

**O-415-17**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF REGISTRATION NO. 3083440**

**IN THE NAME OF**

**FARM AND GARDEN MACHINERY LIMITED**

**FOR THE TRADE MARK**

**HARRY**

**IN CLASS 7**

**AND**

**AN APPLICATION FOR A DECLARATION OF INVALIDITY THERETO**

**UNDER NO. 500877**

**BY GREEN & GREEN S.A.**

## Background and pleadings

1. HARRY is a UK registered trade mark owned by Farm and Garden Machinery Limited (“the Proprietor”). The trade mark was applied for on 27 November 2014 and was registered on 27 February 2015 for the following goods:

*Class 7: Horticultural and agricultural machinery and implements; parts and fittings for the aforesaid goods.*

2. On 8 June 2015 Green & Green S.A. (“the Applicant”) applied to have the Proprietor’s registration declared invalid in its entirety. Section 47 of the Trade Marks Act 1994 (“the Act”) provides for invalidity of a registration and the immediately relevant parts of that section are set out below:

### *47 Grounds for invalidity of registration*

*(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).*

*[...]*

*(2) The registration of a trade mark may be declared invalid on the ground -  
(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or*

*[(b) ...]*

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

*(a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,*

*(b) the registration procedure for the earlier trade mark was not completed before that date, or*

*(c) the use conditions are met.*

*(2B) The use conditions are met if —*

- (a) *within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or*
- (b) *it has not been so used, but there are proper reasons for non-use.*
3. The Applicant owns an international trade mark (No. 1232089) (“the earlier mark”) for the word HARRY, designating the EU. (The Proprietor contests the status of the earlier mark, so I deal with that issue as a preliminary matter below.) The designation of the EU dates from 8 October 2014, but the earlier mark is based on the priority of a trade mark filed with the Swiss trade mark registry on 12 June 2014.
  4. Since the registration procedure for the earlier trade mark was not completed at the date when the Applicant made its application for a declaration of invalidity,<sup>1</sup> it is not subject to the proof of use provisions under section 47(2B) of the Act. The Applicant is therefore able to rely on its earlier mark without having to show use of the mark for any of the goods or services on which it relies.
  5. The earlier mark is filed for goods in classes 7 and 8, and for services in class 37. The Applicant’s specification is set out in the table at paragraph 21 below.
  6. The application for invalidation is based on objections under sections 5(1), 5(2)(a), 5(2)(b) and 3(6) of the Act, as follows.
  7. The Applicant claims that the mark of the Proprietor offends against **section 5(1)** of the Act as it is identical to the earlier mark and registered in respect of goods that are identical to the Class 7 goods of the earlier mark.
  8. The Applicant claims that there exists a likelihood of confusion on the part of the public in the United Kingdom, including a likelihood of association because the Proprietor’s mark is identical - **section 5(2)(a)** - or similar - **section 5(2)(b)** - to the earlier mark and is registered for goods and services that are similar to those for which the earlier mark is protected.

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<sup>1</sup> See section 47(2A)(b) of the Act.

9. The Applicant claims “*further, or in the alternative*” that the Proprietor’s mark offends against **section 3(6)** and should not have been registered as that application for the mark was made in bad faith. The Applicant claims in its explanation of grounds that when the Proprietor filed its mark, the “*Proprietor engaged in conduct which departed from accepted principles of ethical behaviour or honest commercial business practices in that the Proprietor applied to register [its mark] following a meeting with the Applicant at a trade fair in Italy on 14<sup>th</sup> and 15<sup>th</sup> November 2014 where the Applicant informed the Proprietor that another distributor had been appointed for the United Kingdom and Ireland to distribute products bearing the Applicant’s Trade Mark. The Proprietor knew or ought to have known that it had no right to the earlier Trade Mark and that full rights in the earlier Trade Mark vested in the Applicant.*”
10. The Proprietor has filed a counterstatement contesting the application for invalidity and requesting that its registration under No. 3083440 be allowed to remain on the Register in respect of all the goods for which it is registered. It denies the section 5(1), 5(2)(a) and 5(2)(b) grounds. It “*strenuously*” denies the section 3(6) bad faith ground, and states its intention “*to adduce evidence to refute the allegation*” and to show that the Proprietor “*was and is entitled to rights*” in the HARRY mark registered under no. 3083440 “*over many years.*”
11. The counterstatement also states that “*it is noted that the Applicant is the holder of international trade mark no. 1232089 HARRY based on the priority of the Swiss trade mark no. 664357 dated 12 June 2014. It is denied that international trade mark no. 1232089 constitutes an earlier trade mark. The date of the CTM designation of the international registration is noted.*”
12. My approach in this decision will be to consider first the Applicant’s claim based on section 5(1) of the Act, premised on identity in the marks and between the parties’ goods. I will consider the Applicant’s other grounds in light of my findings under the section 5(1) ground.
13. Both parties filed evidence in chief and reply. However, since the various witness statements and exhibits filed by the parties focused predominantly on the issue of

bad faith, I will provide a summary of that evidence later in this decision, where I deal with that ground. Only the Applicant filed submissions in lieu of an oral hearing and I will refer to those as necessary in this decision.

14. Both parties are professionally represented – the Applicant by Tierney IP and the Proprietor by F R Kelly.

### **Preliminary matter**

15. The Proprietor denies that international trade mark no. 1232089 constitutes an earlier trade mark, which is a prerequisite for an application for a declaration of invalidity under section 47(2)(a).

16. Section 6 of the Act explains what is meant by an “earlier trade mark” and the relevant parts are set out below:

“ 6(1) *In this Act an “earlier trade mark” means—*

(a) *a registered trade mark, international trade mark (UK) European Union trade mark or international trade mark (EC) which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,*

(b) [ ... ]

(ba) [ ... ]

(c) [ ... ]

(2) *References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered.*

(3) [ ... ]”

17. The Applicant is the holder of international trade mark no. 1232089 HARRY, which designated the EU on 8 October 2014, and is based on the priority of the Swiss trade mark no. 664357 that has a filing date of 12 June 2014.<sup>2</sup> It is this latter date that is relevant for establishing the earlier mark. Since the Proprietor applied to register its UK mark on 27 November 2014, it is clear that the Applicant has an earlier mark.
18. The Applicant states in its submissions that *“following the filing of the Applicant’s cancellation proceedings against the Proprietor’s UK Trade Mark No. 3083440 HARRY, (“the Sign”) the Proprietor filed opposition against the EUTM designation of the Applicant’s Trade Mark on 20<sup>th</sup> October 2015. The opposition is based on the Sign. These proceedings (“EUIPO proceedings”) are still pending.”* The effect of section 6(2) is that the fact the Applicant’s mark may not yet have completed its registration procedure, and may currently be at application stage, it nonetheless remains an earlier mark for the purposes of this application for invalidity. However, it is possible that the Proprietor may succeed in the opposition that it has filed before the EUIPO<sup>3</sup> against the Applicant’s mark. Therefore, were the Applicant to succeed in its present application for invalidity on the basis of its earlier mark (i.e. its opposition under relative grounds) , any such decision would be only provisional, pending the outcome of proceedings before the EU trade mark registry.

