

O-243-17

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO. 3150722
IN THE NAME OF MORTGAGE QUEST LIMITED
IN RESPECT OF THE TRADE MARK:**

CRUNCH MORTGAGES

IN CLASSES 16, 35 AND 36

**AND AN APPLICATION FOR A DECLARATION OF INVALIDITY THERETO
UNDER NO. 501261 BY E-CRUNCH LIMITED**

Background

1. The trade mark CRUNCH MORTGAGES stands registered under UK registration no. 3150722 in the name of Mortgage Quest Limited (“the proprietor”). It was applied for on 19 February 2016 and entered in the register on 20 May 2016. It is registered for the following goods and services:

Class 16

Printed matter; paper publications; brochures; bookbinding material; photographs; stationery; paper, instructional and teaching material (except apparatus).

Class 35

Advertising; commercial sponsorship; sales promotion (for others); all the aforesaid services provided on-line from a computer database or the Internet or by means of telecommunications or other electronic media; Advertising services provided by internet; marketing and promotional services; business management; publicity services.

Class 36

Information and advisory services relating to mortgage services; banking services; mortgage protection Insurance; computerised financial services; information and advisory services relating to insurance, mortgages and real estate, provided on-line from a computer database or by means of web pages on the internet; advisory and consultancy services, all relating to the aforesaid services.

2. On 12 July 2016 E-Crunch Limited (“the applicant”) filed an application to have this trade mark declared invalid. The application is based upon the provisions of Sections 47(2)(a) and 47(1) and Sections 5(2)(b) and 3(6) of the Trade Marks Act 1994 (“the Act”) and is directed against all of the goods and services in the registration. Under Section 5(2)(b), the applicant relies upon UK registration 2604105

for the mark CRUNCH which has a filing date of 9 December 2011 and was entered in the register on 1 June 2012. The following services are relied upon:

Class 35

Accountancy services; computerised auditing, bookkeeping and accounts preparation; tax advice and tax preparation; computerised tax assessments; preparation and submission of tax returns; consultancy services; advisory services relating to taxation; advisory services relating to accountancy; company secretarial services; business services relating to the compilation and provision of business information; business consultancy services; business management consultancy services; provision of general business services; personnel management and personnel recruitment consultancy services; writing and preparation of business reports; business research services; computerised business research; bookkeeping services; market research; marketing consultancy services; business appraisals; business advisory services; benchmarking (evaluation of business organisation practices); information, advisory and consultancy services relating to all the aforesaid services; including all the aforesaid services provided on-line from computer databases or the Internet.

Class 36

Financial services; financial planning services; financial advice relating to taxation; business appraisals; business appraisals for financial evaluation; preparation and analysis of financial reports; information, advisory and consultancy services relating to all the aforesaid services, including all the aforesaid services provided on-line from computer databases or the Internet.

Class 41

Training services relating to accountancy, finance, and bookkeeping; educational services relating to accountancy, finance, and bookkeeping; preparation of reports in relation to training services in accountancy, finance and bookkeeping; interactive information provided on line from computer databases or the Internet; information, advisory and consultancy services relating to all the aforesaid services, including all the aforesaid services provided on-line from computer databases or the Internet.

Class 45

Company formation and registration services.

3. The mark set out above is an earlier mark within the meaning of Section 6A of the Act. As it had not been registered for five years at the date of the application for invalidity, the applicant is not required to prove use of the earlier mark and is able to rely on it for each of the services as registered.

4. Under section 3(6), the applicant claims that the proprietor was aware of its earlier mark at the date of filing of the contested mark. Allegedly, the proprietor originally purchased the domain name crunchmortgages.co.uk on 17 October 2014 with a view of providing mortgage advice and related services on behalf of the applicant. On 18 February 2016 the applicant's Chief Executive Officer, Darren Fell, confirmed that he did not wish the proprietor to provide such services and requested transfer of the domain name to the applicant. The proprietor's sole Director, John George Yerou, initially agreed to Mr Fell's request; however, he applied for the CRUNCH MORGAGES mark the following day and subsequently refused to transfer the domain name on 7 March 2016. As such, the applicant claims bad faith because the mark was primarily registered to cause nuisance to the applicant, damage its business and mislead the public or, alternatively, to negotiate a higher price for the sale of the domain name.

