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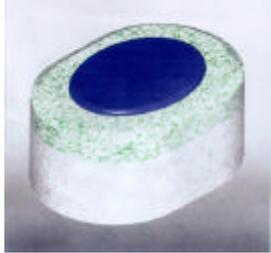
TRADE MARKS ACT 1994

IN THE MATTER OF THE REQUEST BY  
HENKEL KOMMANDITGESELLSCHAFT AUF AKTIEN  
TO PROTECT INTERNATIONAL REGISTRATION NO. 708886  
IN CLASSES 1 & 3  
AND TO PROTECT INTERNATIONAL REGISTRATION NO. 712726  
IN CLASSES 1,3 & 21

AND IN THE MATTER OF OPPOSITION THERETO  
UNDER CONSOLIDATED OPPOSITION NUMBERS 70312 & 70313  
BY UNILEVER PLC

## BACKGROUND

- 1) On 15 January 1999 & 16 April 1999, Henkel Kommanditgesellschaft Auf Aktien (Henkel KgaA), of 67 Henkelstrasse, D-40191 Dusseldorf, Germany, on the basis of its International registrations based upon registrations held in Germany, requested protection in the United Kingdom of the trade marks depicted below under the provisions of the Madrid Protocol. International priority dates of 22 October 1998 and 20 January 1999 were claimed in respect of applications 708886 and 712726 respectively. The marks and their specifications are as follows:

Application 708886	Application 712726
 <p data-bbox="236 931 767 1025">The applicant claims the colours green, blue, and white as an element of the mark. 3D (three dimensional) mark</p>	 <p data-bbox="810 931 1342 1025">The applicant claims the colours green, white and red as an element of the mark. 3D (three dimensional) mark</p>
<p data-bbox="236 1068 767 1218">Class 1: Chemical products for industrial purposes; softening agents for water; crust preventing and crust solving agents for use in tubes and apparatuses; scale removing preparations.</p>	<p data-bbox="810 1068 1342 1126">Class 1: Chemical products for industrial purposes.</p>
<p data-bbox="236 1225 767 1375">Class 3: Soaps; washing and bleaching agents; rinsing agents for dishwashing and laundry; cleaning and polishing agents; chemical preparations for cleaning wood, metal, glass, synthetics, stone, porcelain and textiles.</p>	<p data-bbox="810 1225 1342 1375">Class 3: Soaps; washing and bleaching agents; rinsing agents for dishwashing and laundry; cleaning and polishing agents; chemical products for cleaning wood, metal, glass, synthetics, stone, porcelain, and textiles.</p>
	<p data-bbox="810 1382 1342 1431">Class 21: Sponges, cleaning cloths, articles for cleaning purposes; dishwashing cloths.</p>

2) The United Kingdom Trade Marks Registry considered that the requests satisfied the requirements for protection in accordance with Article 3 of the Trade Marks (International Registration) Order 1996 and particulars of the international registrations were published in accordance with Article 10.

3) On 19 June 2000 Unilever Plc, of Port Sunlight, Wirral, Merseyside filed notices of opposition to the conferring of protection on these international registrations. The grounds of opposition are in summary:

- a) The marks in suit consist of a representation of the shape of the goods applied for, including soap, washing and laundry tablets. In addition the marks are constituted of a combination of colours which are common to the trade or otherwise non-distinctive. The marks therefore offend against Sections 3(1)(a), 3(1)(b), 3(1)(c), 3(1)(d).

b) the marks in suit consists of shapes which are necessary to obtain a technical result and therefore offend against Section 3(2)(b).

c) The marks in suit offend against the provisions of Section 3(6) of the Act and/or Section 32(3) in that on the basis of the information available to them it is the opponent's view that the applicant has no intention to use the subject marks in relation to the goods for which they have been applied.

4) The applicant subsequently filed counterstatements denying the above grounds.

5) Both sides ask for an award of costs.

6) Both sides filed evidence in these proceedings and the matter came to be heard on 25 May 2004, when the applicant was represented by Mr McCall of Messrs W P Thompson, whilst the opponent was represented by Mr Hickey of Messrs Castles.

