

O-279-03

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK REGISTRATION NUMBERS 1489981, 1541166, 1569226, 1541165 AND 1440569 IN THE NAME OF FERRERO S.P.A. AND SOREMARTEC S.A.

AND IN THE MATTER OF CONSOLIDATED APPLICATIONS FOR DECLARATIONS OF INVALIDITY THEREOF UNDER NOS. 9547, 9550, 9551, 9552 AND 9553 BY SOLDAN HOLDING & BONBONSPEZIALITATEN GMBH

DECISION

Introduction

1. This is an appeal to an Appointed Person against a decision of Mr. M. Reynolds, the Hearing Officer acting for the Registrar, dated 19th July 2002. The decision concerned applications for declarations of invalidity brought by Soldan Holding & Bonbonspezialitäten GmbH (“the Applicants”) against registered trade mark nos. 1489981, 1541166, 1569226, 1541165 and 1440569 standing in the names of Ferrero S.p.A. and Soremartec S.A. (“the Registered Proprietors”). The Registered Proprietors are members of the Ferrero group of companies.
2. The applications were consolidated prior to the hearing before the Hearing Officer. The Applicants raised a large number of grounds of invalidity and evidence was apparently directed to all of them. At the hearing most were dropped. The Applicants maintained objections under section 3(1)(b) and (c)

of the Trade Marks Act 1994 against registration nos. 1489981 and 1440569 and against all five registrations under section 3(6) of the Act.

3. The Hearing Officer rejected the objections under section 3(1) but he found the objections under section 3(6) succeeded. It is against that decision that the Registered Proprietors appeal.

The objection under section 3(6) of the Act

4. Full details of the five registrations in issue are set forth in the Annex to this decision. They were filed over a period of time from September 1990 to April 1994. The Applicants contended that the Registered Proprietors did not have any intention of using the trade marks when the applications were filed, and that consequently they were filed in bad faith.
5. The objections raised by the Applicants were supported by a number of declarations. The first was a declaration of David Rickard, a partner in the firm of Boulton Wade Tennant, the agents acting for the Applicants. It was made on the 20th November 1998. In paragraph 7 Mr. Rickard explained that it was his understanding from earlier evidence sworn on behalf of the Registered Proprietors in related proceedings that six KINDER marks had been used in the U.K. since 1967, namely KINDER MILK SLICE, KINDER SURPRISE, KINDER CHOCOLATE, KINDER MAXI, KINDER BUENO and KINDER JOY. He stated that he understood from this evidence that the Registered Proprietors had not used any other KINDER marks in the U.K. since 1967. He also reported the results of a Marquesa search that he had conducted and

noted that the Registered Proprietors had filed in excess of sixty applications to register trade marks including the word KINDER which were at that time pending or registered. He continued that it was apparent from the evidence filed on behalf of the Registered Proprietors that they had not used any of the trade marks in issue in these proceedings, nor had they used in excess of fifty of the trade marks which they had applied to register. He expressed the conclusion that the Registered Proprietors did not have a real and effective intention to use the trade marks in issue when they were filed, but rather had filed a large number of trade marks incorporating the word KINDER in an endeavour to obtain a broad scope of protection.

6. In their evidence in response the Registered Proprietors answered much of the evidence filed by the Applicants in support of the various grounds of objections, but they did not answer the evidence of Mr. Rickard which I have summarised.

7. The evidence in reply filed on behalf of the Applicants included a witness statement from Teresa Bucks, another partner in Boulton Wade Tennant. It was made on the 26th February 2001. In her statement Ms Bucks updated the position by reporting the results of a further search of the Marquesa database. She noted that by the date of her statement the Registered Proprietors had filed some seventy applications to register trade marks including the word KINDER, but had still only used six of them.

8. Before the Hearing Officer the Applicants submitted as follows. By the date of Ms Bucks' declaration of the 26th February 2001, the Registered Proprietors had applied to register no less than sixty eight marks consisting of the word KINDER plus one or more additional words (some in stylised form or with additional matter), most in classes 29 and 30 with a few in classes 28 and 32. Although a few of the marks had application dates going back as far as 1967, most were filed in the 1980s and 1990s. On the evidence, only six of these marks had been used in the U.K. They submitted it was an irresistible inference that the other sixty two applications were filed by the Registered Proprietors not with any genuine intention of using the marks sought to be registered, but with a view to attempting to obtain wide protection for the word KINDER. They contended this inference was confirmed by the evidence. The charge was specifically made by Mr. Rickard in his declaration dated the 20th November 1998, and it was not denied by the Registered Proprietors in their evidence in answer.