5. On 13 September 2016 the proprietor filed a counterstatement denying the grounds of invalidation. The counterstatement was signed by John George Yerou from the proprietor. This is the only documentation from the proprietor, which represents itself; it did not file evidence or written submissions. The following points are made:

- The applicant specialises in providing online accountancy services to contractors and freelancers. It does not provide in-house mortgage services directly to its customers although, allegedly, it has worked in the past in

partnership with third-party mortgage providers to whom it has referred customers who needed mortgage advice. The earlier mark does not cover mortgage services;

- The proprietor is one of largest mortgage brokers in the UK providing mortgage services to contractors and freelancers; it regularly contacts specialist accountants who work with contractors and freelancers;
- Mr Yerou “made contact with Crunch” in 2009 to enquiry whether they were interested in partnering with his business to provide a mortgage service to their consumers; however, no agreement was reached (emphasis added);
- In October 2014 Mr Yerou registered the domain name *crunchmortgages.co.uk*. He states:

“I am always looking for unique brand names to promote our mortgage services and when I see an interesting name that I could potentially use as a trading style I register the domain name. In October 2014 I registered the domain name *crunchmortgages.co.uk* with the intention to set-up a website in the future. One of the reasons I love the name “Crunch Mortgages” is because a lot of self-employed workers struggled to get a mortgage following the credit crunch in 2009. The removal of “self-cert mortgages” and tightening up of lenders policies by the FCA made it difficult to get a mortgage. Hence the name Crunch Mortgages”;

- In February 2016 Mr Yerou was contacted by Mr Darrel Fell from the applicant. He states:

“I should mention that [Darrel Fell] did contact me in February 2016 by phone. Initially the conversation was very cordial, with him suggesting that we should work together somehow, although he did not say how. This went on for about 40 minutes until he revealed his real intentions. He wanted me to transfer the domain *crunchmortgages.co.uk* as he wanted to diversify his business to provide mortgages as well. I told him that I wanted to keep the domain name

for myself and that I would be happy to discuss a partnership, but the brand name Crunch Mortgages and the domain would remain with me. He was not happy with this and said that he would approach the board to discuss what action they should take”;

And

“In order to protect my interest, I thought it would be wise to also register the trade name “Crunch Mortgages” with IPO. I swiftly put in my application on 19 February. I later saw that on 1 March 2016, the [applicant] made an announcement on their website [crunch.co.uk] that they were launching a new mortgage services called Crunch Mortgages. Please see Appendix A. Until that time (01/03/2016) the trading style “Crunch Mortgages” was never used by the [applicant]”.

6. The applicant filed evidence and written submissions in support of its application. This will be summarised to the extent that it is considered necessary. Neither party asked to be heard nor did they file written submissions in lieu of attendance at a hearing. As such, this decision is taken following a careful perusal of the papers.

Evidence

7. This consists of a witness statement of Darren Fell dated 9 December 2016 with exhibit DF1 and a witness statement of Reuben James dated 8 December 2016 with exhibit RJ1.

