

O-295-15

TRADE MARKS ACT 1994

IN THE MATTER OF UK REGISTRATION NO 2515159
IN THE NAME OF ZVL SLOVAKIA A.S.
IN RESPECT OF THE TRADE MARK:



AND

AN APPLICATION FOR A DECLARATION OF INVALIDITY THEREOF
UNDER NO 500350 BY VALIDISS LIMITED.

Background and pleadings

1. The trade mark on the cover page of this decision was applied for on 6 May 2009 and entered onto the register on 28 August 2009. It stands in the name of ZVL Slovakia a.s. (the proprietor).

The mark is registered in respect of goods in class 7, as follows:

Bearings (machine parts), in particular roller bearings and sliding bearings, all the aforesaid goods included in Class 7

2. On 1 April 2014 Validiss Limited (the applicant) applied under section 47 of the Trade Marks Act 1994 ("the Act") for the trade mark registration to be declared invalid. The grounds for invalidation are that the trade mark was applied for in bad faith contrary to s.3(6) and that the trade mark is deceptive contrary to s. 3(3)(b) of the Act. The applicant relies on the following matters to support its claim under s.3(6):

"(2) At the beginning we have to explain that majority of relevant case law, such as e.g. Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH...or much of the case law summarised in the judgement...in Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited...does not apply in our case. This case law almost always concerns a case of particular individual right being violated by another particular individual, such as registration of a non-registered trade mark used by a business partner. In our case, however, it is public order and accepted principles of morality that are at stake, or more precisely, collective interests and rights of the whole society that have been violated by the registration of the challenged trade mark..."

(3) We believe that application in bad faith is unacceptable irrespective of whether it is harmful to individual interests or to collective interests of the whole society. Formally, the grounds can also be understood as knowledge of mark outside the UK, if under the mark we understand Slovak 'ZVL' trade marks from 1967, although the applicant for declaration of invalidity is obviously not owner of these trade marks. However, we believe our case is sufficient regardless its exact classification..."

(4) The accepted principles of morality we are going to tackle are peculiar to the fact that the trade mark owner is from [a] post-communist country. We are going to prove that the owner hijacked and unlawfully and illegitimately privatised a brand that has been build [sic] up by previous generations and whole society without having any legitimate claim or right to do so. Owner's act of registration is nothing but parasitism whereby the owner immorally and illegitimately exploits the chaotic condition of the transformative years of post-communist economy to his own benefit, but on the other hand, and inevitably, to the harm of the whole society."

3. With regard to its claims under s.3(3)(b) it states:

“(25) Pursuant to the abovementioned, we believe that the trade mark is of such a nature that it can deceive the public. The deception of the customer lies – as we have explained earlier – in the presumed but false link between the original ZVL state concern and current company ZVL SLOVAKIA, a.s. This false link is encouraged by the owner himself, as we have seen on his website. The deception is surely more likely in the case of a Slovak customer who knows the historical state-owned ZVL concern and who expects certain quality of roller bearings guaranteed by long-standing tradition. However, similar potentiality exists in case of deception of British public due to the owner’s behaviour and advertisement. The supposed but false link is promoted on the owner’s website also in English language; the deceiving information therefore comes to the British customer, too.”

4. On 1 July 2014, the proprietor filed a counter-statement in which it denies all of the applicant’s claims.

5. Both parties filed evidence. The applicant also filed written submissions in reply. I will refer to these as necessary below. A hearing took place on 1 June 2015, by video conference. The applicant did not attend. The proprietor was represented by Ms Anne Wong of MW Trade Marks Limited.

6. Both sides seek an award of costs.

EVIDENCE

The applicant’s evidence and submissions

7. The applicant’s case is detailed in its in the witness statement of Róbert Porubčan with exhibits RP1 – RP29.

8. Mr Porubčan is a patent attorney at the Slovak Chamber of Patent Attorneys and the Czech Chamber of PA, a European Trade Mark and Design Attorney at OHIM and a European Patent Attorney at the EPO. He is the applicant’s representative. His witness statement is dated 5 September 2014.

9. Throughout his evidence Mr Porubčan refers to the history of the ball bearing industry in Slovakia before and after the fall of communism. The keys points of this history are as follows:

- 1921 – A state owned ball bearing factory began to operate in Slovakia under the name ZKL.
- 1953 – The business expanded into a number of other towns.
- 1954 – A trade mark for ZKL was registered in Slovakia – it is still valid.
- 1965 – the state owned company ZKL was “subsumed under the concern ZVL”.
- 1965 - Two ZVL marks were registered in Slovakia which expired in 1990.

- 1991 – State owned companies were privatised following the fall of communism. The legal framework for the transfer of state owned property/companies was provided by Slovak Law no. 92/1991 Coll.
- 1991-1992 – the state owned company ZVL was transferred to three private companies.
- 1994 – 2000 – The three private companies ceased to exist. Two entered liquidation, the third became bankrupt on 5 June 2000.

