

**O-412-16**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF  
TRADE MARK APPLICATION NO. 3047484**

**IN THE NAME OF APPLE, INC.  
TO REGISTER:**

**IWATCH**

**IN CLASS 9**

**AND**

**IN THE MATTER OF OPPOSITION THERETO  
UNDER NO. 402846  
BY ARCADIA TRADING LIMITED**

## Background and pleadings

1) On 18 March 2014 (“the relevant date”) Brightflash USA LLC (“Brightflash”) applied to register the trade mark IWATCH (“the application”) in the UK. On 15 October 2015, Brightflash assigned the application to Apple Inc. (“the applicant”).

It was initially filed for the following goods:

Class 9: Computer software; security devices; monitors and monitoring devices; cameras; computers; computer hardware; computer peripherals; wireless communication devices; radios; audio and video devices; global positioning system devices; accessories, parts, components, and cases for all of the foregoing goods.

Class 14: Chronometric instruments, timepieces, and bracelets; accessories, parts, components, and cases for all of the foregoing goods.

2) Following examination the application was refused for the applied for class 14 goods for the following reasons:

“The application is not acceptable in Class 14. There is an objection under Section 3(1)(b) and (c) of the Act. This is because the mark consists exclusively of a sign which may serve in trade to designate the intended purpose of the goods e.g. timepieces that are interactive or internet enabled.

I refer you to the extract from our work manual below in support of this objection.

- I or i

The letter "i" is a generic abbreviation for Internet, for example, i-music and imagazine. In addition, the letter "i" is also an abbreviation for "interactive".

An application for a word which describes the goods or services applied for and is prefixed with "i" may be objectionable under section 3(1)(b) and (c) of the Act and in some cases 3(1)(d) may be appropriate. When considering an application, the context of the mark and the specification is important. Much will

depend on whether this is the usual way of referring to the goods or services. The Internet will be searched where necessary, but it should be remembered that the fact that a term is not already in descriptive use does not preclude an objection under section 3(1)(c) if the likelihood of normal descriptive use of the term is foreseeable at the date of application.”

3) The applicant subsequently deleted class 14 from its specification and so on 13 June 2014 the application was accepted and published in the Trade Marks Journal in respect of the class 9 goods listed at paragraph 1.

4) On 12 September 2014, Arcadia Trading Ltd (“the opponent”) opposed the trade mark on the basis of Section 3(1)(b) and (c) of the Trade Marks Act 1994 (“the Act”). It argues that the application should be refused registration on the following grounds:

3(1)(b) – “The applied for sign WATCH is devoid of any distinctive character as it is formed by a simple juxtaposition of two non-distinctive English terms for the goods in the application: “I” and “WATCH”.

3(1)(c) – “The applied for sign IWATCH is descriptive as it is formed by a simple juxtaposition of two English terms with a relevant descriptive meaning for the goods in the application: “I” and “WATCH”.

5) A hearing was booked to take place on 6 November 2015. On 30 October 2015 the applicant filed a request to file additional evidence on the basis that the application had been assigned from Brightflash to Apple, Inc. which brought to light new evidence. A case management conference (“CMC”) was held before me on 4 November 2015 and counsel (Ms Chantrielle) for the applicant agreed that a contribution towards the opponent’s costs would be justified given the late request. Following the CMC the evidence was accepted (i.e. the evidence Mr Thomas R. La Perle and exhibit TLP-11 were admitted). Following this, the opponent filed a request to add a bad faith claim under section 3(6) of the Act. This was on the basis that at the relevant date Brightflash had no *bona fide* intention to use the application. The bad faith claim was admitted.

6) The opponent claims that there are two possible relationships between Brightflash and the applicant:

1) Brightflash is a wholly owned independent company and at the relevant date it had no link to the applicant. Therefore, Brightflash applied for IWATCH as an “instrument of fraud” in order to obtain monies or other compensation from the applicant.

2) Brightflash was used as a sham or proxy company to intentionally hide the fact that they were controlled by or associated with applicant.

7) In view of the above, the opponent claims that the applicant is required to prove the precise relationship between themselves and Brightflash at the relevant date.

8) The applicant filed a counterstatement denying that the trade mark is devoid of distinctive character and/or descriptive of the applied for goods. With regard to the bad faith claim, the applicant states that since 27 June 2012 Brightflash has been an affiliate of the applicant. It states that on 5 June 2013 (before the relevant date) the applicant and Brightflash entered an exclusive worldwide trade mark licence agreement. Therefore, the applicant was always intended to use the trade mark by licensing it from Brightflash.

9) Both sides filed evidence in these proceedings. This will be summarised to the extent that it is considered appropriate/necessary. A hearing took place via video link on 24 June 2016, with the opponent represented by Mr Jonathan Moss of counsel, instructed directly by the opponent and the applicant by Mr Mark Engelman of Counsel, instructed by Locke Lord (UK) LLP.

### **Preliminary issues**

10) Throughout these proceedings each party has raised various issues. I shall deal with these in turn.