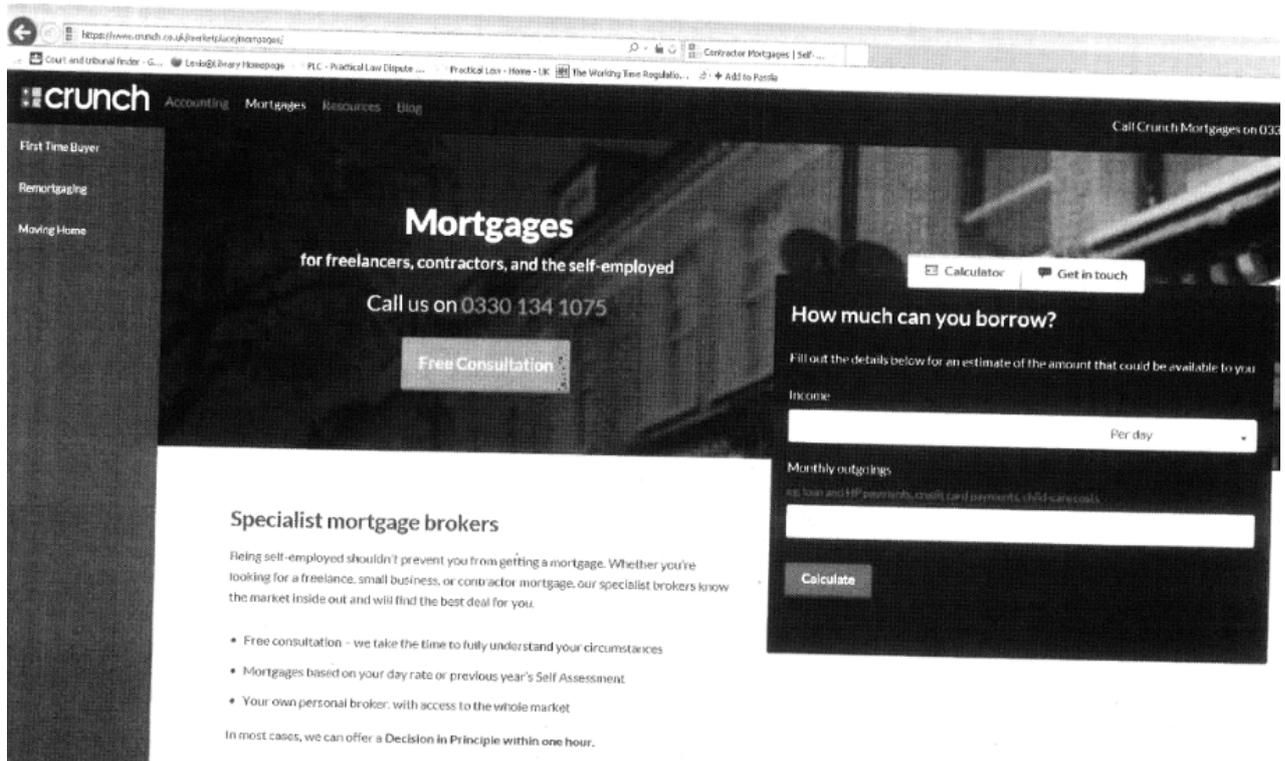
Darren Fell's witness statement

8. Darren Fell is the applicant's Chief Executive Officer. Mr Fell says that the applicant is a company incorporated in 2006 which carries on business as provider of consultancy and online financial services. He explains that the applicant's core business is accountancy with other business streams, i.e. market research and market consultancy and that it subcontracts a number of the accountancy services

which it provides to its group company, Crunch Accounting Ltd. The latter was incorporated in 2007.

9. Mr Fell says that the applicant has been using the brand “Crunch” in conjunction with a number of group companies and associated brands, including “Crunch Accounting” since, at least, 2008 in relation to accountancy and financial services. He says that the applicant launched “Crunch Mortgages” in April 2016 and plans to launch further financial services imminently, including “Crunch Insurance” and “Crunch Money”. He also refers to the applicant running a debt recovery service under the brand “Crunch Collections”.

10. According to Mr Fell, the CRUNCH mark has been used in relation to all of the registered services since, at least, December 2011. Prior to this, in late 2007/ early 2008, the applicant bought the domain name crunch.co.uk; this has been used consistently in relation to the delivery of accountancy and financial services provided on-line since that time. Copy of the results of a Nominet WHOIS search confirming that the applicant is the owner of crunch.co.uk is in evidence. Mr Fell says that Freelance Advisor Limited was launched in association with the Crunch brand in April 2008, that the applicant officially launched “Crunch” as a brand in April 2009 and that Freelance Advisor Limited has since become part of the Crunch chorus. Copies of pages from the website crunch.co.uk are in evidence. These include, inter alia, a page dated 15 December 2007 (obtained using the Wayback Machine) announcing the launch of the Crunch website in 2008 and an undated page showing use of the words Crunch Mortgages in relation to mortgages services, i.e. “Call Crunch Mortgages on 03301341075”. The latter is reproduced below:



11. Mr Fell says that contrary to what the proprietor asserts the applicant provides mortgage services directly to its consumers. Further, that since its launch in April 2016, “Crunch Mortgages”, i.e. the brand used by the applicant, has provided mortgage services worth £27m through its partnership with Seico Insurance & Mortgages Limited (Seico). Evidence has been supplied in the form of an email dated 7 December 2016 from Jamie Challis, Mortgage Director at Seico. The email, headed “Figure for Mortgages”, states “According to our Board which should be pretty accurate is £27,039,427 in submitted applications”. The recipients are identified only by reference to their names, i.e. Robert Starr, Hellen Ward and Emma Stevens and their full email address is not shown. There is no reference, in the email, to the applicant.

12. Mr Fell accepts that the applicant has previously partnered with third-party mortgage providers. He says that in 2009 he was approached by the proprietor’s sole Director, Mr John Yerou, to discuss the possibility of entering into a referral arrangement by which the proprietor could provide mortgage services to the applicant’s customers. According to Mr Fell, at the time the applicant was focusing on its primary business, i.e. accountancy, and did not take the call any further. Mr

Fell states that it was always the applicant's intention to provide a full range of services to its customers.