9. In substance, the Hearing Officer accepted the submissions made on behalf of the Registered Proprietors. He found that the sheer number of marks applied for and which apparently remained unused, and the period of time over which the applications had been made, raised a prima facie case requiring a response from the Registered Proprietors. If they had a bona fide intention to use their trade marks they should have stated it clearly in evidence and provided substantiating evidence or an explanation to counter the prima facie position established by the Applicants. They had failed to do so with the result that the applications under section 3(6) succeeded.

The Appeal

10. At the hearing of the appeal Mr. Edenborough, instructed by Taylor Joynson Garrett, appeared on behalf of the Registered Proprietors. The Applicants were not represented. It was accepted on behalf of the Registered Proprietors that the appeal is by way of review, and not a rehearing. I should show a real reluctance, but not the very highest degree of reluctance, to interfere with the decision of the Hearing Officer in the absence of a distinct and material error of principle. Nevertheless, in his careful submissions, Mr. Edenborough submitted that the Hearing Officer had indeed erred in principle in a number of important respects.

11. First it was submitted that the Hearing Officer wrongly treated all five registrations as one and therefore must have taken into account matters that fell after the respective filing dates of each application.

12. Section 3(6) of the Act states that:

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

Bad faith must therefore be established as at the date of the application. Nevertheless I do not believe this excludes from consideration matters which have occurred after the date of the application. They may well assist in determining the state of mind of the applicant at the date of the application. In the present case the Hearing Officer certainly did take into consideration matters which fell after the relevant filing dates. In particular he took into

account the extent to which the Registered Proprietors had filed applications for trade marks comprising the word KINDER, the period of time over which the applications had been filed and the extent to which they had been put into actual use. I believe those were all relevant matters to consider in assessing the state of mind of the Registered Proprietors at the dates of the applications in issue. It is also true that the Hearing Officer did not consider each of the applications separately. Nevertheless I think it is clear that he did consider the state of mind of the Registered Proprietors over the whole period (1990 to 1994) that the applications were made. Accordingly I do not accept that the Hearing Officer fell into error in the manner suggested.

13. The second submission advanced by the Registered Proprietors is closely related to the first. It was contended that the Hearing Officer improperly relied upon speculation and assertion and failed to follow the guidance of Mr. Thorley QC, sitting as an Appointed Person, in *Royal Enfield Trade Marks* [2002] RPC 24 (at paragraph 31) that an allegation of bad faith “should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by process of inference.”
14. In the present case I believe that the allegation of bad faith was properly pleaded. The original pleading was far from full but, following amendment, it stated in relation to each registration:

"This registration was filed in “bad faith” and was therefore registered contrary to the provisions of section 3(6) of the Act. The proprietor did not at the time of filing and does not have any intention of using the trade mark the subject of the registration

either at all or alternatively for all of the goods covered by the registration. Further, the proprietor simply filed this registration in an attempt to obtain an extended yet illegitimate coverage of the descriptive word “kinder” (being the German word for ‘child’). Our enquiries have revealed that this registration has not been genuinely used in the UK by the Registered Proprietor or with its consent on any of the goods for which it is registered during the past 5 years.”

15. This allegation was supported by the evidence of Mr. Rickard to which I have referred. That evidence made clear the charge that was being made and the basis for it.

16. I have also come to the conclusion that the Hearing Officer was entitled to find the allegation established on the basis of the materials before him. By the date of Mr Rickard’s declaration the Registered Proprietors had filed in excess of sixty applications to register trade marks including the word KINDER but had only ever used six. The number of applications had increased to some sixty eight by the date of Ms. Bucks’ witness statement. The large number of unused applications and the period of time over which the applications had been made led Mr. Rickard to conclude that the Registered Proprietors were filing applications without any real and effective intention to use them. The evidence of Mr Rickard was never answered by the Registered Proprietors. No attempt was made to justify or explain the filing policy.