11) **Cross examination:** Following the evidence filed by the applicant in response to the bad faith claims, the opponent requested (on 20 May 2016) to cross examine two of the applicant's witnesses who had filed evidence, namely Mr La Perle and Ms Yori. The opponent argued that cross examination was necessary to test the following:

- What Apple means by the word "affiliate". This is not a legal term, and no explanation or proof is given. Apple could have chosen to provide clear and cogent evidence. It has intentionally chosen not to do so.
- The timings of the Brightflash application and of the assignment to Apple.
- Apple's intention to hide the application from consumers.
- Apple's decision not to disclose a relationship with Brightflash in its official corporate filings with the US Securities and Exchange Commission (SEC).
- Apple's decision to assign the trade mark and disclose the relationship with Brightflash at the eleventh hour.

12) The request for cross examination was subsequently refused for the following reasons:

"During the CMC Mr Engelman stated that the witness statement addresses many of the issues raised, i.e. the relationship between Brightflash USA, LLC and Apple, Inc. and the purpose of Brightflash. Having considered all of the submissions made, I refuse the request for cross examination since I do not consider it would assist proceedings. Further, the cost and time for two parties to travel from the US is entirely disproportionate."

13) **Confidentiality/Disclosure:** At the same hearing Mr Moss contested the registrar's view that exhibit JY1 to the witness statement of Ms Yori should be kept confidential on the grounds that it contains commercially sensitive information and discloses business practices which, if open to public inspection, could be unduly detrimental to the opponent.

14) Since the confidential document contained various redactions, Mr Moss also sought disclosure of the document since he claimed it to be a fundamental right

pursuant to rule 31.21 of the Civil Procedure Rules (CPR) 31.21<sup>1</sup>. In my letter of 26 May 2016 I advised that the registry is not bound by the CPR and that it is for the registry to determine what weight (if any) should be afforded to the redacted evidence. Notwithstanding this, I requested that the parties discuss disclosure of the document and if no agreement could not be reached then “the opponent should submit a request for a disclosure direction and provide full and detailed reasons within 14 days of the date of this letter, i.e. on or before 9 June 2016.” As far as I was concerned, no response was filed. However, it transpired at the main hearing that the opponent sent the tribunal the following email:

“I refer to your letter of 26 May in which you have maintained the preliminary view granting confidentiality of exhibit Jy1 of Joan Yori’s witness statement and have also refused the request for cross-examination of Ms Yori and Mr La Perle.

Your letter does not mention the possibility of appealing these decisions but I am advised that I need the leave of the registrar to appeal these decisions as they are interim in nature. I am therefore requesting the registrar’s leave to appeal the decisions. If leave is not granted, I assume that we can appeal the decisions after the final decision in this case has been issued.”

15) The request for leave to appeal my refusal to grant confidentiality and refuse disclosure or cross-examination would, if I had received it, have been refused on the basis that those decisions could be contested at the conclusion of the proceedings and the delay likely to be incurred by allowing an interim appeal was unjustifiable. Notwithstanding this, all aspects of this decision are now appealable so should the opponent still feel aggrieved by the decisions taken at the CMC, an appeal would now be the most appropriate course of action.

16) **Further late evidence request prior to the hearing:** Two days prior to the main hearing the applicant made a request to file additional evidence. It stated in its email of 22 June 2016 that:

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<sup>1</sup> “31.21 A party may not rely upon on any document which he fails to disclose or in respect of which he fails to permit inspection unless the court gives permission.”

“As a result of recent factual discoveries regarding the business activities and beneficial ownership of the Opponent, Arcadia Trading Ltd, it is necessary for the Applicant to file urgent supplementary evidence in this matter. Accordingly, the Applicant hereby attaches a witness statement in the name of Ben Hitchens, which outlines the findings of online enquiries made in respect of the Opponent’s corporate structure, history and activities.”

17) This was dealt with as a preliminary issue at the hearing. The opponent objected to the late evidence request. Mr Engelman, for the applicant, explained that the request to file additional evidence was made so late because although the applicant had requested the information contained in the evidence from the opponent on many occasions but they had refused to answer the opponent’s questions. During the hearing I refused the request for additional evidence on the basis that there was no proper justification as to why the evidence was so late. Further, I was not persuaded that the relevance of the evidence was such that admitting it would assist the proceedings. The evidence consisted of information found by a member of the applicant’s representatives which had been in the public domain for some time and could have been filed significantly earlier. Therefore, the request was refused.

18) **“Part 18 request”**: During the hearing Mr Engelman brought to my attention a “Part 18 request” which was filed on behalf of the applicant the day before the main hearing. Part 18 of the CPR states:

**“18.1 Obtaining further information**

- (1) The court may at any time order a party to –
  - (a) clarify any matter which is in dispute in the proceedings; or
  - (b) give additional information in relation to any such matter, whether or not the matter is contained or referred to in a statement of case.
  
- (2) Paragraph (1) is subject to any rule of law to the contrary.

(3) Where the court makes an order under paragraph (1), the party against whom it is made must –

- (a) file his response; and
- (b) serve it on the other parties,

within the time specified by the court.”

19) The reasons provided for the Part 18 request were as follows:

“As counsel for the Applicant reinforced on a number of occasions during the recent case management conference, the licence agreement between Apple and Brightflash is highly commercially sensitive and Apple is therefore rightfully concerned that its disclosure to a competitor could cause significant damage. In light of these concerns, in its letter of 20 May 2016 the Applicant requested clarification as to the precise nature of Arcadia’s relationship with Swatch AG. The cryptic response provided (“the Opponent is an independent company and not a legal privity of Swatch AG”) is unsatisfactory, and leaves the position as to the true nature of the parties’ relationship open to interpretation.