## Decision

19. Section 5(1) of the Act states that a *“trade mark shall not be registered if it is identical with an earlier trade mark and the goods or services for which the trade mark is applied for are identical with the goods or services for which the earlier trade mark is protected.”*

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<sup>2</sup> A priority claim is an allowance based on Article 4 of the Paris Convention for the Protection of Industrial Property. It enables the owner of a *filed* trademark to file subsequent trade mark applications in any of the Convention’s signatory countries using the effective date of the owner’s first application as long as the owner files the subsequent applications within six months of the owner’s original trademark application.

<sup>3</sup> The European Union Intellectual Property Office serves as the registry for EU trade marks.

20. The mark both of the Proprietor and of the Applicant is the word HARRY. The marks are identical.
21. In its explanation of grounds submitted as part of its Form TM26(l) the Applicant states that the mark of the Proprietor offends against section 5(1) of the Act as it is “*registered in respect of goods that are identical to the Class 7 goods of the earlier mark*” (my emphasis). In its submissions in lieu of an oral hearing, the Applicant submits that the goods of the Proprietor “*are included or encompassed by the goods of the Applicant’s Trade Mark ....*”. Again it is my own emphasis added, but the submissions appear to broaden the claim to include the Applicant’s goods in Class 8. The Applicant cites *Aventis Pharma v OHIM*<sup>4</sup> for authority that “*where the goods covered by the earlier mark include the goods covered by the later trade mark, those goods are considered to be identical.*”<sup>5</sup> The respective goods and services are set out below.

<b>Proprietor’s goods</b>	<i>Class 7: Horticultural and agricultural machinery and implements; parts and fittings for the aforesaid goods.</i>
<b>Applicant’s goods</b>	<i>Class 7: Machine tools; machines and machine tools for agriculture and gardening; agricultural machines; motors and engines (other than for land vehicles); machine couplings and transmission components (other than for land vehicles); agricultural implements other than hand-operated; clippers (machines); lawnmowers (machines).</i>
	<i>Class 8: Hand-operated hand tools and implements; hand-operated hand tools and implements for gardening and agriculture.</i>
<b>Applicant’s services</b>	<i>Class 37: Installation, maintenance and repair of machines; installation, maintenance and repair of machines for gardening and agriculture.</i>

<sup>4</sup> Case T-95/07

<sup>5</sup> Elsewhere in Form TM26(l) a ticked box indicates that all goods and services of the earlier mark (my emphasis) are relied on for grounds that include section 5(1). However, the tick box question does not distinguish between the 5(1) and 5(2) grounds and I consider the Applicant to be relying on its registered services only in relation to its 5(2) grounds.

22. Given the reference in the Applicant's submissions, it is worth quoting here the full text of the relevant paragraph from *Aventis* where it deals with comparison of goods:

*“Second, and in any case, it follows from the case-law that, where the goods covered by the earlier mark include the goods covered by the mark applied for, those goods are regarded as identical (Case T-104/01 Oberhauser v OHIM – Petit Liberto (Fifties) [2002] ECR II-4359, paragraphs 32 and 33). Therefore, given that it is not disputed that the goods covered by the mark applied for are included in the goods covered by the earlier mark, the Board of Appeal correctly held that the goods in question are identical.”*

23. Even if the parties' goods are described in different words, the law requires that they be considered identical where the words used are alternative descriptions of the same goods. And, indeed, the same applies where the Proprietor's description of its goods encompasses the specific goods covered by the Applicant's descriptions, and vice versa - see *Gérard Meric v Office for Harmonisation in the Internal Market (OHIM)*, Case T-33/05, where the General Court (“GC”) stated that:

*“29. In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by the trade mark application (Case T-388/00 Institut fur Lernsysteme v OHIM- Educational Services (ELS) [2002] ECR II-4301, paragraph 53) or where the goods designated by the trade mark application are included in a more general category designated by the earlier mark”.*

24. The fact that respective goods or services are listed in the same class of the Nice Classification is not, in itself, an indication of similarity and nor are goods or services to be regarded as dissimilar from each other on the ground that they appear in different classes under the Nice classification.<sup>6</sup> The Nice Classification serves purely administrative purposes and, as such, does not in itself provide a

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<sup>6</sup> See Article 39(7) Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (Recast)

basis for drawing conclusions as to the similarity of goods and services. Identity or similarity of the goods and services in question must be determined on an objective basis.

25. That said, terms such as “*tools*” and “*implements*” for gardening and agriculture appear in both Class 7 and 8. The explanatory note accompanying the Nice Classification states that Class 7 includes mainly machines, machine tools, motors and engines, whereas Class 8 includes mainly hand-operated implements used as tools. The note specifies that Class 8 “*does not include, in particular machine tools and implements driven by a motor.*”
26. The Proprietor’s Class 7 specification of “*Horticultural and agricultural machinery and implements*” covers the Applicant’s goods in class 7 “*machines and machine tools for agriculture and gardening*” and “*agricultural implements other than hand-operated.*” Those goods are identical. The identity is compounded by the Applicant’s protection in Class 7 for “*lawnmowers (machines)*” – which are horticultural machinery; and for “*clippers (machines)*” – which may be both horticultural and agricultural machinery.
27. The Proprietor’s registration also includes “*parts and fittings*” for horticultural and agricultural machinery and implements. The Applicant’s protection for “*motors and engines (other than for land vehicles); machine couplings<sup>7</sup> and transmission components (other than for land vehicles)*” are examples of parts and fittings for horticultural and agricultural machinery. Those goods may therefore also be considered identical.
28. In light of the identity between the parties’ marks and goods, **the Applicant therefore succeeds in its application for a declaration of invalidity on the basis of section 5(1) of the Act.** However, success on that ground is provisional pending the outcome of the Proprietor’s opposition before the EUIPO. I also recognise that the term “*parts and fittings*” includes a wider range of goods than motors, engines, machine couplings and transmission components. For the sake of completeness, there is therefore reason to proceed to consider the Applicant’s claim under section 5(2)(a).