13. According to Mr Fell on 14 May 2013 he received an email from Mr Yerou in relation to a mortgage service for professional contractors asking for the applicant's support. It was agreed that Mr Yerou's press release would be published on the applicant's freelanceadvisor.co.uk website in exchange for Crunch to appear as a partner on Mr Yerou's freelancerfinancials.uk.com website. Copies of emails are in evidence. Mr Yerou signed the email from Freelancer Financials. I note that this company and the applicant use the same address. Below Mr Yerou's signature the following text appears "Freelancer Financials is a trading name of Mortgage Quest Ltd also trading as Contractor Mortgages". Since Mortgage Quest Ltd is the proprietor's registered name, this means that Freelancer Financials and Contractor Mortgages are, effectively, different trading names used by the proprietor in connection with the same business.

14. Mr Fell says that on 7 June 2013 he contacted Mr Yerou by email to discuss a potential joint venture. Copy of the email is in evidence. It is reproduced below:

Crunch Mortgages

4 messages

Darren Fell <darren@crunch.co.uk>

To: John Yerou <john@freelancerfinancials.uk.com>

7 June 2013 at 13:14

John,

I am now investigating all of the possible add-on's Crunch customers would need.

Ideally, we'd want to encapsulate this as a crunch or crunch-like branded JV with you.

Does FreelancerFinancials sit under the FSA and as such needs to be regulated?

I'm free for a chat this afternoon. Ideally the first thing I'd need to do is see the possible margins to put in our forecast model.

Speak later.

Thanks,

--

Darren Fell
Founder & Managing Director

Crunch.co.uk
Love Accounting

web: www.crunch.co.uk

15. Mr Fell points out to the fact that the subject heading of his email was Crunch Mortgages, as shown below:

From: Darren Fell [mailto:darren@crunch.co.uk]
Sent: 07 June 2013 13:14
To: John Yerou
Subject: Crunch Mortgages

(Quoted text hidden)

16. Further emails ensued between Mr Fell and Mr Yerou on that day. Copies are in evidence. These demonstrate that Mr Yerou agreed to discuss the matter in more details over the phone. According to Mr Fell following a telephone conversation with Mr Yerou, he concluded, on behalf of the applicant, that it was not the right time to expand the business to mortgage services.

17. According to Mr Fell in July 2015 the applicant decided to expand its business and in October 2015 it entered into discussions with Seico about the possibility of offering mortgage services directly to its customers. Copies of emails between Mr Fell and Robert Starr from Seico are in evidence. The emails refer to Crunch Mortgages. In particular Mr Starr wrote on 28 October 2015:

“Finally, assuming that all of the above is good, perhaps you and I can talk about how, outside of the Crunch Marketplace, we generate interest in Crunch Mortgages to your customers and also perhaps even to your prospects [...]”
(emphasis added).

18. Mr Fell says that on 8 January 2016 he entered into a contract with Seico. Copy of the contract is in evidence. So far as relevant to the current dispute, the contract authorises the applicant “to act as an appointed representative of [Seico] (the principal FCA regulated firm) for the provision of mortgage products and services to its consumers” and to introduce consumers to Seico for the purpose of Seico providing mortgage mediation and non-investment insurance services. According to Mr Fell “it is clear from the agreement that the venture would be marketed under the brand “Crunch Mortgages” however, I cannot see any reference to it in the contract.

19. According to Mr Fell following the agreement with Seico the applicant sought to purchase the domain names and acquire the intellectual property rights necessary to deliver the joint venture. However, Mr Fell soon became aware that the domain name crunchmortgages.co.uk had already been bought by the proprietor. Copy of the results of a Nominet WHOIS search confirming that the proprietor registered crunchmortgages.co.uk on 17 October 2014 is in evidence. Mr Fell says that although he did not immediately recognise the proprietor, when he became aware of Mr Yerou's involvement with the proprietor, he realised the connection between Mr Yerou and Freelancer Financials.

20. Mr Fell says that on 18 February 2016 he contacted Mr Yerou on behalf of the applicant and asked him to transfer the domain name. He stated:

"It was a long call. I spent some time explaining the progress which the applicant had made towards offering mortgages directly since our previous conversations/correspondence and tried to see if there was still a way in which we could work with him in the future- I felt bad that our previous discussions regarding potential partnership had not progressed. I asked him to transfer the domain name to us on the basis that he had registered it in anticipation of a partnership with the applicant and I recall him saying *"I won't stand in your way"*.

21. Mr Fell explains that the following day, on 19 February 2016, he emailed Hannah Clarke, Product Owner for the Crunch Mortgages project. He confirmed that Mr Yerou had agreed to "transfer the domain name for free" and asked Ms Clarke to arrange for the applicant's support team to contact him. Copy of Mr Fell's email is reproduced below:

Crunchmortgages.co.uk is ours!