17. Before me Mr Edenborough contended that the Registered Proprietors had used six marks comprising the word KINDER and that having various unused marks did not provide any more protection. He also drew my attention to the fact that some of the unused marks appear to fall into ‘families’ and that a

number include artwork that must have been created at some expense. To my mind these points do not assist the Registered Proprietors because they do not answer the central charge that the very large number of unused registrations and applications indicate that the Registered Proprietors were filing applications to register trade marks without having any genuine intention of using them. That charge was clearly advanced by Mr Rickard and again by Ms Bucks, but has never been addressed by the Registered Proprietors in evidence. In all these circumstances I believe that the Hearing Officer was entitled to come to the conclusion that the Applicants had established a prima facie case that the Registered Proprietors did not have a genuine intention to use the marks in issue at the dates they were filed. He was also, in my view, entitled to come to the conclusion that the prima facie case was not answered and that the allegation was therefore made good.

18. The third submission advanced on behalf of the Registered Proprietors was that the Hearing Officer erred as a matter of law in concluding that an absence of bona fide intention to use a mark at the date of filing could constitute bad faith at all.

19. The issue of bad faith has been addressed in a number of authorities. In *Gromax Plasticulture Limited v. Don & Low Non Wovens Limited* [1999] RPC 367 Lindsay J. said at 379:

"I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this

context: how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be judged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances."

20. In *Demon Ale Trade Marks* [2000] RPC 345 Mr. Hobbs QC, sitting as the Appointed Person, considered section 3(6) in the context of a lack of a bona fide intention to use a mark. He cited the passage from the judgment of Lindsay J. and continued (at page 356):

"These observations recognise that the expression "bad faith" has moral overtones which appear to make it possible for an application for registration to be rendered invalid under section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant. Quite how far the concept of "bad faith" can or should be taken consistently with its Community origins in Article 3(2)(d) of the Directive is a matter upon which the guidance of the European Court of Justice seems likely to be required: *Roadtech Computer Systems Ltd v. Unison Software (UK) Ltd* [1996] FSR 805 at pages 817, 818 *per* Robert Walker J.

In the present case the objection under section 3(6) related to the applicant's breach of a statutory requirement. Section 32(3) of the Act required him to be a person who could truthfully claim to have a bona fide intention that DEMON ALE should be used by him (or with his consent) as a trade mark for beer. His application for registration included a claim to that effect. However he had no such intention and could not truthfully claim that he did. That was enough, in my view, to justify rejection of his application under section 3(6). I see no reason to doubt that section 32(3) is compatible with Community law. The 8th recital to the Directive specifically confirms that "*in order to reduce the total number of trade marks registered and protected in the Community it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation*". I am satisfied that this is not a case which tests the limits of section 3(6) of the Act (article 3(2)(d) of the Directive) from the point of view of Community law."

21. More recently, in *Laboratoire De La Mer Trade Marks* [2002] FSR 51, Jacob J. said, at paragraph 19, in considering the meaning of ‘genuine use’:

"The wider the specifications of goods or services permitted by the registration authorities, the greater the extent of the problem of unused marks. In practice there is likely to be a greater problem caused by wide specifications in the case of Community marks than in the case of, at least, U.K. marks. For U.K. registrations, the application form (TM3) requires the applicant or his agent to say:

“The trade mark is being used by the applicant or with his or her consent, in relation to the goods or services stated, or there is a bona fide intention that it will be so used.”