Our client may, in principle, be prepared to disclose an un-redacted version of the licence agreement. However, before doing so it must satisfy itself that the agreement will not fall into the hands of a competitor. In view of the above, the Applicant therefore repeats its request for further information, namely that Arcadia confirms whether it is acting under the control, instruction and/or direction of Swatch AG. We ask that this information is provided by 17 June 2016, following which Apple will consider whether it is appropriate to disclose an un-redacted version of the licence agreement.”

20) Whilst the tribunal adheres to the same overriding objectives as the court for dealing with cases justly, the tribunal is not bound by the CPR. However, even if I were to consider the request as being one to make a direction under Rule 62(1)(a) of the Trade Mark Rules 2008, I would refuse it on the basis that the request was made very late and, if allowed, that would, of itself, have resulted in the scheduled hearing being further delayed with the opponent being put to further cost and delay without adequate justification.

21) During the hearing Mr Engelman stated that if the opponent transpired to be Swatch then we are “rerunning the same case twice”. This is incorrect. Mr Engelman was referring to a request to add a bad faith case in a separate opposition between Apple and Swatch<sup>2</sup>. The request to add the bad faith ground was refused in that case and the substantive issues were never considered. Therefore, I am not persuaded that the outcome of the other opposition in some way acts as an estoppel in these proceedings.

### **Opponent’s evidence**

*Witness statement of Thomas Rory St John Meadows and exhibit TM1*

22) Mr Meadows is a director of the opponent. The witness statement consists entirely of links to various websites which have been filed under exhibit TM1. To accompany the witness statement and exhibit, the opponent has provided written submissions. Since the submissions are not from Mr Meadows himself, they shall be treated solely as submissions. I shall not summarise the submissions but shall make reference to them where necessary. I have carefully considered exhibit TM1 and will refer to the contents to the extent I consider necessary.

23) Within the exhibit is a print out from “TMClass” which is an official database of acceptable terms for describing goods and services. The print out states that class 9 includes the term “smartphones in the shape of a watch”. The exhibit also appears to demonstrate the existence of smart watches and wearable computers which are essentially devices worn by individuals which combine the practicality of watches with smart functions, such as providing access to the internet and related applications. There is also a definition of “What is smartwatch” from WhatIs.com. It defines “smartwatch” as “A smartwatch is a wearable computing device that closely resembles a wristwatch or other time-keeping device”. From my own knowledge these are goods which are known and used in the marketplace.

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<sup>2</sup> BL O/307/16

24) The exhibit also refers to the BBC iPlayer, which is a well-known catch up TV function which the BBC provides. It also shows use of the i-prefix combined with other terms not being used Apple. These include iNews Buzz<sup>3</sup>, iPlanner, i-plan, iTube. Further examples of I prefix marks are iMap and istockphoto.

25) The same exhibit includes numerous references to “wearable computers”<sup>4</sup> which generally defines them as a device or equipment that can be worn by a user, for example clothes, watches, glasses, etc. The copy of an entry in Wikipedia provides a history of “wearable computers” and it includes the statement “In the late 2000s, various Chinese companies began producing mobile phones in the form of wristwatches, the descendants of which as of 2013 include the i5 and i6, which are GSM phones with 1.8 inch displays, and the ZGPAX s5 Android wristwatch phone”. Apart from the date it was printed (16 February 2015) the document is not dated, though it does discuss events prior to the relevant date. The WhatIs.com website defines a wearable computer as “an electronic device capable of storing and processing data that is incorporated into a person’s clothing or personal accessories”. The Webopedia definition for a wearable computing specifically states that it is “A term that refers to computer-powered devices or equipment that can be worn by a user, including clothing, watches, glasses, shoes and similar items.” Further, Whatis.com defines a smartwatch as “a wearable computing device that closely resembles a wristwatch or other time-keeping device”.

### **Applicant’s evidence**

#### *First witness statement of Mr Thomas La Perle*

26) Mr La Perle is a director in Apple’s legal department, “managing Apple’s Trademark & Copyright Group”. His responsibilities include the global prosecution and protection of Apple’s “I”-prefix family of trade marks. He has been employed by Apple since September 1999.

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<sup>3</sup> Dated 5 March 2012

<sup>4</sup> The print outs from “WhatIs.com”, Webopedia, Wikipedia all show the date they were printed (16 February 2015). The Techrepublic print out is dated 17 January 2014

27) Mr La Perle provides basic information relating to the applicant such as it being incorporated in 1977 and having grown to become one of the largest companies in the world. He states that the applicant sells large numbers of goods and services throughout the world including iPhone, iPad, Mac, iPod devices, Apple Watch, Apple TV, iOS, OS X and Watch OS operating systems, iCloud, Apple Pay and more.

28) Mr La Perle states that since 1998 Apple began using “I”-prefix marks, firstly with the iMac personal computer. Subsequent brands include IPOD, IPHONE, IPAD, ITUNES, IMAC, ILIFE, IWORK, ISIGHT, ICAL, ICHAT, IMOVIE, IPHOTO, IDVD, IAD, IBOOKS, IBOOKSTORE and IOS.