2 messages

Darren Fell <darren@crunch.co.uk>

19 February 2016 at 06:53

To: Hannah Clarke <hannah.clarke@crunch.co.uk>

Cc: Stephen Paynter <stephen.paynter@crunch.co.uk>

Hannah,

After a long chat with John Yerou at Freelancer Financials I realised we had considered a partnership with him before so, on his part, this was an innocent mistake. We may consider a partnership with him in the future.

He's happy to transfer this to us for free.

Here is John's details and he is happy to be contacted.

john@freelancerfinancials.uk.com
0208 421 7998

As the transfer is a technical one, I think it's best for one of the support guys to do this. I believe we use the names service:

http://www.names.co.uk/support/1147-transferring_a_domain_name_in_to_namesco.html

For this marketplace product this should be the domain of choice and only if crunch mortgages.com comes in for say under £3,000 then we should use this for now until we want to invest in the next stage of this product.

Given the time invested in acquiring this domain name I think it's worth drafting this process so other PO's know what to do.

Many thanks,

Darren.

Sent from the very mobile CEO of Crunch!

Darren Fell

22. According to Mr Fell on 1 March 2016 the applicant announced the launch of Crunch Mortgages on its website and on 4 March 2016 he was informed by Ms Clarke that Mr Yerou had responded to confirm that he would not be transferring the domain name as previously agreed. He states:

“On 7 March 2016, the following business day, I telephoned John Yerou to enquire why he was now refusing to transfer the domain name as previously agreed and asked him what he was going to do with it as it was the applicant’s brand. He informed me that his refusal was because I was *“dangerous in any sector”*. He informed me that *“[I wouldn’t] win this, because [he had] been there before”*. He said that he had had a similar issue with another financial services firm previously and that he had to pay them to get the domain name back. I took this to mean that he now viewed the applicant

as an outright competitor and that he was retaining the domain name in bad faith to obstruct the applicant's business".

23. Mr Fell says that he did not become aware that Mr Yerou had filed an application to register the contested mark until at least 21 March 2016 following notification from his legal advisers. He also says that on 6 June 2016 the applicant's solicitors wrote to the proprietor requesting the transfer of both the domain name and the contested mark and that on 8 June 2016 the proprietor acknowledged the correspondence but took no further steps to make the transfers requested. Copies of the letters are in evidence.

Reuben James' witness statement

24. Reuben James is systems administrator at the applicant. Mr James says that on 23 February 2016 Hannah Clarke, the applicant's Product Owner for Crunch Mortgages, informed him that John Yerou was going to transfer the domain name crunchmortgages.co.uk to the applicant and asked him to contact Mr Yerou with regard to the transfer. Copy of Mr Reuben's email in response to Ms Clarke's request is in evidence.

25. Mr James says that he emailed Mr Yerou on 23 February 2016. Having received no response, he sent a further email on 25 February 2016. Although Mr Yerou acknowledged receipt on 25 February 2016, he did not say anything about the transfer. On 4 March 2016 Ms Clarke requested an update and Mr James contacted Mr Yerou again. Mr Yerou responded on that day and confirmed that he intended to keep the domain name. Mr James forwarded Mr Yerou's email to Ms Clarke and had no further involvement in these matter. Copies of the emails are reproduced below:

----- Forwarded message -----

From: **Reuben James** <reuben.james@crunch.co.uk>
Date: 4 March 2016 at 22:58
Subject: Fwd: RE: Crunchmortgages.co.uk
To: Hannah Clarke <hannah.clarke@crunch.co.uk>

I'm not quite sure what happened here...

----- Forwarded message -----

From: "John Yerou" <John@freelancerfinancials.uk.com>
Date: 4 Mar 2016 18:15
Subject: RE: Crunchmortgages.co.uk
To: "Reuben James" <reuben.james@crunch.co.uk>
Cc:

Hi Reuben,

Yes. I'm keeping the domain.

John

From: Reuben James [mailto:reuben.james@crunch.co.uk]
Sent: 04 March 2016 12:58
To: John Yerou <John@freelancerfinancials.uk.com>
Subject: Re: Crunchmortgages.co.uk

Hello John

Are you able to provide an update on this?

Regards

On 25 February 2016 at 17:02, John Yerou <John@freelancerfinancials.uk.com> wrote:
Hi Reuben,

.Apologies for the late reply. Yes I did receive your email.