#### OPPONENT'S EVIDENCE

7) The opponent filed three declarations. The first two, dated 1 June 2001 and 2 August 2001, are by Stephen Francis Beale a Trade Mark Adviser employed by the opponent. At exhibit SB1 to his first declaration he provides the result of a search of the UK and Community Trade Mark Registers to ascertain what other coloured detergent/cleaning tablet devices the applicant has applied for in the UK. The exhibit shows 150 registrations applied for by the applicant covering the UK at national or CTM level, twenty two of which are duplicates. He states that to the best of his knowledge none of the marks have been used in the UK. He states that other companies who are competitors of his company have filed oppositions to a number of the marks found in the search.

8) In his second declaration Mr Beale states that he has a thorough knowledge of the household cleaning products market in the UK and that he is familiar with the brands used by his company's competitors. He states that the marks in suit appear to be dishwasher or laundry tablets. Mr Beale states that he is surprised at the range of goods for which the marks are sought to be registered. He comments that "Colour is a very important consideration in the product development process as it impacts significantly upon consumer perception and can often serve to meet public aspirations as to effectiveness and function. The colours red, white, blue and green are the colours that dominate in the household cleaning area".

9) Mr Beale states that Unilever uses the colours red, white and green on its packaging of Persil biological laundry products. The colour green indicating a biological content. On its non-biological product it uses the combination of red, white and blue, whilst on its "colour" variant it uses red, white and purple. He states that most of the major supermarkets have adopted the green, blue and purple laundry colour indicators. He also states that "Green, blue and white are also the colours which dominate the packaging of the Ariel laundry product range and Fairy dishwasher and laundry tablets". He states that colour is used to indicate fragrance such as green for mountain fresh, yellow for citrus or summer and blue for comparisons with the sea. He cites examples such as Domestos Mountain Fresh, Citrus and Ocean Fresh rim blocks. Lastly he states that;

“ Multi-layered tablets are common place on the UK market for household cleaning products. They tend to be depicted on external packaging in a stylised dissolving form rather than being directly visible at point of sale. The layered aspect of the product is often used to communicate to consumers a performance characteristic, dosage or constituent of the particular product concerned. Examples include Dual Action (Vanish tablets, Tesco dishwasher tablets), Triple Action (Sainsbury’s dishwasher tablets, Domestos rim and cistern blocks).”

10) Attached to this declaration he provides the following:

- Exhibit SB1: A photograph of a two colour Fairy dishwasher product.
- Exhibit SB3: photographs of toilet cleaning products, soaps and cleaning sponges which are sold in tablet form/square shaped, with colours applied.
- Exhibit SB4: photographs of product packaging where each different coloured layer of a tablet is ascribed a specific function within the overall function of the product. For instance on the “Finish Powerball” the claim for the white layer says “clean all traces of dirt away, for a spotless and brilliant finish”, the blue layer is said to “breaks down and lifts off the dried-on food residues”, whilst the red powerball is said to “starts to dissolve instantly to release the StainSoakers which get to work straight away, soaking and softening really dried-on food residues such as baked-on egg and cheese sauces”.

11) The other declaration, dated 27 July 2001, is by Jacqueline Lake an Investigator in the employ of Farncombe International Ltd. She states that she was instructed to undertake visits to a Sainsburys and Tesco supermarket to “determine the subsistence of cleaning products sold in tablet form with emphasis upon the shapes and colours thereof”. Ms Lake states that she purchased every dishwashing/laundry tablet on display in Sainsbury’s, twenty-eight items, and then purchased a further eight products in Tesco’s, none of which were available in Sainsbury’s. At exhibits JL1 & 2 are the receipts for these purchases. At exhibit JL3 she provides a brief summary of the results. The shapes purchased are described as circular, square, rectangular and pear shaped. The colours used are white, blue, grey, red, green and yellow. On a number of the products the colours are used as “speckles”. At exhibit JL4 are photographs of the tablets in question.