### **Applicant’s further evidence**

#### *Second witness statement of Mr Thomas La Perle*

29) This is the second witness statement from Mr La Perle. This witness statement is more focussed on the section 3(6) bad faith claim and the relationship between the applicant and Brightflash. He states that Brightflash is an affiliate of the applicant which, he states, is “not a front or sham company [created] in order to avoid any attacks on the IWATCH Application by competitors in the market”, as alleged by the opponent. He also provides the following information:

- Brightflash was formed on 27 June 2012 to serve as applicant and owner of the IWATCH trade mark.
- Both parties have been in a licensor-licensee relationship in relation to the IWATCH trade mark portfolio since 5 June 2013. At this point the applicant and Brightflash entered into a trade mark licence agreement dated 5 June 2013.
- The licence is exclusive and worldwide.
- The Agreement states that all of the applicant’s use of the IWATCH mark would inure to the exclusive benefit of Brightflash.
- In addition to the UK and US, Brightflash have filed trade mark applications in Canada, European Union, Switzerland, Australia, Hong Kong, India, Indonesia, Malaysia, Singapore, Philippines, Israel, Saudi Arabia, Kuwait and UAE.

30) At paragraphs 8 and 9 of the witness statement Mr La Perle states that:

“The relationship between Apple and Brightflash was such that Brightflash would apply for the IWATCH trade marks in a number of jurisdictions with Apple’s consent with an intent to licence it back to Apple. The reason why Apple did not apply to register the IWATCH trade mark itself was for commercial reasons. There was no intention to deceive the UK IPO or members of the public, but it was intended to keep any commercial intentions of Apple under wraps until it had progressed to launch.

This is not uncommon in the industry. Affiliate companies are often set up to apply for and hold intellectual property rights such as trade marks for valid commercial reasons. Such companies often register, maintain and enforce intellectual property rights.”

*Witness statement of Joan Yori and confidential exhibit JY1*

31) Ms Yori is a manager at Brightflash and signed the company’s original certificate of formation. Ms Yori states that Brightflash is an affiliate of Apple, Inc. She states that both parties have been in a licensor (Brightflash) and licensee (Apple, Inc.) relationship in relation to the IWATCH trade mark portfolio since 5 June 2013.

32) Paragraph 7 of Ms Yori’s witness statement states that on 5 June 2013 “Brightflash granted an exclusive licence, worldwide licence to use the IWATCH trademark in connection with Apple’s goods and services.” Later in the same paragraph, as highlighted by Mr Moss, it refers to the licence as being “non-exclusive”. Mr Engelman argues that this is a typo and it being an exclusive licence is consistent with the rest of the evidence.

33) Ms Yori also states that the Agreement would inure to the exclusive benefit of Brightflash and that it has filed trade mark applications in Canada, European Union, Switzerland, Australia, Hong Kong, India, Indonesia, Malaysia, Singapore, Philippines, Israel, Saudi Arabia, Kuwait and UAE. She states that Apple’s worldwide licence from Brightflash to use the IWATCH mark applied to all of these jurisdictions.

34) A copy of the licence agreement was attached to the witness statement under exhibit JY-1. References to the key information with this exhibit have been redacted from the public version of this decision with a full un-redacted copy being sent to the parties.

[REDACTED]

[REDACTED]

[REDACTED]

**Opponent's evidence in reply**

*Second witness statement of Thomas RSJ Meadows and exhibits HW2 – HW10*

38) This is the second witness statement from the same Mr Meadows who filed evidence in chief. Again the witness statement comprises entirely of website links with the pages being submitted under exhibits. Mr Meadows has not provided any explanation as to why these web pages are relevant, which would have assisted me in my analysis.

*Third witness statement of Thomas RSJ Meadows and exhibits HW11 – HW14*

39) This is the third witness statement of Mr Meadows. Once again Mr Meadows attaches exhibits to his witness statement with the supporting arguments filed as written submissions.

40) Exhibit HW5 includes details for international trade mark registration 1191200 for the mark IWATCH, which was applied for on 4 December 2013. The record shows that the registration was assigned to Apple, Inc. on 20 November 2015 which was initially filed in the name of Brightflash USA LLC then assigned to the applicant.

41) The international registration designates a number of territories including Bahrain, Bonaire, Saint Eustatius and Saba, Bhutan, Botswana, China, Cuba, Curacao, Georgia, Ghana, India, Iceland, Kenya, Kyrgyzstan, Liechtenstein, Liberia, Lesotho, Morocco, Monaco, Mongolia, Mozambique, Namibia, Oman, Serbia, Rwanda, Sudan, Sierra Leone, San Marino, Sao Tome and Principe, Sint Maarten, Syria, Swaziland, Turkmenistan, Tunisia, Uzbekistan and Zambia.

42) Exhibit HW12 includes UK trade marks register print outs for the opponent's IPAD<sup>5</sup> and IPHONE<sup>6</sup> registrations which were originally filed in the name of IP Application Development Limited then assigned to the applicant.

43) Exhibit HW13 consists of EUIPO (European Union Intellectual Property Office) trade mark register print outs for EUTM (European Union Trade Mark) 13240726 for the mark APPLE WATCH. The opponent's supporting submissions show that the application was filed in the name of the applicant and not Brightflash. A further international trade mark registration was filed for the mark IWATCH designating Jamaica, Mexico and Brazil. This was filed in the name of the applicant and the supporting submissions identified that it was applied for after the alleged affiliate relationship with Brightflash had commenced, but prior to any applications filed by Brightflash.