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<sup>7</sup> I understand machine couplings to be devices for connecting parts of machinery.



29. Section 5(2) provides:

*“(2) A trade mark shall not be registered if because—*

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

*[(b) ... ]*

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

30. In this case there is identity between the marks, and given the extent to which I have already found identity in the goods, I need focus only on whether there is similarity between Proprietor’s “*parts and fittings*” and the Applicant’s goods and services, such as would lead to confusion on the part of the public.

31. The Court of Justice of the European Union stated at paragraph 23 of its judgment in *Canon*, Case C-39/97 that:

*“In assessing the similarity of the goods or services concerned [ ... ] all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary”.*

*The relevant factors identified by Jacob J. (as he then was) in the Treat case, [1996] R.P.C. 281, for assessing similarity were:*

- a) The respective users of the respective goods or services;*
- b) The physical nature of the goods or acts of services*
- c) The respective trade channels through which the goods or services reach the market*
- d) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;*

*The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance*

*whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.”*

32. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-325/06, the General Court stated that goods may be considered “complementary” where:

*“...there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking”.*

33. The Applicant makes the following submissions:

34. *“Insofar as similarity of goods are concerned, I invite the Hearing Officer to consider*

*1. In assessing the similarity of the goods concerned, all the relevant factors relating to those goods should be taken into account. Those factors include inter-alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary - Canon/Metro-Godwyn-Mayer Case C-39/97.*

*2. Other factors may also be taken into account such as the distribution channels of the goods concerned – Astex Therapeutics Ltd v OHIM, Case T-48/06*

*It is submitted that the goods of the Sign satisfy the test of similarity laid down in Canon/MGM. Their nature and intended purpose are the same as the goods of the Applicant’s Trade Mark. All the respective goods are garden equipment and intended for horticultural and/or agricultural use. As the Proprietor has attested, the Applicant and the Proprietor are in a competitive relationship; hence the goods are sold in competition to each other.”*

35. I find that there is a high degree of similarity between the respective goods and services for the following reasons. The Applicant’s goods in Class 7 have the same physical nature as the Proprietor’s “*parts and fittings*” and they share respective

users and trade channels through which they reach the market. There is also complementarity (in the sense described in *Boston Scientific*) between the Proprietor's "parts and fittings" and the Applicant's goods in Class 7 and its installation, maintenance and repair services in Class 37.

36. An assessment of a likelihood of confusion under section 5(2)(a) is based on the perception of the average consumer of the goods in question and taking account of how the goods are likely to be selected in the purchasing process. Birss J.<sup>8</sup> described the average consumer in these terms:

*"60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect  
... the relevant person is a legal construct and ... the test is to be applied objectively by the court from the point of view of that constructed person. The word "average" denotes that the person is typical...."*

37. It must be borne in mind, for the purpose of assessing the likelihood of confusion, that the average consumer's level of attention is likely to vary according to the category of goods or services in question.<sup>9</sup> In the present case I find that the average consumer for parts and fittings for horticultural and agricultural machinery and implements will be a member of the public, or possibly someone who uses such machinery as part of their job. In selecting the goods, I would expect that average consumer to pay a level of attention that is higher than normal, since it will be essential that the parts and fittings are precisely apt for the purpose of replacement or repair of the machinery item in question.
38. Taking account of all relevant considerations and particularly given the identity of the marks, I find that there will be an association that creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, and there is therefore a likelihood of confusion.

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<sup>8</sup> *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch)

<sup>9</sup> *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97

**The application for a declaration of invalidity thus succeeds under section 5(2)(a).** Again, success on that ground is provisional pending the outcome of the Proprietor's opposition before the EUIPO.

39. In the circumstances, given that the marks are identical and that I have found that the goods are identical or similar, there is no need to decide the claim under section 5(2)(b).
40. Since bad faith is an absolute ground for refusal of registration, a claim for a declaration of invalidity based on section 3(6) is not dependent on the existence of an earlier right. Therefore, even though the Applicant has already succeeded on the basis of sections 5(1) and 5(2)(a), since those decisions must in the circumstances be provisional only, the section 3(6) ground must be considered, as the outcome of a claim based on bad faith would not be provisional.

#### **Evidence summary**

41. I shall first summarise the evidence submitted in this case, which comprises (i) the evidence in chief from the Applicant (ii) the evidence in chief from the Proprietor (iii) evidence in reply from the Applicant (iv) evidence in reply from the Proprietor.

#### **Applicant's evidence in chief**

42. The Applicant's evidence in chief totals 55 pages and comprises a witness statement of Carlo Soldavini, dated 22 December 2015, together with exhibits CS1 – CS18. Carlo Soldavini has for over ten years been the director of Green & Green S.A., the Applicant company, based in Switzerland. The witness statement gives a brief historical account of the HARRY trade mark. The company was founded by his father in 1973 to manufacture lawnmowers branded HARRY. During the 1970s his father registered the mark "*in many countries*" and the HARRY lawnmowers were distributed "*worldwide*" until 2005 when the company went into liquidation and paid no renewal fees for the mark. The statement says that someone registered the trade mark in France in 2010.

43. The statement then explains the Applicant's ownership of the mark. **Exhibit CS1** is a copy of a signed agreement, dated 10 June 2014, transferring the 2010 French registration from Fabien Thierry to the Applicant. On 12 June 2014 the Applicant applied to register the HARRY mark in Switzerland. **Exhibit CS2** is an extract from the register of the Swiss Federal Institute of Industrial Property that shows trade mark registration 664357 and confirming the application date. **Exhibit CS4** is a copy of the application (8 October 2014) for the international trade mark (No. 1232089) that is the Applicant's the earlier mark. The date of that application is significant to the extent that it is only on 8 October 2014 that the Applicant engages any EU-wide registered rights in the HARRY mark – albeit that those rights claim the Swiss priority date of 12 June 2014.
44. The witness statement then gives an account of the Applicant's dealings with Farm & Garden Machinery, which sets the central premise for the claim of bad faith, and is based on a contention that at the time when the Proprietor applied for its UK trade mark, the Proprietor knew of the Applicant's earlier mark and of the Applicant's plans to market under the earlier mark in the UK and Ireland. I find it appropriate to quote extensively from the Applicant's evidence in chief because there is substantial reference back to it in subsequent evidence and because it sets out the central circumstances and particular statements on which the allegation of bad faith rests. For ease of reference in my subsequent analysis I identify the quoted extracts as **Extract A**, **Extract B**, **Extract C** and so on.
45. The witness statement describes various meetings and exchanges between Carlo Soldavini and Mr Paul Butterly of Farm and Garden Machinery (the Proprietor), during which there were explicit discussions around the possibility of the Applicant appointing Farm and Garden Machinery to be the distributor for the United Kingdom and Ireland of the Applicant's products under the Applicant's earlier mark. **Exhibits CS5 – CS16** are copies of emails relating to events and exchanges between the parties between 23 June 2014 and 8 March 2015. **Exhibits CS17 and CS18** relate to the Applicant's discovery of the Proprietor promoting its own HARRY brand.