#### APPLICANT’S EVIDENCE

12) The applicant filed a witness statement, dated 17 January 2002, by Eckhard Von Eysmondts the Head of Marketing of the Automatic Dishwashing Department of the applicant company. He states that he is fully conversant with the English language. Herr Eysmondts states that whilst he agrees with the opponent that primary colours are important in terms of advertising and packaging it should be noted that these comments relate only to packaging and not the product. Herr Eysmondts states that the green and white of application 708886 can be combined to give a speckled effect or pattern and that 712726 has the colour red which whilst common on packaging is not in common use on the goods themselves. He states that he also agrees with the

opponent that manufacturers tend to use blue or green to give a speckled effect, whereas his marks include both (in 708886) or red (712726)

13) Herr Eysmondts takes issue with comments made by the opponent regarding the use of blue and green being used by manufacturers to denote biological content and also fragrance. He states that Persil non-biological has both green and blue on its packaging. He also claims that as no meaning has been attributed to the colour red its use must be fanciful and therefore distinctive per se.

14) He notes that none of the exhibits provided by the opponent include tablets of more than two layers. He contrasts this with the marks in suit which consist of three elements. He also states that his company sells similar tablets to the marks in suit in the UK under the brand name "Glist". The photograph at exhibit EVE2 shows the product to consist of a large blue rectangle with a thinner red layer on top. In the middle of the red layer is a white "ball".

15) Lastly, he states:

"In conclusion, I refer to all the evidence of packaging filed in these proceedings. One can clearly see that the majority of the packaging bears a representation of the tablet inside. It could be said that it is this representation of the product itself (showing the shape, colour and layers) which assists a purchaser in identifying the product in respect of which he or she is seeking to make a repeat purchase, or even in identifying the product from an advertisement. It seems that the representation of the tablet on the packaging could in practice be performing a trade mark function."

16) That concludes my review of the evidence. I now turn to the decision.

## **DECISION**

17) At the hearing the opponent withdrew the grounds of opposition based upon Sections 3(1)(a) and 3(2)(b).

18) I therefore first consider the grounds of opposition under Section 3(1) which reads:

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

- (a) ....
- (b) trade marks which are devoid of any distinctive character,
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,

- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade:

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

19) It is clear from the views expressed by the European Court of Justice in *Companyline* [2003] E.T.M.R. 20 and the High Court in *Have a Break* [2002] EWHC 2533 (Ch) that Section 3(1)(b) has separate and independent scope from Section 3(1)(c). Therefore, I have to consider each section separately.

20) I therefore move to consider the ground of opposition under Section 3(1)(b). When considering the opposition under this section I adopt the approach taken by the European Court of Justice in its judgment in Joined Cases C-53/01 to C-55/01 *Linde AG, Windward Industries Inc. and Radio Uhren AG* (8 April 2003) at paragraphs 37, 39-41 and 47 which state:

“37. It must first of all be observed that Article 2 of the Directive provides that any sign may constitute a trade mark provided that it is, first, capable of being represented graphically and, second, capable of distinguishing the goods and services of one undertaking from those of other undertakings.

.....

39. Next, pursuant to the rule 1 Article 3(1)(b) of the Directive, trade marks which are devoid of distinctive character are not to be registered or if registered are liable to be declared invalid.

40. For a mark to possess distinctive character within the meaning of that provision it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from products of other undertakings (see *Philips* [2002] ECR I-5475, paragraph 35).

41. In addition, a trade mark’s distinctiveness must be assessed by reference to, first, the goods or services in respect of which registration is sought and, second, the perception of the relevant persons, namely the consumers of the goods or services. According to the Court’s case-law, that means the presumed expectations of an average consumer of the category of goods or services in question, who is reasonably well informed and reasonably observant and circumspect (see Case C-210/96 *Gut Springenheide and Tusky* [1998] ECR I-4657, paragraph 31, and *Philips*, paragraph 63).

.....

47. As paragraph 40 of this judgment makes clear, distinctive character means, for all trade marks, that the mark must be capable of identifying the product as

originating from a particular undertaking, and thus distinguishing it from those of other undertakings.”

21) It is clear from the above that I must assess the marks’ distinctiveness in relation to the goods for which the applicant seeks registration. I must also take into account the perception of the relevant consumer of the goods.

22) In their written submissions the applicant provided a description of the goods and the relevant consumer in the following terms:

“ The goods are cleaning preparations which are not expensive items and which might constitute everyday household items for those consumers who own washing apparatus with which the goods in question might be used.”