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<sup>5</sup> No. 2529387

<sup>6</sup> No. 2460664

44) Exhibit HW14 consists of the “United States Securities and exchange commission Form 10-K” for Apple Inc. It is for the fiscal year ending 29 September 2012. The submissions filed in support of the evidence states that if Brightflash was “a very significant ‘affiliate’” then it would appear on this document. No evidence has been filed to support this assertion and I am unwilling to accept such an assertion as being factually correct.

## **DECISION**

### **Section 3**

45) The applicant has not claimed that the mark acquired distinctiveness by virtue of any use made of it prior to the filing date of the application. It has, however, claimed a “family of marks” insofar that consumers who encounter IWATCH will assume it is that of the applicant. This is effectively a claim to acquired distinctive character which I shall be deal with later in this decision. In the first instance I shall consider the inherent nature of the application at the relevant date.

46) In *SAT.1 SatellitenFernsehen GmbH v OHIM*, Case C-329/02 P, the Court of Justice of the European Union (“CJEU”) stated at paragraph 25 that:

“Thirdly, it is important to observe that each of the grounds for refusal to register listed in Article 7(1) of the regulation is independent of the others and requires separate examination. Moreover, it is appropriate to interpret those grounds for refusal in the light of the general interest which underlies each of them. The general interest to be taken into consideration when examining each of those grounds for refusal may or even must reflect different considerations according to the ground for refusal in question (Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-0000, paragraphs 45 and 46).”

47) Whilst the claims made by the opponent under section 3(1)(b) and (c) can be read as being the same, given the guidance in SAT.1 I shall assess each claim independently of one another. I shall begin with the section 3(1)(c) claim.

## Legislation

48) Section 3(1)(c) of the Act states:

“3(1) The following shall not be registered –

(a) ...,

(b) ...,

(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) ...:

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.”

## Case law

49) The case law under section 3(1)(c) was summarised by Arnold J. at paragraph 91 in *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc* [2012] EWHC 3074 (Ch):

“The principles to be applied under art.7(1)(c) of the CTM Regulation were conveniently summarised by the CJEU in *Agencja Wydawnicza Technopol sp. z o.o. v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-51/10 P) [2011] E.T.M.R. 34 as follows:

“33. A sign which, in relation to the goods or services for which its registration as a mark is applied for, has descriptive character for the purposes of Article 7(1)(c) of Regulation No 40/94 is – save where Article 7(3) applies – devoid of any distinctive character as regards those goods or services (as regards Article 3 of First Council Directive 89/104/EEC of

21 December 1988 to approximate the laws of the Member States relating to trade marks ( OJ 1989 L 40 , p. 1), see, by analogy, [2004] ECR I-1699 , paragraph 19; as regards Article 7 of Regulation No 40/94 , see *Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) v Wm Wrigley Jr Co* (C-191/01 P) [2004] 1 W.L.R. 1728 [2003] E.C.R. I-12447; [2004] E.T.M.R. 9; [2004] R.P.C. 18 , paragraph 30, and the order in *Streamserve v OHIM* (C-150/02 P) [2004] E.C.R. I-1461, paragraph 24).

36. ... due account must be taken of the objective pursued by Article 7(1)(c) of Regulation No 40/94 . Each of the grounds for refusal listed in Article 7(1) must be interpreted in the light of the general interest underlying it (see, inter alia , *Henkel KGaA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-456/01 P) [2004] E.C.R. I-5089; [2005] E.T.M.R. 44 , paragraph 45, and *Lego Juris v OHIM* (C-48/09 P) , paragraph 43).

37. The general interest underlying Article 7(1)(c) of Regulation No 40/94 is that of ensuring that descriptive signs relating to one or more characteristics of the goods or services in respect of which registration as a mark is sought may be freely used by all traders offering such goods or services (see, to that effect, *OHIM v Wrigley* , paragraph 31 and the case-law cited).

38. With a view to ensuring that that objective of free use is fully met, the Court has stated that, in order for OHIM to refuse to register a sign on the basis of Article 7(1)(c) of Regulation No 40/94 , it is not necessary that the sign in question actually be in use at the time of the application for registration in a way that is descriptive. It is sufficient that the sign could be used for such purposes (*OHIM v Wrigley*, paragraph 32; *Campina Melkunie* , paragraph 38; and the order of 5 February 2010 in *Mergel and Others v OHIM* (C-80/09 P), paragraph 37).

39. By the same token, the Court has stated that the application of that ground for refusal does not depend on there being a real, current or serious need to leave a sign or indication free and that it is therefore of no relevance to know the number of competitors who have an interest, or who might have an interest, in using the sign in question (Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraph 35, and Case C-363/99 *Koninklijke KPN Nederland* [2004] ECR I-1619, paragraph 38). It is, furthermore, irrelevant whether there are other, more usual, signs than that at issue for designating the same characteristics of the goods or services referred to in the application for registration (*Koninklijke KPN Nederland*, paragraph 57).

And

46. As was pointed out in paragraph 33 above, the descriptive signs referred to in Article 7(1)(c) of Regulation No 40/94 are also devoid of any distinctive character for the purposes of Article 7(1)(b) of that regulation. Conversely, a sign may be devoid of distinctive character for the purposes of Article 7(1)(b) for reasons other than the fact that it may be descriptive (see, with regard to the identical provision laid down in Article 3 of Directive 89/104, *Koninklijke KPN Nederland*, paragraph 86, and *Campina Melkunie*, paragraph 19).

