The other goods are in the same ball park as model buses and model bus kits and the same conclusion would apply to them also. Any other interpretation would be overly-restrictive.

Outcome

52. The application for a declaration of invalidity succeeds in relation to class 28. Under the provisions of section 47(6) of the Act, the registration is deemed never to have been made in class 28⁷ and these goods are removed from the registration.

Costs

53. The applicant has been successful and is entitled to a contribution towards its costs. Awards of costs in proceedings commenced after 1 July 2016 are governed by Annex A of Tribunal Practice Notice (“TPN”) 2 of 2016. As the applicant is unrepresented, at the conclusion of the evidence rounds the tribunal invited it to indicate whether it intended to make a request for an award of costs and, if so, to complete a pro-forma indicating a breakdown of its actual costs, including providing accurate estimates of the number of hours spent on a range of given activities relating to the prosecution of the opposition; it was made clear to the applicant that if the pro-forma was not completed “no costs, other than official fees arising from the action and paid by the successful party...will be awarded”. Since the applicant did not respond to that invitation within the timescale allowed (nor has any response been received from the applicant prior to the date of the issuing of this decision), I make no order as to costs other than reimbursement of the official fee for filing the application, which was £200.

⁷ “47.—(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made: Provided that this shall not affect transactions past and closed.”

54. I order Maidstone & District Motor Services Ltd to pay Oxford Diecast Ltd the sum of £200 which, in the absence of an appeal, should be paid within fourteen days of the expiry of the appeal period.

Dated this 9th day of April 2018

Judi Pike

For the Registrar,

the Comptroller-General

Annex

Class 16:

Ball pens ;Ball point pens; Ballpoint pens;Ball-point pens;
Booklets;Books;Brochures;Bulletins;Bumper stickers;Decalcomanias;Decals;Drip
mats of card;Drip mats of cardboard;Drip mats of paper;Dry transfer characters;Dry
transfer lettering;Event programs;Events programmes;Garbage bags of paper or of
plastics;Garbage bags of plastic;General feature magazines;Graphic art
prints;Graphic art reproductions;Graphic prints;Heat transfers;Informational
letters;Instruction sheets;Instructional and teaching material (except
apparatus);Instructional manuals for teaching purposes;Instructional material (except
apparatus);Jackets of paper for books;Letterhead paper;Lithographic
engravings;Lithographic prints;Lithographs;Magazine supplements for
newspapers;Magazines [periodicals];Mats for beer glasses;Mats of paper for beer
glasses;Modeling compounds;Modelling materials;Mounted and unmounted
photographs;Newsletters;Non-fiction books;Paintings and calligraphic
works;Pamphlets;Paper coasters;Paper signs;Passenger tickets;Photographic
prints;Photographs;Picture books;Picture postcards;Pictures;Placards of
cardboard;Placards of paper;Postcards;Postcards and greeting cards;Postcards and
picture postcards;Posters;Posters made of paper;Printed art reproductions;Printed
emblems [decalomanias];Printed matter;Printed periodicals in the field of
tourism;Rubbish bags;Rubbish bags (made of paper or plastic materials);Series of
fiction books;Series of non-fiction books;Textbooks;Three dimensional models for
educational purposes;Tickets;Timetables;Timetables (Printed -);Transfer
paper;Transfers;Trash bags;Trash can liners [trash or garbage bags];Travel
magazines;Unmounted and mounted photographs;Vehicle bumper stickers;Wall
charts;Wall planners;Year planners.

Class 25:

Anoraks;Baseball caps;Baseball caps and hats;Blouson jackets;Blousons;Bobble
hats;Body warmers;Body warmers [clothing];Boiler suits;Button down shirts;Cap
peaks;Cap visors;Car coats;Casual clothing;Casual jackets;Casualwear;Clothing

;Clothing for children;Coats;Crew neck sweaters;Heavy jackets;Jacket liners;Jackets;Jackets [clothing];Jackets (Stuff -) [clothing];Jerseys;Jumpers [pullovers];Jumpers [sweaters];Long jackets;Long sleeve pullovers;Long sleeved vests;Long-sleeved shirts;Men's and women's jackets, coats, trousers, vests;Menswear;Neckties;Open-necked shirts;Outerclathing;Overalls;Overcoats;Polar fleece jackets;Polo knit tops;Polo neck jumpers;Polo shirts;Polo sweaters;Raincoats;Rainproof clothing;Rainproof jackets;Rainwear;Rugby shirts;Rugby tops;Scarves;Shirts and slips;Short-sleeve shirts;Short-sleeved or long-sleeved t-shirts;Short-sleeved shirts;Sleeved jackets;Sleeveless jackets;Slipovers;Slipovers [clothing];Small hats;Sports jackets;Sports jerseys;Sports shirts with short sleeves;Sun hats;Sun visors;Tennis shirts;Ties;Ties [clothing];Track suits;Tracksuit tops;Tracksuits;Turtleneck pullovers;Turtleneck sweaters;Uniforms;Waistcoats;Wind coats;Wind jackets;Wind pants;Wind resistant jackets;Windbreakers [clothing];Windcheaters;Woolly hats;Work shoes;Working overalls.

Class 26:

Badges [buttons] (Ornamental novelty -);Badges for wear, not of precious metal;Embroidered badges;Embroidered emblems;Embroidered patches;Embroidered patches for clothing;Epaulettes;Heat adhesive patches;Heat adhesive patches for decoration of textile articles;Patches for clothing.

Class 28:

Cases for toy vehicles;Children's four-wheeled vehicles [playthings];Children's toys;Clockwork toys [of metal];Clockwork toys [of plastics];Craft model kits;Mechanical action toys;Mechanical games;Miniature car models [toys or playthings];Miniature die cast vehicles;Miniatures for use in games;Miniatures for use in war games;Model cars;Model cars [toys or playthings];Model toys;Model vehicles (Scale -);Model vehicles (scale-) [playthings];Models for use with role playing

games;Toy cars;Toy lorries;Toy model cars;Toy model vehicles;Toy models;Toy scale models;Toy trucks;Toy vehicles;Toy wagons.

Class 39:

Baggage check-in services;Baggage handling;Baggage handling services;Boat chartering;Boat cruises;Booking agency services for airline travel;Booking agency services for car hire;Booking agency services for sightseeing tours;Booking agency services for travel;Booking agency services relating to travel;Booking and reservation services for tours;Booking of air tickets;Booking of hire cars;Booking of holiday travel and tours;Booking of rail tickets;Booking of seats for coach travel;Booking of seats for rail travel;Booking of seats for transportation by motor vehicles;Booking of seats for travel;Booking of seats (travel);Booking of sightseeing tours through agencies;Booking of tickets for travel;Bus chartering;Bus ferry services;Bus transport services.