46. **Exhibits CS5 – CS8** are not especially relevant. They support the uncontested evidence that meetings took place, and relate to discussions between the parties (23 June 2014 – 1 August 2014) where no mention is made of the HARRY mark.
47. On 12 and 13 August 2014 Carlo Soldavini and his son travelled to Ireland where he dined with Paul Butterly. Carlo Soldavini states that he informed Paul Butterly of his purchase of the HARRY brand and of having subsequently registered it as a trade mark.<sup>10</sup>
48. **Extract A:** The witness states that during the dinner: “ ... *Mr Butterly expressed interest and thought it would be a good idea to reintroduce the HARRY brand in Ireland, but not the United Kingdom as this would have been expensive. Mr Butterly also told me that he was not ready to buy a large quantity of HARRY products before getting a positive reaction from the market. I informed Mr Butterly that I was planning to use the HARRY brand only on good quality products made in Italy.*”
49. **Extract B:** The statement continues: “*On 3<sup>rd</sup> September 2014, I visited the “Saltex” exhibition in Windsor, United Kingdom where I met Mr Butterly on his stand and informed him that I was not ready to make a decision regarding the distribution of HARRY branded products. There were no HARRY branded products on display at Mr Butterly’s stand.*”
50. **Extract C:** The statement continues: “*By email of 14<sup>th</sup> September 2014, I informed Mr Butterly that I wished to put on hold the project to re-introduce the HARRY brand in Ireland. I did not make any mention of the UK market.*” The email of 14 September 2014 is contained with **Exhibit CS9**.
51. **Extract D:** The statement continues: “*By 5<sup>th</sup> and 6<sup>th</sup> November 2014, I visited Orlando, United States of America where I again met Mr Butterly at his house. During that visit, I mentioned to Mr Butterly that I was not sure what I would do with the HARRY brand.*”

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<sup>10</sup> This is presumably a reference to the Applicant having bought the French mark on 10 June 2014 and applied for its own Swiss mark on 12 June 2014.

52. **Extract E:** The statement continues: “On 14<sup>th</sup> and 15<sup>th</sup> November 2014, Mr Butterly visited the EIMA show in Bologna, Italy where I had a meeting with him on the Marina<sup>11</sup> stand. I informed Mr Butterly that, as a result of his lack of interest in the UK market, I had decided instead to appoint a distributor in Northern Ireland who was Mr John McCormick of John McCormick Importers and Distributors Ltd. I also informed Mr Butterly that I had spoken to a person in Ireland who was interested in promoting the HARRY brand in the Republic of Ireland. Mr Butterly was shocked to have received this news and informed me that he wanted the right to promote the HARRY brand in the United Kingdom and Ireland. Mr Butterly also claimed to have promoted the HARRY brand in Ireland and had done so since the closure of the HARRY company in approximately 2005.
53. **Extract F:** On Saturday 15<sup>th</sup> November 2014, Mr Butterly returned to the Marina stand and informed me that he was ready to provide me with an order [worth approximately] €100,000, but that [he] was not ready to pay me any royalty to use the HARRY brand. I rejected this offer.
54. **Extract G:** On or about 24<sup>th</sup> or 25<sup>th</sup> November 2014, Mr Butterly telephoned me to say that he knew that my new Irish distributor was Maurice O’Callaghan. Mr Butterly informed me that Mr O’Callaghan was just a small dealer in West Cork who was his “dealer” and that he did not have the resources to cover all of Ireland because he had no money. I confirmed to Mr Butterly my decision not to appoint him as distributor of HARRY branded products in Ireland.”
55. **Extract H:** “On 5<sup>th</sup> January 2015, I meet Mr Butterly at Bewleys’ Airport hotel. During the meeting, I provided Mr Butterly with 10 points that he should have agreed to in order to find co-operation. I understood that Mr Butterly was anxious to find an agreement because he wanted to introduce the HARRY brand to his dealers.” **Exhibit CS9** shows an email dated 7 January 2015 from Mr Butterly to the Applicant, where the former makes comments on the ten points raised at the Dublin airport hotel. Mr Butterly’s comments indicate that he is largely amenable and appear to relate to distribution arrangements for Ireland.

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<sup>11</sup> Marina is one of the companies that Carlo Soldavini represents.

56. **Exhibit CS11** is an email dated 13 January 2015 from the Applicant to the Proprietor responding to a text from the Proprietor relating to distribution in the Republic of Ireland. **Extract I:** *“I have received your text and it seems there are some big misunderstandings. I confirm you that you are not allowed to display any Harry branded products to your meetings next week unless we finalize and sign an acceptable agreement. Nothing has been agreed yet! Yesterday you have told me, for the first time, that you have no intention to use the Harry brand on any handheld products, because you can not carry two stocks etc.,, but you will use it only on lawn mowers; this changes completely the agreement we were discussing in Dublin during our last meeting. You were supposed to come back to me with solutions. As I told you yesterday, I have no rush to make an agreement for the Republic of Ireland and I will not make it if all the points of the agreement are not 100% clear...”*

57. **Exhibit CS12** is an email dated 13 January 2015 from the Proprietor to the Applicant in response to Exhibit CS11. The email puts certain matters on hold pending further discussions and the Proprietor states that it did not intend *“to brand any other products other than Marina lawnmowers for our trade days next week. If we are to offer Harry lawnmowers to our ROI dealers next week at our two trade events we need to display some lawnmowers and to display them without branding will look unprofessional. For this reason we are requesting some badges. It is becoming very late in the day as we have to have printed material for our events, so I would appreciate if you could give me the prices and specifications for Marina lawnmowers branded with Harry, so we can move on and make a plan and take orders at our dealer meetings.”*

58. **Exhibit CS13** is an email dated 13 January 2015 from the Applicant to the Proprietor in response to Exhibit CS12. It reads:

*“I understand your point, but it is not my intention, at the moment, to give to somebody the right to use the Harry name only on lawn mowers. What you told me yesterday on the phone was very clear to me; to differ [sic] or “park” the decision will not solve the problem.*