10. At paragraph 10 of his statement of grounds Mr Porubčan concludes from this chain of events:

“It follows from this that all rights to sign ‘ZVL’, either as trade marks or as business names or as non-registered trade marks that could be linked to original state concern ZVL, ceased to exist and died on 5 June 2000, when [the] last of the privatizing companies went bankrupt.”

11. Mr Porubčan continues:

“(13) In our case, it is at least noticeable that while the three legal successors of functioning state concern that has been extremely successful for decades went all bankrupt within less than decade, another business in the same field — OMNIA, a.s. (currently called OMNIA KLF, a.s.) — founded in 1990, has been functioning successfully in the same field: distribution of roller bearings. This company was in many ways personally linked with the three successor ZVL companies.”

12. At paragraphs 28-32 of his witness statement the applicant provides the key points of his case for bad faith in respect of the proprietor’s mark, as follows:

“29. The applicant is not a legal successor to original ZVL state concerning the trade marks according to Slovak Trademark Act - Law no. 506/2009 Coil. - because original ZVL trade marks were left to expire in 1990.

30. The applicant did not inherit any other industrial property rights which could entail the rights to ‘ZVL’ brand, for no such rights were transferred as required by provision of § 16 of Law no. 92/1991 Coil.

31. Moreover, there are personal links between applicant and original three privatizing groups, which were left to swiftly go bankrupt by the persons currently involved in ZVL SLOVAKIA a.s.

...The UK registration must therefore be seen in the general context, as part of process of obscuring the real business relationships, the real legal successions - or lack of thereof; as part of process of obscuring the fact of discontinuity and malevolent effort to establish the false and factually incorrect idea of continuity when there is none. On these grounds I believe that such action on the part of applicant is malevolent and in bad faith. A fortiori it follows that the act registration of the challenged "ZVL" trade

mark UK00002515159 has been made in bad faith, too, given the overall context.”

13. The exhibits filed with Mr Porubčan’s witness statement are as follows:

14. RP1 and RP2 comprise pages from www.zkl.cz/en printed on 27 March 2014. Mr Porubčan states that he has filed evidence concerning this company as they represent a company who carried out a *bona fide* takeover of a state owned company. The first page is an itemised history of ZKL from which the applicant concludes that ZKL is a company which has its origins in the state owned ball bearing factory which existed in communist Slovakia. The second exhibit is a page taken from the same website which includes the following banner:



15. RP3 looks to be a company registration but is not translated into English.

16. RP4, RP5, RP13, RP14, RP17, RP18, RP19, RP21-RP23, RP24 and RP25 are prints taken from the Trade Mark Registry of the Slovak Republic.

17. RP6-RP8 are documents relating to the privatisation of state owned ZVL to three private companies, the latest of these was completed in 1992.

18. RP9-RP11, RP16, RP20 and RP26 are prints taken from the Ministry of Justice of the Slovak Republic, Business Register on 27 March 2014. They have not been translated.

19. RP12 is a copy of the Slovak legislation no. 92/1991 Coll. which provides the legal framework on transfer of state property.

20. RP15 is made up of pages from a website <http://ekonomika.sme.sk> and unverified translations of the same. The documents refer to voucher privatisation.

21. RP27 comprises pages from www.zvlslovakia.sk printed on 27 March 2014. It provides a history of ZVL and is titled '*45 year tradition in bearing manufacturing*'.

The proprietor’s evidence

Witness statement of Anne Wong with exhibits AW1 and AW2

22. Ms Wong is a trade mark attorney at MW Trade Marks. Her witness statement is dated 18 December 2014.

23. Attached at exhibit AW1 is a list of twenty trade mark registrations held by the proprietor in a number of countries.

24. Exhibit AW2 is described by Ms Wong as the front page of the proprietor's website. The page was printed on 18 December 2014 and includes the following banner across the centre of the page:



25. Also included are two further witness statements from translators with documents from Prague and Bratislava. I need not summarise these.

The 3(6) ground

26. Section 47(1) of the Act states:

“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).”

27. Section 3(6) of the Act states:

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

28. Mr Porubčan claims in his statement of case that this case must be decided based on “public order and accepted principles of morality”. Since this cancellation has been brought under section 3(6) of the Act (“bad faith”), it is the law relevant to those grounds that I must consider. It was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited*¹ in the following terms:

“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].

¹ [2012] EWHC 1929 (Ch)

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)."

29. In accordance with the comments of Arnold J. at paragraph 131 of *Red Bull*, the position must be judged at the date on which the application for registration was made. This is 6 May 2009. It is also clear from the case law that an allegation of bad faith is a serious one which must be distinctly proved.

30. Mr Porubčan provides details of a number of Slovakian trade marks, some of which have been cancelled. He draws his own conclusion from this which I am unable to take into account. I have no indication of the reasons for decisions taken in a different national office and I must consider the position in the UK.

31. Similarly, a large part of the evidence and submissions provided by the applicant refer to a Slovakian company, ZKL, which the applicant submits is an example of a *bona fide* takeover of a state concern. The matter I must consider is whether the contested mark in these proceedings was registered in bad faith in the UK at the relevant date.