If that statement is untrue then it seems fairly plain that the registration is vulnerable to an attack as one made in bad faith (section 3(6) of the U.K. Act implementing Article 3(2)(d) of the Directive). There is no such requirement in the case of Community Trade Mark applications (see the requirements for the content of the application in rule 1 of the Implementing Regulation 2868/95). An applicant for a CTM does not expressly have to say he uses or intends to use the mark applied for. So, unless the mere making of an application is taken as an implicit statement of intention to use, then a bad faith attack based on any lack of intention to use (under Article 51(1)(b) of Regulation 40/94) may fail. The First Cancellation Division of OHIM so held in *Trillium Trade Mark* (Case C000053447/1, March 28, 2000). The decision is not particularly satisfactory (see the criticisms in *Kerly's Law of Trade Marks and Trade Names* (13th ed.) at para. 7-230). If it is right, however, there is simply no deterrent to applicants seeking very wide specifications of goods or services for CTMs – with all the greater potential for conflict that may give rise to. I understand that in practice OHIM are quite content to admit such very wide specifications – indeed often all the goods or services within a class are asked for and granted. The *Trillium* point will undoubtedly come up again – for it seems bizarre to allow a man to register a mark when he has no intention whatever of using it. Why should one have to wait until five years from the date of registration before anything can be done? Whatever the width of the “umbra” of the specification, it should also be remembered that the holder’s rights to stop infringement or prevent registration of a later similar mark extend to the “penumbra” of “similar goods” (section 10(2) of the U.K. Act, Article 5(1)(b) of the Directive and Article 9(1)(b) of the Regulation). A wide umbra means there is an even wider penumbra. Other traders with a similar mark may not go into

either the umbra or the penumbra, whether by use or registration.”

22. It was submitted on behalf of the Registered Proprietors that it is a nonsense to differentiate between the Directive and the Regulation, because they are both part of a scheme to harmonise trade mark law throughout the Community and that what applies under the Regulation ought to apply equally under the Act. I was therefore invited to follow *Trillium* and to conclude that bad faith requires actual dishonesty.

23. I am unable to accept these submissions. *Gromax* makes it clear that bad faith is not limited to cases involving actual dishonesty and includes some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the area being examined. Section 32(3) of the Act requires an applicant for registration to state that the trade mark in issue is being used by the applicant with his consent in relation to the goods or services in relation to which it is sought to be registered, or that the applicant has a bona fide intention that it should be so used. Insofar as the applicant makes a materially false statement in this regard then I believe that the application is made in bad faith. This was clearly the view of Jacob J. in *De La Mer*, and he evidently had well in mind the difference in approach of OHIM as revealed by *Trillium*.

24. It is convenient at this point to deal with the further submission made by the Registered Proprietors that section 32(3) of the Act is *ultra vires* in that it seeks to impose an improper restriction on the term “bad faith” as it is used in

section 3(6) of the Act. I do not accept this submission. It is indeed true that there is no equivalent of section 32(3) of the 1994 Act in the Directive but nevertheless, like Mr. Hobbs QC in *Demon Ale*, I see no reason to doubt that section 32(3) is compatible with Community Law. On the contrary, the eighth recital of the Directive expressly recognises the public interest in requiring that registered trade marks must actually be used. The same public interest was recognised by Jacob J. in clear terms in *De la Mer*.

25. The Registered Proprietors also drew attention to the fact that the marks in issue were all applied for under the Trade Marks Act 1938. It was submitted that even if the marks were filed without any bona fide intention that they be used, this was not reprehensible under the 1938 Act and therefore could not now amount to bad faith.
26. The transitional provisions contained in Schedule 3 to the Act provide that for the purposes of proceedings under section 47 of the Act (grounds for invalidity of registration) section 3(6) is deemed to have been in force at all material times. It is clear therefore that a registration obtained pursuant to an application made under the 1938 Act may be declared invalid if the application was made in bad faith.
27. The particular statutory regime governing applications for registration under the 1938 Act was somewhat different to that of the 1994 Act. In general an applicant had either to use or propose to use the mark. Section 17 of the 1938 Act provided that any person claiming to be the proprietor of a trade mark

used or proposed to be used by him and who wished to register it had to apply in writing to the Registrar in the prescribed manner. This section was qualified by section 29 which provided two exceptions. An application could not be refused if a corporation was about to be formed and the applicant intended to assign the mark to the corporation with a view to its use, or if the application was accompanied by an application for registration of a person as registered user. These provisions were reflected in the application form which required the applicant to indicate his position as to use. Part 10 had to be completed if the application was proceeding under section 29. The form stated that if Part 10 was left blank, it would be assumed that the applicant claimed that the mark was being used, or was proposed to be used by him.

28. Accordingly an applicant who completed and filed an application but who had not used and had no intention of using the mark (and was not proceeding under section 29) was making a false claim. If the true position had been made clear no doubt the application would have been refused. In my judgment such an application would have been made in bad faith.