Regards

John

From: Reuben James [mailto:reuben.james@crunch.co.uk]
Sent: 25 February 2016 14:41
To: John Yerou <John@freelancerfinancials.uk.com>
Subject: Re: Crunchmortgages.co.uk

Hello John

I appreciate that you may not be able to get around to this immediately, but could you please acknowledge that you have received this email and are happy to do this?

Regards,

On 23 February 2016 at 11:13, Reuben James <reuben.james@crunch.co.uk> wrote:
Hello John

My name is Reuben and I am a sysadmin at Crunch.

I have been informed by Darren Fell that you are happy to transfer the domain crunchmortgages.co.uk to us. I believe everything is set up on our end to allow this to happen. Our registrar is names.co.uk.

I'm not sure what information you will need from us, but if you have any questions please drop me an email.

Regards,

--
Reuben James
Systems Administrator

Crunch
www.crunch.co.uk | @teamcrunch | +44 (0) 33 3311 8000 | +44 (0) 1273 457207
Unit 11, Hove Business Centre, Fonthill Road, Hove, BN3 6HA
Registered in England No. 06014477

DECISION

26. The relevant provisions are as follows:

“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).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) The registration of a trade mark may be declared invalid on the ground-

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) ...

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(2A) But the registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless –

- (a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,
- (b) the registration procedure for the earlier trade mark was not completed before that date, or
- (c) the use conditions are met.

(2B) The use conditions are met if –

- (a) within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or
- (b) it has not been so used, but there are proper reasons for non-use.

.....

(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(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.”

And

“3. - (1) The following shall not be registered-

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

And

“5(2) A trade mark shall not be registered if because –

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

27. I shall deal first with the ground based upon Section 3(6) of the Act which relates to the claim of bad faith.

Section 3(6)

28. The law in relation to section 3(6) of the Act ("bad faith") was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

"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* [2008] EWHC 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 Plastics 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)."

29. The applicant's case hinges on unanswered evidence that when the proprietor applied for the CRUNCH MORTGAGES mark, it knew perfectly well that the CRUNCH mark belonged to the applicant and that the applicant was intending to provide its mortgage services under the name CRUNCH MORTGAGES. In this connection, the applicant alleges that the proprietor had no real intention of running a

business under the name CRUNCH MORTGAGES and that it filed its application to “cause nuisance to the applicant following its decision not to work with [the proprietor] by frustrating the applicant’s business plans and misleading the public as to the [proprietor]’s association with the applicant and its prior mark” and to “negotiate a higher sale price for the domain name crunchmortgages.co.uk”. These specific allegations as to the proprietor’s intention were made by the applicant, both in the pleadings and in the evidence and written submissions.

30. The bad faith must relate to the making of the application and it seems to me, that the key issue here is Mr Yerou’s intention at the time of the application. In this connection, I note that the proprietor of the contested mark is a company called Mortgage Quest Limited (also trading under the trading names Freelancer Financials and Contractor Mortgages), but it is reasonably clear that the person behind the application is John Yerou who applied for the mark whilst sole Director of Mortgage Quest Limited and signed the counterstatement in these proceedings. At the risk of stating the obvious, although, in his counterstatement, Mr Yerou did not state what position he held within the proprietor’s business, the applicant referred to him throughout the evidence, as the proprietor’s sole Director; a fact which is not challenged. It thereby follows that the knowledge, intentions and motives of Mr Yerou can properly be attributed to the proprietor. Therefore, references in this decision to Mr Yerou are to the proprietor.

31. The objection raised by the applicant alleging bad faith is supported by two witness statements and accompanying exhibits. Mr Yerou admitted, in his counterstatement, some of the facts upon which the applicant relied and which were subsequently established by the evidence. In particular, he conceded that in 2009 he contacted the applicant to discuss a potential partnership, whereby his company would provide mortgage services to those using the applicant’s services, but no agreement was reached. He also conceded that in October 2014 he registered the domain name crunchmortgages.co.uk and that in February 2016 Mr Fell asked him to transfer that domain name to the applicant and that, having refused Mr Fell’s request, he “swiftly” filed an application to register the CRUNCH MORTGAGES mark.

32. Although Mr Yerou claimed that the application was made in good faith, he never answered the evidence filed by the applicant, nor did he disagree with it. Having carefully read the counterstatement, it seems to me that Mr Yerou's position is, essentially, that the applicant effectively launched its Crunch Mortgages services on its website about two weeks after the filing of his application for the CRUNCH MORTGAGES mark, i.e. 1 March 2016. I read this to mean that because there was not, allegedly, outward-facing use prior to the filing of the application, there is no bad faith. Further, that, allegedly, the applicant's mark does not cover mortgage services and the applicant does not provide mortgage services directly to its customers. In my view, these points do not assist Mr Yerou as they do not answer the central accusation that that he filed the application without having any genuine intention to use the mark, his sole objective being to deprive the applicant's business of its ability to trade under the mark and/or to make some money out of the domain name.