32. Taking into account the relevant evidence and submissions filed in support of these proceedings, the proprietor's knowledge at the time of filing the application to register the contested trade mark is highly likely to have included some knowledge of the history outlined by Mr Porubčan. The proprietor is a Slovakian company which claims on its own website to have been connected to the ball bearing industry in Slovakia at the relevant time.

33. Having reached such a conclusion I must also consider the proprietor's intention when filing the application. In her skeleton argument on behalf of the proprietor Ms Wong states:

“18. Even if we assume that the Registrant had some knowledge of the privatisation of industries in Slovakia in the 1990s, this has no bearing on their filing of the mark in the UK 18 years later.”

34. Mr Porubčan makes clear that the state owned concern ZVL (and its subsequent owners who became responsible for the ZVL mark) ceased to exist on 5 June 2005, when the last company became bankrupt. In his own words, all rights in ZVL died on that day. He states that the proprietor is not the legal successor but suggests a number of links between the proprietor and at least one of the original privatising companies.

35. In my view, it is highly unlikely that consumers in the UK would have knowledge of a state owned Slovakian business which ceased to exist 18 years prior to the trade mark application in the UK and whose successors ceased to trade 4 years prior to the application being made in the UK. In his witness statement, Mr Porubčan states:

“9...The statements, and the information provided thereby, are common knowledge to anyone who lived through the transition years in the 1990s in Slovakia...”

“19...Due to the political pressure, the privatisations from the 1990s are not being investigated, but their failure is a common knowledge in Slovakia and it is a traumatic experience which fills many citizens now with the sense of injustice and missed opportunity for just economical transition.”

“40. I concede that the average British consumer is probably not aware of the original ZVL state concern.”

36. At the hearing and in her submissions, Ms Wong put forward the view, that by filing the mark in the UK, the proprietor was intending to support their business under the mark in a number of different territories which is a perfectly normal and legitimate intention to have had at the time of filing.

37. What I must decide is whether the application for a national trade mark in the UK constitutes an act of bad faith. In order to gain a ‘leg up’ by associating itself with the state owned Slovakian ball bearing company, the relevant average consumer in the UK would have to be aware of that company. There is no evidence filed which relates to the position in the UK or any explanation as to how the evidence relating to Slovakia is relevant to the filing of the mark in the UK. There is no evidence of any other form of mischief such as attempting to prevent a right holder from entering the UK market. Consequently, I am unable to find that the proprietor was acting in bad faith when applying for its national UK trade mark.

38. The application under section 3(6) fails.

The 3(3)(b) ground

39. The reasons provided in support of this ground are as follows:

“...we believe that the trade mark is of such a nature that it can deceive the public. The deception of a customer lies...in the presumed but false link between the original ZVL state concern and current company ZVL SLOVAKIA, a.s. This false link is encouraged by the owner himself, as we have seen on his website. The deception is surely more likely in case of a Slovak customer who knows the historical state-owned ZVL concern and who expects certain quality of roller bearings guaranteed by the long-standing tradition. However, similar potentiality exists in case of deception of British public due to the owner’s behaviour and advertisement.”

The section 3(3)(b) ground

40. S. 3 (3) states as follows:

A trade mark shall not be registered if it is-

“(a) ...

(b) of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or service).”

41. Section 3(3)(b) of the Act derives directly from article 3(1)(g) of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 (“the Directive”). In *Elizabeth Florence Emanuel v Continental Shelf 128 Ltd* Case C-259/04 the Court of Justice of the European Union (“CJEU”) stated:

“47 Nevertheless, the circumstances for refusing registration referred to in Article 3(1)(g) of Directive 89/104 presuppose the existence of actual deceit or a sufficiently serious risk that the consumer will be deceived (Case C-87/97 *Consorzio per la tutela del formaggio Gorgonzola* [1999] ECR I-1301, paragraph 41).

42. In respect of ‘actual deceit’ no mention of it is made in the applicant’s written submissions and its evidence is silent on the point. Consequently, there is no evidence of the existence of actual deceit.

43. As to whether there is a ‘sufficiently serious risk that the consumer will be deceived’, I find that there is not. The applicant’s case is directed at the proprietor’s website being misleading rather than the mark itself and relates primarily to customers in Slovakia. The stylised ZVL mark has no deceptive meaning in respect of bearings in class 7 in respect of this UK registration.

44. The case under section 3(3)(b) fails.

COSTS

45. The application for invalidation having failed, the proprietor is entitled to a contribution towards its costs. At the hearing, Ms Wong brought my attention to the nature of the language used by the applicant throughout these proceedings but

confirmed that she sought an award on the Comptroller's scale. In accordance with Tribunal Practice Notice 4/2007 – "Costs in proceedings before the Comptroller", I award costs on the following basis:

Preparing a statement and considering the other side's statement	£400
Preparing evidence/ considering and commenting on the other sides' evidence	£600
Preparation and filing of written submissions	£200
Preparation for and attendance at a hearing	£500
Total:	£1700

46. I order Validiss Limited to pay ZVL Slovakia a.s. the sum of £1700. 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 23rd day of June 2015

**Ms Al Skilton
For the Registrar,
The Comptroller-General**