*Your interest is to sell lawn mowers because, as you told me, you have a hole in your range and because you see an opportunity; meanwhile you are not very interested in branding other products because people are buying handheld products because they are Japanese, they have Kawasaki engine and the price is very competitive. It will be very difficult for you to use the Harry brand on handheld products because, as you mentioned, it will be very difficult for you to handle two stocks, one for ROI and one for UK.*

*It will be difficult for me to allow you to sell in the UK market and it will be very difficult for me to buy from you and resell to other distributors in the UK market. It seems that there is no clear solution now on how to handle this matter, consequently, I am not ready to give you the lawn mowers with the Harry brand and risk, for the future years, to sell only lawn mowers in the Irish market.*

*If the brand is not important for you should sell the mowers with any brand!”*

59. Talks appear to have continued between the parties: **Exhibit CS14** is an email dated 4 March 2015 from the Applicant to the Proprietor and reads:

*“I have made some thoughts on what discussed on the phone this morning. This is the proposal:*

*LAWNMOWERS BRANDED HARRY*

*1 – To avoid you to take models that you do not want to sell, the first container (goods already manufactured) will be shipped from Marina to Maurice <sup>12</sup>(for sales in West Cork). In future Maurice will buy the mowers through Irish Farm<sup>13</sup> only.*

*2 – You can order immediately from Marina the Harry models you think will sell in the ROI.*

*3 – Harry branded mowers can be sold only in the ROI.*

*...*

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<sup>12</sup> As will be recalled from Extract G, Maurice O’Callaghan is the Applicant’s new Irish distributor, based in West Cork. And Marina, As will be recalled from Extract E, is a lawnmower company the Carlo Soldavini represents.

<sup>13</sup> I take this to refer to the Proprietor’s sister company.

*If you agree in principle on this solution, I will forward you the information you have requested on the phone. Waiting your information. ... Carlo*

60. **Exhibit CS15** is an email dated 4 March 2015 from the Proprietor to the Applicant and reads: *“Carlo, I can agree in principal [sic], however I need to see all the costs and then I need to discuss with Maurice market prices, and then his suggested selling prices of the lawnmowers ... . Only when I can analyse this can I make a final decision. If you are not prepared to send me the data then I believe it is best we “call it a day” and forget the whole deal. Thanks Paul.”*
61. **Exhibit CS16** is an email dated 8 March 2015 from the Applicant confirming to the Proprietor the Applicant’s new prices, including in relation to its lawnmowers.
62. The witness states that on 13 March 2015, he (Carlo Soldavini) received in an email from Maurice O’Callaghan, *“a copy of a catalogue which shows the Proprietor promoting the HARRY brand in conjunction with Ochiai.”* **Exhibit CS17** appears to be a photocopy of two pages from a catalogue. The first page bears the identifier “Irish Farm & Garden Machinery” (the sister company of the Proprietor). The second page shows pictures of what are described as “high quality Japanese hedge trimmers” under the banner “HARRY” “by OCHIAI”.
63. The witness states that on 14 May 2015, he received from John McCormick a copy of an email that is said to show contact by the Proprietor with a dealer in the United Kingdom regarding the launch of ‘HARRY by Ochiai’. **Exhibit CS18** shows an email dated 14 May 2015, from “John” to the Applicant, apparently forwarding an email of the same date from “Gerry” to “John”, in turn forwarding an email from ‘FGM Claymore’ (with a co.uk suffix) dated 22 April 2015. Each email carries the title “Introducing Harry by Ochiai”. The substance of the forwarded email seems to show the word “HARRY” in very large font, with a text box reading *“Available soon – Introducing our new line of Harry Hedge Trimmers and Pole Hedge Trimmers. A trusted brand backed by high quality Japanese manufacturing. Click here to download our PDF brochure. For a favourable discount, contact your areas sales manager.”* The footer of the initial email identifies the mailing address for FGM Claymore as being in the United Kingdom. Exhibit CS18 also shows a page apparently from the FGM Claymore catalogue along with the same promotion that

appeared in Exhibit CS17 for 'HARRY by Ochiai high quality Japanese hedge trimmers.'

### **Proprietor's evidence in chief**

64. The Proprietor's evidence in chief totals 17 pages and comprises a witness statement of Paul Butterly, dated 15 February 2017, together with exhibits PB1 – PB3. Paul Butterly has since 1990 been the director of Farm and Garden Machinery Limited (of the United Kingdom, and which I refer to as 'the Proprietor's company'). The witness states that the Proprietor's company was incorporated in 1990 to start trading in the United Kingdom and expand the business of its sister company in Ireland, Irish Farm and Garden Machinery Ltd. The witness states that the Irish company had been selling products bearing the trade mark HARRY for many years and claims to have established a reputation and association with the brand HARRY.
65. The statement continues: *"The products sold in Ireland were imported from an Italian company called Siag S.r.l with whom the Irish company developed a longstanding and successful relationship and the Irish company was instrumental in creating a reputation and goodwill in the trade mark HARRY in Ireland. ... While I am aware that these proceedings relate to the UK, Exhibit PB1 is being presented to support the historical connection between the sister company and the brand/TM HARRY."*
66. **Exhibit PB1** is described in the witness statement as showing "copies of invoices and documents sent to the Irish company evidencing their historical use of the trade mark HARRY." The first document is a letter, dated 16 September 1978, addressed to "Pat and Niall" of Irish Farm & Garden Machinery, Kitbarns Limited. The letter bears the letter head SIAG SRL, with an Italian address and is signed simply "Theo". The letter includes as its opening line *"I think you are in agreement with me that you and I, together, working hard during the last three years, we get the point when HARRY lawn mowers are something into the British Island Market."* The letter goes on to discuss various market and product matters, without further mention of HARRY. The second document in the exhibit appears to be a delivery

note, dated February 1987 between SIAG S.p.A. and Irish Farm and Garden Machinery Ltd relating to a total of 275 Harry lawnmowers for a total sum of £42,250.