33. In the recent trade mark decision BL O-094/17, Daniel Alexander, sitting as the Appointed Person stated:

“Onus and burden

25. More generally, the proprietor submits that it is for a person challenging a mark to prove bad faith, not for a proprietor to disprove such an allegation. The proprietor also submits that good faith is to be presumed. While that is right, if person challenging the mark adduces specific evidence of an intention to deprive a known existing user of its ability to trade under its mark and that intention is not actually denied by the principal of the proprietor, that is a case where the case of bad faith is likely to be made out. That is not a situation of requiring a proprietor to disprove bad faith or one in which good faith is not initially presumed but one in which a *prima facie* case is made out which is not adequately rebutted by the proprietor.”

34. Consequently, if the applicant has established a *prima facie* case of bad faith, the case will succeed because the proprietor has not answered it. The first question, is therefore, whether the applicant has presented a *prima facie* case of bad faith.

35. The evidence demonstrates that the applicant has been using the CRUNCH mark in connection with its accountancy business since at least 2008 and that Mr Yerou knew of the existence and use of the CRUNCH mark by the applicant since at least 2009, when there was an initial discussion about Mr Yerou's business offering mortgage broker services to CRUNCH customers. In this connection, Mr Yerou himself referred to having made contact with "Crunch" at some point in 2009. A further discussion took place in June 2013, but, again, it did not come to anything. In that instance Mr Fell, the applicant's CEO, suggested the use of the name CRUNCH MORTGAGES in relation to a potential joint venture between the two companies. In this connection, Mr Fell has produced a copy of an email that he had sent to Mr Yerou on 7 June 2013. The email was headed CRUNCH MORTGAGES. Mr Fell states:

"John

I am now investigating all of the possible add-o's Crunch customers would need.

Ideally, we'd want to encapsulate this as a crunch or crunch-like branded JV with you."

36. The words CRUNCH MORTGAGES were therefore first used by Mr Fell in 2013. This was, in substance, use of the CRUNCH name to identify the applicant's business and MORTGAGES to describe the services as being mortgage related. However, notwithstanding that the joint venture was never agreed, in October 2014 Mr Yerou registered the domain name crunchmortgages.co.uk in the proprietor's name. The explanation given by Mr Yerou in his counterstatement (which I accept is not evidence per se) is that "[he] is always looking for unique brand names to promote [his] mortgage services and when [he] see[s] and interesting name that [he] could potentially use as a trading style [he] registers the domain name" and that "one of the reasons why he loved the name CRUNCH MORTGAGES is because a lot of self-employed workers struggle to get a mortgage following the credit crunch in 2009". And so, Mr Yerou says, he registered crunchmortgages.co.uk with the intention of setting up a website in the future. Mr Yerou's account only goes to reinforce the applicant's case that the sign CRUNCH MORTGAGES was never created nor used by Mr Yerou other than in registering it as a domain name in 2014,

after the name was suggested by Mr Fell in 2013. There is no evidence that anyone else uses the mark CRUNCH in the field of mortgage services and therefore, the addition of the descriptive word MORTGAGES does not dispel the connection with the applicant's business. The fact that Mr Yerou might have seen in the name CRUNCH MORTGAGES an allusive reference to the credit crunch of 2009 and might have thought that it was a good name for mortgage services, does not mean that he had any genuine reason for seeking to acquire the domain name for himself.

37. Eventually, in January 2016 the applicant entered into an agreement directly with a third party, a mortgage broker called Seico, for the provision of mortgage services to its customers. Mr Fell says that the joint venture was going to be marketed under the name CRUNCH MORTGAGES, a fact which is not disputed and it is also supported by Mr Starr's email of 28 October 2015, in which he refers to having a discussion with Mr Fell about how to "generate interest in Crunch Mortgages".

38. Having made enquiries to purchase the domain name crunchmortgages.co.uk, Mr Fell discovered that it was owned by the proprietor. After realising the connection between the proprietor and Mr Yerou, Mr Fell approached Mr Yerou on 18 February 2016 and requested the transfer of the domain name to the applicant. Mr Fell says that Mr Yerou initially agreed to his request saying "I won't stand in your way". Consequently, he gave Mr Yerou the benefit of the doubt and thought that the registration of the domain name was an innocent mistake, since the parties had previously discussed a partnership. The email of 19 February 2016 exhibited by Mr Fell supports this version of the events. Although Mr Yerou's version is slightly different, in that he states, in his counterstatement, that he told Mr Fell he was going to keep the domain name, Mr Yerou did not provide evidence nor did he challenge Mr Fell's account. I therefore accept Mr Fell's evidence on the point.