23) This description seems to relate primarily to the goods in the Class 3 specifications of both marks, which could be said to be, broadly, detergent tablets for washing machines (both clothes and dishes). The relevant public is the general public, most of whom would own one if not both such machines. It was agreed that the average consumer would be reasonably well-informed and reasonably observant and circumspect. Clearly, to my mind, the Class 21 specification is also aimed at the general public and the goods also fall into the applicant’s description at paragraph 22 above. Whilst the Class 1 goods are described as “for industrial purposes” it has not been shown that such users would view the coloured layers any differently than the general public.

24) The applicant claims that:

“Each of the marks include arbitrary colours, which are striking, and in this respect the holder refers particularly to the unusual colour red, combined with the actual configuration of those colours in multiple layers and various shaped inserts.”

25) The applicant referred me to the comments of Geoffrey Hobbs Q.C. in *Benckiser NV’s Appeal* in respect of International Registration No 700785 where, when considering a two-layered tablet he commented:

“I should also observe at this juncture that the Registrar’s practice in the United Kingdom is a little more lenient than that prevailing in the Community Trade Marks Office in that tablets with three-colour combinations may be accepted prima facie for registration if the colour combination can be regarded as arbitrary and striking and acceptance is all the more likely if there is some special feature of shape in the tablet presented for registration.” And

“The get-up (in terms of the shape and colours) of the tablets I am now considering must be sufficient in and of itself to denote origin in order to be separately registrable as a trade mark under the Act. The higher the degree of individuality it possesses, the greater the likelihood of it possessing trade mark significance in the perceptions and recollections of the average consumer.”

26) The applicant contends that the marks include arbitrary colours which are striking, and draws particular attention to the use of the colour red which it claims is unusual. The applicant also states that there is “no reason whatsoever why any other trader should use any of the Marks in respect of the goods stated” as the features are not dictated by function. It was further contended that:

“In a field where many similar marks exist (and it is not admitted that there are other similar marks in the field) a consumer does in fact become accustomed to distinguishing between the marks by virtue of differences between them, no matter how small such differences may be. It is these variants on other similar goods which allows one to distinguish those of the applicant from those of other undertakings.”

27) The essential function of a trade mark is to identify the commercial origin of a product so as to enable the consumer who purchased it to either make a subsequent purchase of the product if it proves satisfactory or to avoid the product in future if the experience is unsatisfactory. In my view, the marks consist of a number of constituent parts, which in totality, fail to bestow upon the marks the minimum degree of distinctive character required to allow prima facie acceptance. It is well settled that the test for distinctiveness of a trade mark must be judged against the mark as a whole. The marks clearly depict the goods applied for, and to my mind the features and colours, individually or collectively are not strikingly novel or distinctive.

28) In relation to all of the goods included in the specification, I believe that the average consumer would view the presence of different coloured layers, including red, as an indication of the presence of different active ingredients as suggested on some of the packaging exhibited (exhibit SB4 referred to in paragraph 10 above). In my view, the average consumer would not see the marks as being origin specific and would not attach trade mark significance to the marks. The average consumer would need to be educated into seeing the marks as distinctive of goods coming from one undertaking, and at the date of application the marks were unused. Prima facie the marks are devoid of any distinctive character and the opposition under Section 3(1)(b) succeeds.

29) I next consider the position under Section 3(1)(c). In considering this ground I look to the guidance given by the European Court of Justice in relation to Article 7(1)(c) of Council Regulation 40/94 on the Community Trade Mark in *Baby-Dry* [2001] ETMR 75. Article 7(1)(c) is equivalent to Section 3(1)(c) of the Trade Marks Act 1994. The findings of the Court are set out in paragraph 35 et seq of the judgement. Paragraphs 37, 39 and 40 serve to illustrate the approach adopted by the Court.

“37. It is clear from those two provisions taken together that the purpose of the prohibition of registration of purely descriptive signs or indications as trade marks is, as both Proctor & Gamble and the OHIM acknowledge, to prevent registration as trade marks signs or indications which, because they are no different from the usual way of designating the relevant goods or services or their characteristics, could not fulfil the function of identifying the undertaking that markets them and are thus devoid of the distinctive character needed for that function.