67. The statement continues: *“As a result of the success of the Irish company in generating a goodwill and reputation the TM HARRY, my company began promoting and selling gardening products in the United Kingdom bearing the trade mark HARRY in 1991 and continued to do so until 2008 with great success in the United Kingdom. ....”*

*6. For a number of reasons, the business of Harry S.p.A, formerly Siag S.r.l ran into difficulty and filed for bankruptcy in 2005 and was subsequently put into liquidation and dissolved. A new company was formed, called GT Trading slr who supplied product to my company and my company entered into a labelling agreement with GT Trading in 2006 whereby GT Trading would be paid 5% commission on the cost price to apply the HARRY trade mark to other products for my company.*

*7. However, due to changes in the products and tooling, the business in products bearing the trade mark in the UK dwindled and ceased in 2008 although the Irish sister company continued to offer and promote products under the trade mark in Ireland from 2008 to date.*

*8. My company has always had an interest in the HARRY trade mark primarily due to a long standing association with the brand which has been part of the DNA of my company and the Irish company for approximately 40 years.*

*9. My company decided to try to rebuild the reputation and goodwill in brands under the trade mark HARRY in the UK and sought registration of the trade mark on 27 November 2014. My company then recommenced use of the trade mark HARRY in the UK in 2014 and 2015 on garden machinery and equipment which was imported from China and Japan.*

68. **Exhibit PB2** is said to be an extract from website of Paul Butterly's company showing the availability of products bearing the trade mark HARRY. Harry is listed as one of the brands available on the site, but the exhibit shows no more than an image of a chainsaw bearing the mark HARRY. The 2 pages from the website appear to have been printed on 15 February 2017 and includes a date of November 18, 2016. The website appears to be that of FGM Claymore. There is no mention of Farm and Garden Machinery Limited as such.

69. The statement continues:

*"10. As a result of the longstanding use of the trade mark HARRY in the UK in respect of lawnmowers and other garden equipment, I believe that the brand/trade mark is associated exclusively with my company by the Trade when used in relation to lawnmowers and garden machinery and equipment and continues to be associated with my company. I also believe that my company has been responsible for building up a reputation and goodwill in the brand/trade mark HARRY in the UK.*

70. **Exhibit PB3** is described as being testimonials from six members of the trade that support Paul Butterly's above expressed belief. The witness states that the testimonials were provided in response to being asked who they associated the brand/trade mark HARRY in the UK. The testimonials / statements are from the following entities: Highland Industrial Supplies Limited (dated 6 December 2016); Garden Machinery Services (dated 14 February 2017); Mow Direct (dated 2 December 2016); Chipperfield Garden Machinery (dated 28 November 2016); Chapmans (dated 7 December 2016); Charlie's Stores Ltd (undated).

71. The testimonials are essentially to the effect that: those companies have retailed HARRY branded lawnmowers supplied by Farm and Garden Machinery between approximately early 1990s – 2005; they have always associated HARRY with the Farm and Garden Limited who supported the success of the products; they believe Farm and Garden Machinery are the only UK supplier of HARRY branded power garden products and would assume that were the HARRY brand resurrected, Farm and Garden Limited would be the supplier to bring it back to the marketplace.

Several of the letters are addressed to Paul Butterly at FGM Claymore, which has the same address as Farm and Garden Machinery.

### **Applicant's evidence in reply**

72. In response to the Proprietor's evidence in chief, the Applicant filed evidence in reply. This included a further witness statement from Carlo Soldavini, where he emphasises that Harry S.p.A. went into liquidation in 2005 and after that date until 2008, the Proprietor was selling old stock. He states that GT Trading S.r.l. (the supplier mentioned in paragraph 6 of the Proprietor's witness statement) was never the official owner of the HARRY brand and the company was making money on a brand that was not its own.
73. Carlo Soldavini also states that there is no evidence to support the Proprietor's statement (in paragraph 7 of Paul Butterly's witness statement) that its Irish sister company continued to offer and promote products in Ireland under the HARRY trade mark after 2008.
74. In response to the assertion in paragraph 8 of Paul Butterly's witness statement (regarding the Proprietor's long standing interest in the HARRY trade mark), Carlo Soldavini also states that Mr Butterly knew that in 2010 Fabien Thierry<sup>14</sup> registered the HARRY brand in France, and that Mr Butterly contacted Fabien Thierry to try to purchase the HARRY brand.
75. Carlo Soldavini contests as "*absolutely false*" the assertion(s) made in paragraph 9 of Paul Butterly's witness statement. Mr Soldavini states that he told Paul Butterly, during the visit to Ireland by Mr Soldavini and his son, of his having acquired the mark in France from Fabien Thierrey. This statement is an elaboration of his earlier evidence (as outlined in paragraph 45 of this decision) which refers only to purchasing and registering the HARRY trade mark (with no mention of where, or from whom). Mr Soldavini, in line with his earlier witness statement, says that during that visit that he offered Paul Butterly a range of lawn

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<sup>14</sup> As mentioned in Exhibit CS1 of the Applicant's evidence in chief.

mowers branded “HARRY” and that Mr Butterly had told Mr Soldavini that he was “*very interested in purchasing these products for Ireland, but not for UK.*”

76. Again with a degree of repetition, Mr Soldavini states that he then “*found distributors in Northern Ireland (Mr John McCormick) and in UK mainland (Trenchex).*” An exhibit, labelled as **Exhibit CS2** (not to be confused with the exhibit by the same label under the Applicant’s evidence in chief) is said to show “*copies of invoices of goods sold to them with the HARRY brand.*” The exhibit shows five pages which are in Italian but the document does appear to be an invoice and bears the date “04/03/2015”. The name of John McCormick, Importers & Distributors Ltd is clearly visible on each page, but the name of the Italian company appears to be MA.RI.NA Systems srl. The document shows only 9 references to products ‘HARRY’ named, all on the first page. The evidential value of this exhibit is very limited, but that the Applicant has UK distributors has not been challenged.
77. The witness statement repeats previous evidence that in November 2014 the parties met in Orlando and in Bologna. Mr Soldavini states that at the show he informed Mr Butterly that he “*had a discussion with other distributor in Ireland. Mr Butterly confirmed [...] again that he was not interested in the UK market. [The Applicant] was not ready to give him the distribution of the ‘Harry’ brand for Ireland.*” Mr Soldavini states that at the Bologna show Mr Butterly told him that “*he was ready to give [...] an order of 500 units to get the right to use the ‘Harry’ brand.*”
78. Mr Soldavini also states that Mr Butterly telephoned him a few days after the Bologna show (which ended on 16<sup>th</sup> November 2014) and told Mr Soldavini that “*the ‘Harry’ brand was deposited in Switzerland and not extended to other countries so he was in condition to use the ‘Harry’ brand in Europe.*”
79. The Applicant’s evidence in reply also includes a witness statement from John McCormick dated 8 April 2017. John McCormick has for seventeen years been a director of John McCormick, Importers & Distributors Limited, Northern Ireland. He states that:

- On August 2014, Carlo Soldavini of Green & Green S.A. appointed John McCormick, Importers & Distributors Limited as distributor of HARRY branded lawnmowers and garden equipment for the territory of Northern Ireland.