47. There is therefore a measure of overlap between the scope of Article 7(1)(b) of Regulation No 40/94 and the scope of Article 7(1)(c) of that regulation (see, by analogy, *Koninklijke KPN Nederland*, paragraph 67), Article 7(1)(b) being distinguished from Article 7(1)(c) in that it covers all the circumstances in which a sign is not capable of distinguishing the goods or services of one undertaking from those of other undertakings.

48. In those circumstances, it is important for the correct application of Article 7(1) of Regulation No 40/94 to ensure that the ground for refusal set out in Article 7(1)(c) of that regulation duly continues to be applied only to the situations specifically covered by that ground for refusal.

49. The situations specifically covered by Article 7(1)(c) of Regulation No.40/94 are those in which the sign in respect of which registration as a mark is sought is capable of designating a 'characteristic' of the goods or services referred to in the application. By using, in Article 7(1)(c) of Regulation No 40/94 , the terms 'the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service', the legislature made it clear, first, that the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service must all be regarded as characteristics of goods or services and, secondly, that that list is not exhaustive, since any other characteristics of goods or services may also be taken into account.

50. The fact that the legislature chose to use the word 'characteristic' highlights the fact that the signs referred to in Article 7(1)(c) of Regulation No 40/94 are merely those which serve to designate a property, easily recognisable by the relevant class of persons, of the goods or the services in respect of which registration is sought. As the Court has pointed out, a sign can be refused registration on the basis of Article 7(1)(c) of Regulation No 40/94 only if it is reasonable to believe that it will actually be recognised by the relevant class of persons as a description of one of those characteristics (see, by analogy, as regards the identical provision laid down in Article 3 of Directive 89/104, *Windsurfing Chiemsee*, paragraph 31, and *Koninklijke KPN Nederland*, paragraph 56)."

92. In addition, a sign is caught by the exclusion from registration in art.7(1)(c) if at least one of its possible meanings designates a characteristic of the goods or services concerned: see *OHIM v Wrigley* [2003] E.C.R. I-12447 at [32] and *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* (C-363/99 [2004] E.C.R. I-1619; [2004] E.T.M.R. 57 at [97]."

50) It is well established that descriptiveness must be assessed through the perception of the relevant parties, including those in the trade (*Matratzen Concord AG v Hukla Germany SA*, Case C-421/04, para 24). The contested goods comprise computer software and various devices for communicating. The list of goods is broad and covers a range of products. The goods would be used by the general public and, as emphasised in *Matratzen*, by those in trade.

51) At this point it is worth noting that “watches” *per se* are covered by class 14, and the application was refused for such goods. However, the application also covers broad class 9 terms, some of which cover the referred to “smartphones in the shape of a watch”. I remind myself of the goods in question:

Class 9: Computer software; security devices; monitors and monitoring devices; cameras; computers; computer hardware; computer peripherals; wireless communication devices; radios; audio and video devices; global positioning system devices; accessories, parts, components, and cases for all of the foregoing goods.

52) It is clear from the evidence that smart watches (or wearable computers) do not just display the time, as per your everyday watch, but they also provide access to the internet, applications and generally all of the same functions as a smart phone. On this basis, I consider smart watches to have dual functionality, i.e. they are a watch and a phone that has internet functionality. A similar commonly used example of an item that may be classified in either of class 9 or 14 is a clock/radio or radio/clock. As evidenced by Mr Meadows, class 9 includes terms such as “smartphones in the shape of a watch”. This would be covered by the broader term “computers; computer hardware; wireless communication devices; audio and video devices”. I do not consider the remaining goods will cover smart phones, which could be shaped as a watch.

53) The opponent argues that the application is descriptive since “it is formed by a simple juxtaposition of two English terms with a relevant descriptive meaning for the goods in the application: “I” and “WATCH””. This view, it argues, is supported by the Trade Marks Work Manual (see paragraph 2 above) which states that:

“The letter “i” is a generic abbreviation for Internet, for example, i-music and imagazine. In addition, the letter “i” is also an abbreviation for “interactive” and “An application for a word which describes the goods or services applied for and is prefixed with “i” may be objectionable under section 3(1)(b) and (c) of the Act”.

54) The opponent also relies upon the EUIPO Board of Appeal decision which refused Brightflash’s application for IWATCH in class 14, although no objection was raised against class 9. The opponent particularly relies upon paragraph 21 of the aforementioned decision which states:

“Moreover, the ‘i’ prefix, which precedes the word ‘watch’, has already been interpreted by the Court of Justice as referring to information technology, telecommunications and, in particular, the internet (16.12.2010, T-161/09, *ilink*, EU:T:2010:532, § 30 and 31).”

55) The applicant argues that the juxtaposition of the letter “I” and “IWATCH” confer “upon the mark as a whole discordance in its meaning” which when applying the principle set out in *Baby-Dry*<sup>7</sup>, makes the mark more than just a description of a characteristic of the goods, i.e. two descriptive words may become distinctive by virtue of the juxtaposition of the words which render the combination meaningless. In support of this argument, Mr Engelman points out that the letters “iw” rarely appear together in English words.