39. The signs and indications referred to in Article 7(1)(c) of Regulation No 40/94 are thus only those which may serve in normal usage from a consumer's point of view to designate, either directly or by reference to one of their essential characteristics, goods or services such as those in respect of which registration is sought. Furthermore, a mark composed of signs or indications satisfying that definition should not be refused registration unless it comprises no other signs or indications and, in addition, the purely descriptive signs or indications of which it is composed are not presented or configured in a manner that distinguishes the resultant whole from the usual way of designating the goods or services concerned or their essential characteristics.

40. As regards marks composed of words, such as the mark at issue here, descriptiveness must be determined not only in relation to each word taken separately but also in relation to the whole which they form. Any perceptible difference between the combination of words submitted for registration and the terms used in the common parlance of the relevant class of consumers is apt to confer distinctive character on the word combination enabling it to be registered as a trade mark.”

30) I also take into account the comments of Advocate General Jacobs in the *Doublemint* case, dated 10 April 2003, where he said:

“91. That last consideration leads me to the question of the extent to which Article 7(1)(c) of the Trade Mark Regulation must be interpreted in the light of the aim referred to in the *Windsurfing Chiemsee* judgment, namely that descriptive signs and indications should be freely available to be used by all traders in relation to the relevant goods.

92. In my opinion in *Baby-Dry*, (39) I took the approach that in the scheme of the Community Trade Mark Regulation a trade mark could include signs or indications designating product characteristics but could not consist exclusively of them. By virtue of Article 12(b), the trade mark cannot prevent other traders from using such signs for descriptive purposes. The aim of Article 7(1)(c) is to avoid the registration of descriptive brand names for which no protection could be available rather than to prevent any monopolising of ordinary descriptive terms. A very similar view was taken by the Court at paragraph 37 of its judgment.

93. In the present case, both the Office and the United Kingdom Government have expressed reservations about that approach, which has also been criticised in the literature. (40) It appears, they have pointed out, to represent a departure from the Courts statement in *Windsurfing Chiemsee* that Article 7(1)(c) of the Trade Marks Directive “pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the categories of goods or services in respect of which registration is applied for may be freely used by all and that Article 6(1)(b) (which corresponds to Article 12(b) of the Regulation) does not have a decisive bearing on that interpretation”.

94. It may be feared that the approach in question is liable to shift the balance of power in favour of a trade mark owner with monopolistic ambitions who may assert, or threaten to assert, his rights against an alleged “infringer who merely seeks to use descriptive terms descriptively and honestly”. In the real world, a defence under Article 12(b) might be worth rather less than its ostensible value in law.

95. That danger cannot be ignored. A trade mark owner wishing to monopolise not only his trade mark but the area around it may threaten unmeritorious proceedings against a competitor, who may capitulate rather than incur the costs of litigation as well as risk an adverse outcome.

96. However, for the reasons already given, I do not think that the *Baby-Dry* case, properly understood, does shift the balance in the way that has been suggested. And the danger mentioned will be obviated if the criterion of “perceptible difference” in paragraph 40 of the *Baby-Dry* judgment is applied as I have suggested above, so that a mark is accepted for registration only when it is apparent to both traders and consumers that as a whole it is not suitable, in the ordinary language of trade, as a designation of characteristics of the product in question.

97. In any event, it seems clear that there was no intention, in the *Baby-Dry* judgment, to depart from the view in *Windsurfing Chiemsee* that it is in the public interest that descriptive signs may be freely used by all. Very recently, in *Linde*, (42) the Court has expressly reaffirmed that position.”

31) This opinion was confirmed by the European Court of Justice in *Doublemint Case C191-01 (Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) v Wm Wrigley Jr* [2003] WL101985) which said:

“31. By prohibiting the registration as Community trade marks of such signs and indications, Article 7(1)(c) of Regulation No 40/94 pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the characteristics of goods or services in respect of which registration is sought may be freely used by all . That provision accordingly prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks.”

32) It is clear from the above that I must determine whether, assuming notional and fair use, the marks in suit, will be viewed by the average consumer to directly designate the essential characteristics, “kind” and “intended purpose”, of the goods for which registration is sought. Only if the marks are no different from the usual way of designating the relevant goods or their characteristics can it be debarred from registration.

33) The opponent’s case here seems to be that manufacturers use specific colours to signify a given ingredient. Whilst I accept that the evidence seems to point to this, in the instant cases what we have are combinations of colours in various patterns on particular shapes.