Mr McCormick then makes the following points, none of which I consider to be of any particular probative relevance in this decision.

- He has known Carlo Soldavini for 40 years and that he is the owner of Green & Green S.A. which he knows to sell HARRY branded lawnmowers.
- He has always believed and continues to believe that Green & Green S.A. is the owner of the HARRY brand and that all HARRY branded goods originate from Green & Green S.A.
- He does not associate any other company or individual with HARRY branded goods other than Green & Green S.A.

### **Proprietor's evidence in reply**

80. In response to the Applicant's evidence in reply, the Proprietor was permitted to file its own evidence in reply. That evidence in reply totalled 27 pages and included a further witness statement from Paul Butterly, this one dated 10<sup>th</sup> May in which he states that after the company HARRY filed for bankruptcy in 2005, "*my company*" – which in light of the exhibits below I take to mean Irish Farm & Garden Machinery – "*entered into discussions with an individual who was in the process of acquiring rights in the HARRY trade mark and business through a new company, GT Green Trading.*" **Exhibit PB1** (again not to be confused with the exhibit of that description under the Proprietor's evidence in chief) is said to be a copy of an email from a lawyer instructed by the Proprietor to initiate the discussions. Exhibit PB1 is a printout of an email dated 12 October 2006 from Francesco Bonaccorsi of an Italian law firm. The email has the subject line "IRISH FARM & GARDEN MACHINERY/HARRY". That email includes the following:

*"Dear Mr Butterly,*

*Further to your email yesterday, I got in touch with Vittorio Soldavini.*

*He fully agreed with me on the fact that, failure of a formal consent by the Public Receiver [...] appointed by the Court and the Judge in charge for the composition*

*with [sic] creditors proceedings [...] the Harry's brand might not [be] validly licensed to any third party.*

*From the talk I had with Mr Soldavini, I understood that he wish [sic] that GT-Green Trading S.r.l. acquires from the Harry's Public Receiver the rights concerning the Harry's brand and trade mark, and then licenses to you the relevant use for UK and Ireland.*

*Therefore, you can go ahead with preliminary negotiations regarding the financial and business issues involved by such a transaction, but you must be aware that, in any case, the license agreement shall be subject to the condition precedent of the lawful purchase by GT of a valid title of ownership on the Harry's brand and trade mark: which, at the present time, it is just a wish.*

*I also inform you that I have made a survey about GT at the companies Register of Milan.*

...

*It does not seem that Vittorio Soldavini is directly involved in GT ..."*

81. **Exhibit PB2 to Proprietor's evidence in reply** are said to be copies of emails exchanged in 2006 and 2007 between the Proprietor and Vittorio Soldavini, concerning the negotiations. The emails include one by Paul Butterly dated 10 October 2006, where he refers to the legal advice he received about the need for the court / receiver to consent to a labelling / licensing agreement. Vittorio Soldavini says that GT will provide "*all the documentation of the right to use the Harry label*" at the stage of signing the agreement. It is not clear whether that valid title was shown. Exhibit PB2 also includes an invoice issued to Irish Farm & Garden Machinery Ltd (sister company to the Proprietor) by GT Green Trading S.r.l. dated 20 April 2008 in the amount of just over 4,400 Euros, in respect of "labels application in Irish Farm". The context of the emails shown in that Exhibit make it likely that those labels are for HARRY. Exhibit PB2 refers only to Ireland, not the UK.

82. **Exhibit PB3 to Proprietor's evidence in reply** are invoices from June 2014 to July 2015 to various companies in Ireland, from Irish Farm & Garden Machinery Limited. The witness statement states that these evidence the Proprietor's company selling products branded HARRY after 2008. Seven invoices are

evidenced in amounts from around 700 Euros to around 3,300 Euros. Only some of the items in the invoices are identifiable as HARRY products.

83. Paul Butterly denies any knowledge of Fabien Thierry before the mention of his name in the witness statement of Carlo Soldavini.
84. Paul Butterly confirms that he dined with Carlo Soldavini in Ireland and states that *“he did indicate that he had bought the HARRY brand but did not give me any specific details although I did ask questions as to the origin of the purchase. It is also correct to say that I did say that I was interested in HARRY lawnmowers for Ireland. This was due to the fact that my company has long been associated with garden equipment sold under and by reference to the trade mark HARRY in Ireland and the UK. I was given no information concerning any registered rights he may have acquired at the time.”*
85. Paul Butterly also accepts that Mr Soldavini did appoint John McCormick as the distributor in Northern Ireland. Mr Butterly states that when Mr Soldavini left HARRY in 1993/1994 he formed Green & Green S.A., which from that point became a competitor of HARRY and at that time had no involvement with the HARRY brand. Mr Butterly states that when the HARRY company went into bankruptcy in 2005, Mr McCormick continued to purchase HARRY branded products from Mr Butterly.
86. That completes the evidence summary. Before I present my analysis of the above evidence and give my decision on the section 3(6) ground, I first set out the relevant legal principles on bad faith.

## Legal principles on bad faith

87. There is no definition of bad faith under section 3(6) of the Act or in the case law, but there are some key considerations that need to be taken into account when deciding a bad faith case. These were helpfully summarised by Arnold J in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch)). The main considerations are as follows:

- Bad faith should be assessed at the date of filing the contested application.<sup>15</sup>
- Later evidence may however potentially be relevant if it helps to elucidate the position as it was at the application date<sup>16</sup>
- 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.<sup>17</sup>
- Bad faith includes dishonesty and “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined.”<sup>18</sup>
- Section 3(6) of the 1994 Act, and comparable provisions under EU legislation, are intended to prevent abuse of the trade mark system.<sup>19</sup> 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.<sup>20</sup>

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<sup>15</sup> Case C- 529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35]

<sup>16</sup> 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]

<sup>17</sup> 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].

<sup>18</sup> 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].

<sup>19</sup> 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].

<sup>20</sup> see *Cipriani* at [185].

- 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.<sup>21</sup>
- 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.<sup>22</sup>
- Eighthly, consideration must be given to the applicant's intention. Arnold J refers<sup>23</sup> to the statements of the CJEU<sup>24</sup> 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.*

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<sup>21</sup> see *Lindt v Hauswirth* at [37]

<sup>22</sup> 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].

<sup>23</sup> See paragraph 138 Red Bull.