56) In my view, the existing guidance and the position outlined by the GC indicate that the prefix “I” would most likely be viewed as “internet”, which when used in conjunction with the entirely descriptive term “watch” results in IWATCH being descriptive of a watch-like device with internet connectivity. I note that the applicant has numerous trade mark registrations, and enjoys considerable success with “I” prefixed marks, but it is clear from the evidence that other third parties also use the “I” prefix. Therefore, I find that the sign IWATCH describes a characteristic of the goods, i.e. smart watches which may access the internet, have some form of interactive functionality or be a

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<sup>7</sup> Case C-383/99 P

smart watch which has some health checking function (i.e. monitors and monitoring devices). Further, applying the principle of *Fourneaux De France Trade Mark* set out below, I consider “computer software” to be so closely connected that the objection extends to such goods. Therefore the section 3(1)(c) claim succeeds against the following:

“Computer software; computers; monitors and monitoring devices; computer hardware; wireless communication devices; audio and video devices; global positioning system devices; accessories, parts, components, and cases for all of the foregoing goods”

57) The remaining goods do not cover some form of smart watch and therefore the sign IWATCH does not describe them. I am mindful of the guidance in *Fourneaux De France Trade Mark*<sup>8</sup>, whereby Mr Geoffrey Hobbs Q.C., sitting as the Appointed Person, found that the mark FOURNEAUX DE FRANCE which translates into ‘cookers from France’ was objectionable under section 3(1)(c) as describing cookers (from France). In that instance the issue was whether closely allied goods, which comprised cooker hoods and extractor fans, “should be treated as goods so closely related to cookers as to be an integral part of the commercial context in which the meaning and significance of the words FOURNEAUX DE FRANCE is to be regarded as essentially descriptive.” Mr Hobbs concluded that cooker hoods and extractor fans were items of commerce which were closely connected with cookers and that it would be unrealistic to treat FOURNEAUX DE FRANCE as descriptive of cookers and not of such closely connected goods. In my view, this principle does not apply to the remaining goods of the application and the objection does not extend to the following goods:

“Security devices; cameras; computer peripherals; radios; accessories, parts, components, and cases for all of the foregoing goods.”

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<sup>8</sup> Case BL O/240/02

### *Family of marks*

58) During the hearing there was some debate as to whether the applicant was able to rely upon the existence of a family of “i” prefix marks (e.g. iPhone, iPad) and the argument that consumers seeing the IWATCH mark would therefore recognise it as originating from the applicant. The applicant’s counterstatement stated that evidence would be filed in “support of the contention that the marketplace had already started to regard the sign IWATCH as part of the Applicant’s famous i-prefixed family of trade marks.” Therefore the family of marks argument was pleaded. This is in effect a claim to acquired distinctiveness by virtue of the use made of other marks.

59) Section 3(1) of the Act states (emphasised added) that where a mark “has in fact acquired a distinctive character as a result of the use made of it.” Use of other marks (in this instance iPad, iPhone, etc.) with the same prefix as the mark may reduce the length of time that the new mark takes to acquire a distinctive character, but it is difficult to see how use of marks with a different overall distinctive character, such as IPOD, IPAD etc, can amount to use of IWATCH for the purposes of the proviso to s.3(1). Further, even if that is wrong, the evidence indicates that the presentation of the letter i as a lower case letter followed by a capital letter is part of what identifies the applicant’s existing family of marks. By contrast, the mark applied for would give the applicant an exclusive right to IWATCH in any normal form of use.

### **Section 3(1)(b)**

60) Section 3(1)(b) of the act states:

“3(1) The following shall not be registered –

- (a) ...,
- (b) trade marks which are devoid of any distinctive character,
- (c) ...,
- (d) ...:

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.”

61) The principles to be applied under article 7(1)(b) of the CTM Regulation (which is identical to article 3(1)(b) of the Trade Marks Directive and s.3(1)(b) of the Act) were conveniently summarised by the CJEU in *OHIM v BORCO-Marken-Import Matthiesen GmbH & Co KG* (C-265/09 P) as follows:

“29..... the fact that a sign is, in general, capable of constituting a trade mark does not mean that the sign necessarily has distinctive character for the purposes of Article 7(1)(b) of the regulation in relation to a specific product or service (Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 32).

30. Under that provision, marks which are devoid of any distinctive character are not to be registered.

31. According to settled case-law, for a trade mark to possess distinctive character for the purposes 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 those of other undertakings (*Henkel v OHIM*, paragraph 34; Case C-304/06 P *Eurohypo v OHIM* [2008] ECR I-3297, paragraph 66; and Case C-398/08 P *Audi v OHIM* [2010] ECR I-0000, paragraph 33).

32. It is settled case-law that that distinctive character must be assessed, first, by reference to the goods or services in respect of which registration has been applied for and, second, by reference to the perception of them by the relevant public (*Storck v OHIM*, paragraph 25; *Henkel v OHIM*, paragraph 35; and *Eurohypo v OHIM*, paragraph 67). Furthermore, the Court has held, as OHIM points out in its appeal, that that method of assessment is also applicable to an analysis of the distinctive character of signs consisting solely of a colour per se, three-dimensional marks and slogans (see, to that effect, respectively, Case

C-447/02 P *KWS Saat v OHIM* [2004] ECR I-10107, paragraph 78; *Storck v OHIM*, paragraph 26; and *Audi v OHIM*, paragraphs 35 and 36).