29. Furthermore, under section 68 of the 1938 Act a trade mark was defined as a mark used or proposed to be used in relation to goods. If a mark on the register was not used or proposed to be used, then any person aggrieved could apply to the court pursuant to section 32 of the Act for it to be expunged as an entry on the register made without sufficient cause: *Imperial Group Plc v. Philip Morris & Co. Ltd* [1982] FSR 72 (CA). In addition, pursuant to section 26 of the 1938 Act, a registered trade mark might be taken off the

register on the application of any person aggrieved on the grounds that the mark was registered without any bona fide intention that it should be used in relation to the goods the subject of the registration and that there had in fact been no bona fide use of the mark in relation to those goods.

30. For all these reasons I am unable to accept the submission that the conduct of the Registered Proprietors would not have been reprehensible as a matter of law under the 1938 Act and that it therefore could not amount to bad faith. On the contrary, I believe that the registered marks in issue would have been as vulnerable under the 1938 Act as they are under the 1994 Act.
31. To my mind the Hearing Officer was fully entitled to come to the conclusion that the Registered Proprietors had no bona fide intention to use the marks in issue and that the applications were made in bad faith. Accordingly the appeal must be dismissed.

David Kitchin QC

10th September 2003

ANNEX

(1) TM No: 1489981

TM: **KINDER SNAPPY**

Appl date: 05.02.1992

Goods: Biscuits, confectionery, wafer balls; all included in Class 30.

Reg Date: 30.07.1993

Other: Registration of this mark shall give no right to the exclusive use, separately, of the words "Kinder" and "Snappy".

(2) TM No: 1541165

TM: **KINDER TIME**

Appl date: 08.07.1993

Goods: Coffee, tea, sugar, rice, tapioca, sago, preparations for use as substitutes for coffee; flour products made from cereals; bread, biscuits, cakes, pastry and confectionery, edible ice; honey, treacle, yeast and baking powder; salt, mustard; pepper, vinegar, sauces; spices; ice; cocoa, cocoa products, cocoa paste for drinks, chocolate paste; chocolate coverings, chocolate, chocolate eggs, pralines, decorations for Christmas trees made of chocolate, goods made of an edible chocolate case with an alcoholic filling; sugar articles, confectionery, chewing-gum, sugarless chewing-gum, sugarless candies; all included in Class 30.

Reg Date: 11.11.1994

Other: Advertised before acceptance by reason of special circumstances. Section 18(1) (proviso).

(3) TM No: 1440569

TM:

Kinder
Cuordifrutta

Appl date: 07.09.1990

Goods: Pastry, confectionery, ices and sorbets; sauces; all containing fruit or being fruit flavoured; all included in Class 30.

Reg Date: 06.01.1995

Other: Registration of this mark shall give no right to the exclusive use, separately, of the words "Kinder" and "Cuordifrutta" and

the German word "Kinder" appearing in the mark means "Children".

(4) TM No: 1541166

TM: **KINDER TIME**

Appl date: 08.07.1993

Goods: Mineral and aerated waters and non-alcoholic drinks; fruit drinks and fruit juices; syrups and preparations for making beverages; all included in Class 32.

Reg Date: 11.11.1994

Other: Advertised before acceptance by reason of special circumstances. Section 18(1) (proviso).

(5) TM No: 1569226

TM: **KINDER TONUS**

Appl date: 19.04.1994

Goods: Coffee, tea, sugar, rice, tapioca, sago, flour, products made from cereals; bread, biscuits, cakes, pastry and confectionery, edible ice; honey, treacle, yeast and baking powder; salt, mustard; pepper, vinegar, sauces; spices; ice; cocoa; cocoa products, cocoa paste for drinks, chocolate paste, chocolate coverings, chocolate, chocolate eggs, pralines, decorations for Christmas trees made of edible chocolate case with an alcoholic filling; sugar articles, chewing-gum, sugarless chewing-gum, sugarless candies; all included in Class 30.

Reg Date: 29.12.1995

Other: Advertised before acceptance. Proceeding because of prior rights in Registration No B1170775 (5564,1059) and others.