34) To my mind the marks in suit could not be said to be the normal way of describing the types of goods, or their characteristics, included in the specification . If the marks in suit had been used as trade marks the public could have been educated to view the shape, colour combinations and patterns as trade marks and therefore have been able to distinguish them from those provided by other undertakings. The ground of opposition under Section 3(1)(c) fails.

35) I now turn to the ground of opposition under Section 3(1)(d). The opponent claims that the use of coloured layers in various combinations has become common place in the industry. Whilst I accept that the evidence filed does point to this practice I have to consider the actual marks involved in this case. There is no evidence that the colour combination, shape and patterns applied for by the applicant are used by others in the industry. The opposition under Section 3(1)(d) fails.

36) I now turn to the ground of opposition under Section 3(6) which reads:

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

37) The applicant contends that the proprietor did not, and does not have, any intention to use the marks in suit. It is clearly established that to establish an objection under this section, bad faith must be shown as at the dates of the applications to register the marks concerned. The intention to use requirement is to be found in Section 32(3) of the 1994 Act and reads:

“32(3). The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods and services, or that he has a *bona fide* intention that it should be so used.”

38) This statutory requirement is reflected in a statement which applicants are required to make on Form TM3 when applying to register a trade mark.

39) Section 3(6) has its origins in Article 3(2)(d) of the Directive which implements Council Directive No. 89/104/EEC of 21 December 1988 which states:

“Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that...

(c) the application for registration of the trade mark was made in bad faith by the applicant.”

40) The Directive gives no more clue as to the meaning of “bad faith” than the Act. Subsequent case law has avoided explicit definition, but has not shirked from indicating its characteristics. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J stated at page 379:

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes 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. 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 adjudged 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.”

41) In the Privy Council judgement *Royal Brunei Airlines Sdn Bhd v Tan* [1995] 2 AC 378, Nicholls LJ described dishonesty as “..to be equated with conscious impropriety”. This was in the context of accessory liability in the misapplication of trust assets to the detriment of a beneficiary. However, I think the same general principles would apply in trade mark law. He added:

“In most situations there is little difficulty in identifying how an honest person would behave. Honest people do not intentionally deceive others to their detriment. Honest people do not knowingly take others’ property..... The individual is expected to attain the standard which would be observed by an honest person in those circumstances. It is impossible to be more specific. Knox J captured the flavour of this, in a case with a commercial setting, when he referred to a person who is “guilty of commercially unacceptable conduct in the particular context involved”: see *Cowan de Groot Properties Ltd v Eagle Trust Plc* [1992] 4 All ER 700 at 761. Acting in reckless disregard of others’ rights or possible rights can be a tell-tale sign of dishonesty. An honest person would have regard to the circumstances known to him, including the nature and importance of the proposed transaction, the nature and importance of his role, the ordinary course of business, the degree of doubt ....Ultimately, in most cases, an honest person should have little difficulty in knowing whether a proposed transaction, or his participation in it, would offend the normally accepted standards of honest conduct.”

42) Thus dishonest behaviour is characterised by intention and/or recklessness. Such conduct would clearly be bad faith. It is also obvious, however, from the *Gromax* judgement, that bad faith also describes business dealings which, though not actually dishonest, still fall short of the standards of acceptable commercial behaviour. This includes conduct that is not knowingly fraudulent or illegal, but may be regarded as unacceptable or less than moral in a particular business context and on a particular set of facts. In *Demon Ale Trade Mark* [2000] RPC 355, the Appointed Person said:

“I do not think that Section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, the observations of Lord Nicholls on the subject of dishonesty in *Royal Brunei Airlines Sdn Bhd v Phillip Tan* [1995] 2 AC 378 (PC) at page 389 do seem to me to provide strong support for the view that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour.”

43) I also take into account the comments by Mr Simon Thorley Q.C. acting as the Appointed Person in *R. v. Royal Enfield Trade Marks* [2002] RPC 24 at paragraph 31 where he said:

“An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made (see Lord Denning M.R. in *Associated Leisure v Associated Newspapers* [1970] 2 Q.B. 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v. Garrett* (1877-78) L.R. 7Ch.D 473 at 489). In my judgement precisely the same considerations apply to an allegation of lack of good faith made under section 3(6). It 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 a process of inference.”