33. However, while the criteria for the assessment of distinctive character are the same for different categories of marks, it may be that, for the purposes of applying those criteria, the relevant public's perception is not necessarily the same in relation to each of those categories and it could therefore prove more difficult to establish distinctiveness in relation to marks of certain categories as compared with marks of other categories (see Joined Cases C-473/01 P and C-474/01 P *Proctor & Gamble v OHIM* [2004] ECR I-5173, paragraph 36; Case C-64/02 P *OHIM v Erpo Möbelwerk* [2004] ECR I-10031, paragraph 34; *Henkel v OHIM*, paragraphs 36 and 38; and *Audi v OHIM*, paragraph 37)."

62) I have already found that the section 3(1)(c) claim has been successful in respect of some of the applied for goods. Therefore, I am only required to assess the position under section 3(1)(b) in respect of the remaining goods:

“Computer software; security devices; cameras; computer peripherals; radios; accessories, parts, components, and cases for all of the foregoing goods.”

63) It is possible for a trade mark to be devoid of distinctive character even if the sign is free from objection under section 3(1)(c) for being descriptive. The question under section 3(1)(b) is whether the sign is incapable of distinguishing the goods listed in the application. Where the goods do not describe the goods, or are not so closely related that they are connected<sup>9</sup>, IWATCH will have no meaning and would be capable of providing trade origin. On this basis, the section 3(1)(b) claim fails in relation to the goods which the section 3(1)(c) also failed.

### **Section 3(6) – bad faith**

64) Section 3(6) of the Act states:

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<sup>9</sup> BL O/240/02

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

## Case law

65) 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 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)."

66) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]

67) It is clear from the evidence that Brightflash and applicant are commercially connected/affiliated in some form. I do agree that it would have been beneficial for the applicant to have submitted the full un-redacted version of the licence agreement. However, I appreciate that they would not want the full details of such a document to be viewed by a competitor. It is clear to me from the licence agreement that the parties are connected and Brightflash gave the required consent (as per section 32(3) of the Act<sup>10</sup>) to the applicant. In fact, during the course of these proceedings, the application was assigned to Apple.

68) In order for the bad faith claim to succeed the opponent should provide clear evidence to support this claim. It has not. No credible evidence has been submitted that Brightflash did not intend to consent to Apple using the mark. The current applicant is one of the biggest and most successful brands in the world. With such fame and reputation it is inevitable that its actions would be closely monitored by third parties with dishonest intentions. Therefore, even if the applicant appointed an “affiliate” company to apply for its trade marks in order to avoid drawing unwanted attention to its marketing plans, is this behaviour which would be considered to be dishonest or fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the relevant industry? In my view, it is not. In fact, I consider that it would be regarded as prudent behaviour which is manufacturer is entitled to take to protect its commercial interests.

69) In view of the above, at the point of submitting the trade mark application, Brightflash did not file the application in bad faith. The declaration made under s.32(3) of the Act that “The trade mark is being used by the applicant, or with the applicant’s

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<sup>10</sup> Section 32(3) of the Act states that (emphasis added):

“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 or services, or that he has a *bona fide* intention that it should be so used.”

consent, in relation to the goods or services shown, or there is a bona fide intention that it will be used in this way”<sup>11</sup> confirmed a *bona fide* intention to consent to Apple using the mark.

70) The opponent also argues that since the applicant filed an application for APPLE WATCH (exhibit HW13 refers), without ever being in the name Brightflash, it is indicative of a registration made in bad faith as there is no genuine intention to use. They claim that it may have been its intention to register the IWATCH mark to point away from their intended name. This is merely speculative and I dismiss this line of argument.

71) A further argument put forward by the opponent is that it is “not credible” that the applicant permits “an ostensibly uncontrolled third party to own and licence back the IWATCH trade mark”. I disagree. There is a commercial relationship between the parties and the explanation provided by the applicant overcomes the evidence filed in support of the bad faith claim by the opponent.

72) The opposition under section 3(6) of the Act fails.

## **OVERALL OUTCOME**

73) The opposition succeeds against the following goods:

“Computer software; computers; monitors and monitoring devices; computer hardware; wireless communication devices; audio and video devices; global positioning system devices; accessories, parts, components, and cases for all of the foregoing goods

74) Subject to appeal, and the outcome of other opposition proceedings against this application, it shall proceed to registration for the following:

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<sup>11</sup> Form TM3 “application for a trade mark application”

“Security devices; cameras; computer peripherals; radios; accessories, parts, components, and cases for all of the foregoing goods.”

## **COSTS**

75) Both parties have enjoyed a measure of success. However, as outlined in paragraph 5, counsel appearing for the opponent (who made the late request to file evidence) agreed that given the very late nature of the request to file additional evidence it is appropriate to award the applicant a contribution to the cost of dealing with this.

76) During the main hearing the opponent argued that on the whole costs should follow the normal scale but it feels that it more appropriate to deal with costs once it has seen this decision. The reason for this is that the opponent may seek off the scale costs potentially in relation to, for example, “this question of acquired distinctiveness”.

77) The applicant states that it is seeking costs off the scale since the section 3(6) claim should not have been brought in the first place since “half of it is hypothetical and fell away immediately”.

78) In my view, neither party is more deserving of an off the scale cost award than the other. Both have made various unsubstantiated claims. Accordingly, I find that the applicant should be awarded costs for dealing with the opponent’s very late request to file additional evidence. In the circumstances, I award the applicant £500 as a contribution towards having to do deal with the late request to file late evidence. I therefore order Arcadia Trading Ltd to pay Apple, Inc. the sum of £500. The above sum should 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 30th day of August 2016**

**MARK KING**  
**For the Registrar**