39. It seems to me very telling that having initially agreed to transfer the domain name to the applicant, Mr Yerou applied for the mark CRUNCH MORTGAGES the following day; further, that he later decided to retain the domain name instead of fulfilling his commitment to transfer it to the applicant. Mr Yerou says that he did so to protect his interests. However, there is no evidence that Mr Yerou has ever used the words CRUNCH MORTGAGES at all in relation to his own business (or that he

ever intends to). Indeed, it is difficult to see what business he sought to protect and what legitimate interest he might have had in securing the registration of a mark, which incorporated a brand he knew all along was distinctive of the applicant's business and which, the applicant itself had disclosed to him in 2013 in the context of a discussion to enter into a joint venture and which he knew the applicant wanted to use in connection to mortgage services. It must therefore have been clear to Mr Yerou when he applied for the mark CRUNCH MORTGAGES, that the applicant's brand was CRUNCH and that the applicant was seeking to expand its operation into the mortgage market under the brand CRUNCH MORTGAGES.

40. Mr Yeou states that he told Mr Fell he was open to discuss a partnership, but he would retain the domain name and the brand CRUNCH MORTGAGES. Mr Fell, on his part, says that when Mr Yerou refused to transfer the mark, he told him that "he had had a similar issue with another financial services firm previously and that he had to pay them to get the domain name back" which he understood to mean that Mr Yerou viewed the applicant as a rival and was retaining the domain name in bad faith to obstruct the applicant's business and/or to negotiate an higher price for the domain name. In the aforementioned decision, BL-O-094-17, Daniel Alexander, sitting as the Appointed Person, dealt with the issue of what weight the Hearing Officer should have given to the evidence aimed at demonstrating the intent of bad faith, in the absence of cross-examination and contrary evidence. He stated:

"23. The proprietor contends that the Hearing Officer should not have relied on the evidence of Mr Rampersad and the absence of contrary evidence from Mr Hussein, in the absence of cross-examination of Mr Hussein. I am unable to accept that submission. In my judgment, if anything, in the absence of cross-examination of Mr Rampersad (which there was no application to undertake) and in the absence of contrary evidence from Mr Hussein, the Hearing Officer would not have been justified in rejecting the evidence of Mr Rampersad on this issue without good reason. I am not persuaded that the evidence of Mr Rampersad was internally contradictory or not capable of belief on the critical issues. There was no evidence on this point to which cross-examination of Mr Hussein could be directed since he had neither denied the evidence of Mr Rampersad on this point nor, in saying that he had

read the submission on his behalf prepared by his representatives, had he thereby denied the truth of the central allegation.”

41. Mr Yerou has not denied Mr Fell’s evidence, nor has he offered any evidence of his own to contradict Mr Fell’s recollection of his statement to him. I therefore accept that Mr Yerou did make statements to Mr Fell that were consistent with a desire to financially profit from ownership of the domain name. Further, I find that Mr Yerou applied for the mark CRUNCH MORTGAGES not legitimately to protect his own business, but either to bolster his position against the applicant with a view to securing a partnership, or to prevent the applicant from using the mark CRUNCH MORTGAGES, which he knew the applicant wished (and in fact was entitled) to use.

42. For these reasons I find that the application was filed in bad faith. The Section 3(6) ground therefore succeeds. That being the case, there is no need for me to consider the additional ground based on Section 5(2)(b) of the Act.

Outcome

43. The invalidation has succeeded under Section 3(6) of the Act. The subject registration is hereby declared invalid and is deemed never to have been made.

Costs

44. The application for a declaration of invalidity has been successful and it is entitled to a contribution towards its costs. Awards of costs are governed by Annex A of Tribunal Practice Notice (TPN) 2 of 2016. Using that TPN as a guide and taking account of the fact that the applicant has been professionally represented, I award costs to the applicant on the following basis:

Official fees:	£200
Preparing a statement and considering other side’s statement:	£200
Preparing evidence and written submissions:	£500
Total:	£900

45. I order Mortgage Quest Limited to pay to E-Crunch Limited the sum of £900 as a contribution towards its costs. This sum is to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case, if any appeal against this decision is unsuccessful.

Dated this 19TH day of May 2017

Teresa Perks

For the Registrar

The Comptroller - General