44) Lastly, I look to the comments of Mr David Kitchen Q.C. acting as the Appointed Person in *Ferrero Spa's Trade Marks* [2004] RPC 583 at paragraph 17 where he said:

“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 some 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.”

45) It is clear from the above that an allegation of bad faith is a serious matter and the threshold test is a relatively high one. It is equally clear that there is a clear onus on the party making the allegation of bad faith to establish their case. Normally this would require evidence to be filed if the allegation is to get to first base. Where the case involves determining the other party's intentions, this raises obvious difficulties. However if relevant basic facts can be established then, to my mind it is permissible to draw conclusions by inference. The basic facts in this case are:

- The opponent made a specific charge in both the pleadings that the applicant had no intention of using the marks in suit.
- The applicant in its counterstatement stated that the proprietor “has every intention of using “the mark” within the UK and that the application is not in bad faith”.
- The opponent filed evidence of 150 UK/CTM/International Applications (with certain duplications) filed by the applicant for coloured detergent/cleaning tablet devices. These applications had a filing date/date of designation in the UK between January 1998 and August 2000. The opponent stated that none of these filings had been put into use in the UK.
- The only response to this was a statement that “none of the submissions made therein is admitted”.

46) It is accepted that changes in the circumstances of a company or the economy in general may result in a mark not being used when there was a bona fide intention to use the mark at the point of filing. Such changes do not leave the applicant susceptible to charges of bad faith, as it is the intention at the time of making the applications that have to be considered.

47) The circumstances in this case are somewhat different. The sheer number of marks applied for over the thirty month period seems to establish a pattern of behaviour, which whilst not in itself conclusive, does at least establish a prima facie case which requires a response from the applicant.

48) Despite the clear attack the applicant has not responded, other than by denials. The applicant must surely possess internal papers, marketing plans, records of meetings and/or discussions that could have been filed to explain what the intentions were at the time of the filings. Equally, papers from after the relevant dates could have been provided to illustrate changes which would explain the non-use of the marks possibly as a prelude to the filing of further marks.

49) It was said in PALM Trade Mark [1992] RPC 258:

“A person’s intention, at any point in time, is, of course, a difficult matter for any other person to know with certainty. Intentions change as the circumstances which give rise to them change. The process of application for, and registration of, a trade mark is sufficiently lengthy to allow a number of different intentions to arise quite legitimately in the mind of the applicant. But I think it is reasonable to assume that a businessman, with an established business, has a certain fixity of purpose when preparing to do some act or take some step in relation to that business. This is especially so, I believe, in businesses which involve the use of premises specially adapted for a particular purpose. Such businesses are not “mushroom growth”; they do not spring up overnight. The decision to establish a significant development in business, particularly a development overseas, is almost invariably recorded in a company’s minutes; premises are viewed; locations considered; design details agreed; finance arranged. These and many other necessary preparations are stepping stones which lead eventually to a desired result: they also provide a trail for subsequent examination. Had there been a bona fide intention to set up a trade and to use the mark in the terms of Section 68 of the Act, it would have been relatively easy for the registered proprietor to demonstrate that fact during the course of these proceedings by the exhibition of one or two of the stepping stones to which I have referred above.”

50) The above case was a rectification action under the 1938 Act involving consideration as to whether the registered proprietors had an intention to use their mark. It is accepted that authorities under the old Act must be treated with caution. However, the comments of the Hearing Officer seem eminently sensible in setting out how to determine issues on the intention to use a trade mark. Although each case is determined on its own facts, it seems to me that the comments above relating to the commercial background to the filing of a trade mark are still relevant.

51) The applicant had the opportunity to file evidence of intention or at least to have addressed the charge with explanation of changes of circumstance which would have answered the prima facie position established by the opponent. The decision not to provide such must result in the opponent succeeding under the ground of opposition under Section 3(6).

52) The opposition having succeeded, the opponent is entitled to a contribution towards their costs. I order the applicant to pay the opponent the sum of £4250. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 12<sup>th</sup> day of October 2004

George W Salthouse  
For the Registrar  
The Comptroller General