<sup>24</sup> The Court of Justice of the European Union

*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)."*

88. In *Malaysia Dairy Industries Pte Ltd v Ankenævnet for Patenter og Varemærker* Case C-320/12, the CJEU held that merely knowing that a trade mark was in use by another in another jurisdiction did not amount to bad faith under Article 4(4)(g) of the Directive (equivalent to section 3(6) of the Act). The court found that:

*"2. Article 4(4)(g) of Directive 2008/95 must be interpreted as meaning that, in order to permit the conclusion that the person making the application for registration of a trade mark is acting in bad faith within the meaning of that provision, it is necessary to take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration. The fact that the person making that application knows or should know that a third party is using a mark abroad at the time of filing his application which is liable to be confused with the mark whose registration has been applied for is not sufficient, in itself, to permit the conclusion that the person making that application is acting in bad faith within the meaning of that provision.*

*3. Article 4(4)(g) of Directive 2008/95 must be interpreted as meaning that it does not allow Member States to introduce a system of specific protection of foreign marks which differs from the system established by that provision and which is based on the fact that the person making the application for registration of a mark knew or should have known of a foreign mark."*

89. In *Daawat Trade Mark* [2003] RPC 11, Mr Geoffrey Hobbs QC, as the Appointed Person, upheld a decision to invalidate a registration under s.47 and s.3(6) of the Act. He did so on the basis that it had been established that the application for registration was:

- made in the knowledge of the applicant's trade in identical goods under an identical mark in other markets, and
- motivated by a desire to pre-empt the applicant's entry into the UK market in order to secure a commercial advantage in negotiations with the trade mark holder.

90. By contrast, in *Wright v Dell Enterprises Inc.* (HOGS AND HEFFERS), BL O/580/16, Professor Ruth Annand, as the Appointed Person, upheld the registrar's decision to reject an opposition on the ground that the applicant had copied a trade mark with a reputation in the USA (but not in the UK) and applied to register it in relation to the same services. Professor Annand ruled that, given the territorial nature of intellectual property rights, the mere appropriation of a name registered/used abroad was not enough under UK law: there must be something else involved before this can justify a finding of bad faith.

91. In *R82 A/S v ATO Form GmbH*, [2006] ETMR 8, OHIM declared a number of CTMs (now EUTMs) to be invalid on the basis that they had been filed in bad faith by an agent of the true proprietor. The Cancellation Division stated:

*"27 In view of the above, and in the absence of any evidence to the contrary, the Office cannot but conclude that the CTM proprietor acted in bad faith when it filed the applications for all six CTMs. Indeed, having distributed the applicant's products in Germany, albeit through a different legal entity, the CTM proprietor knew perfectly well that the trade marks of the applicant did not belong to it. By filing trade mark applications for these marks the CTM proprietor acted in bad faith within the meaning of Art.51(1)(b) CTMR."*

## Decision on the bad faith claim

92. In order to determine whether the conduct of the Proprietor, in applying to register its UK mark, was dishonest, or otherwise fell short of the standards of acceptable commercial behaviour judged by ordinary standards of honest people, my analysis of the chain of events and exchanges extensively documented above may, in the first instance, focus in particular on what the Proprietor knew about the matters in question. It will also be relevant to try to discern what the Proprietor intended when it registered its mark on 27 November 2014.

1. **Firstly, I find that the evidence shows that when it applied to register its UK trade mark, the Proprietor knew that the Applicant had acquired the HARRY trade mark.** The Proprietor acknowledges that, as from their dinner meeting on 12 - 13 August 2014, he knew that the Applicant had bought the HARRY brand, but denies that the Applicant gave specific details of any registered rights he may have acquired at the time. At that point in time the Applicant owned only the mark in France and an application in Switzerland.

93. Mr Soldavini states that Mr Butterly telephoned him a few days after the Bologna show (which ended on 16<sup>th</sup> November 2014) and told Mr Soldavini that “*the ‘Harry’ brand was deposited in Switzerland and not extended to other countries so he was in condition to use the ‘Harry’ brand in Europe.*” In its evidence in reply the Proprietor does not deny that it made that statement. In fact the content of the statement attributed to the Proprietor appears to be inaccurate as it makes no mention of the registration in France and, more significantly, does not identify that on 8 October 2014 the Proprietor had deployed its protection for the HARRY mark in Switzerland as the basis for an international trade mark designating the EU. At that stage the Applicant therefore had prima facie rights over the HARRY trade mark in the UK.

94. It is not clear what the Proprietor accurately knew of the detail of the Applicant’s rights over the mark, but at a minimum, by its own admission, the Proprietor knew that the Applicant had acquired some rights over the mark. Indeed, that basic fact served as the foundation for the negotiations between the parties as they

discussed potential distribution arrangements for HARRY products, in the UK and / or Ireland.

95. **Secondly, therefore, I find that the evidence shows that the Proprietor knew that the Proprietor had an active interest in entering the UK and Ireland markets.** After some initial elements of equivocation by both parties,<sup>25</sup> the evidence shows that the Applicant appointed a UK distributor. As is seen from Extract E from Carlo Soldavini's first witness statement, by 14-15 November 2014, the Proprietor was made aware at *the EIMA show in Bologna* that the Applicant had *decided to appoint John McCormick as its distributor in Northern Ireland*. This was received as disappointing news by the Proprietor as it had wanted the right to promote HARRY in the UK. The Proprietor was not ready to pay any royalty to use the HARRY brand, but offered to place a significant order for HARRY goods, which offer was rejected. The Applicant confirmed its decision as to its UK distributor in a telephone call on 24<sup>th</sup> or 25<sup>th</sup> November 2014.
96. On 27 November 2014, just a few days after the reported date of the latter telephone call, the Proprietor applied to register HARRY as a trade mark in the UK. I find that timing to be significant when I consider what may have motivated the Proprietor to register its mark. The Applicant's submissions in lieu of a hearing included the following points:

*"It is obvious that Mr Butterly was clearly very aggrieved that Mr Soldavini did not appoint the Proprietor as a distributor of HARRY branded products in the United Kingdom and that Mr Soldavini had instead appointed Mr John McCormick of John McCormick Importers and Distributors Ltd.*

....

*It is submitted that in order to prevent the Applicant from using its HARRY brand in the United Kingdom, the sole purpose of the Proprietor's action was to prevent the Applicant from being able to sell its HARRY branded products in the United Kingdom. The action of the Proprietor in filing UK TM No. 00003083440 is*

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<sup>25</sup> For example, at Extract D, where, at their meeting in the USA on 5-6 November 2014, Carlo Soldavini states he is *"not sure what it would do with the HARRY brand."*

*indicative of the dishonest intention that the Proprietor had at the time of filing. Such an action was a breach of honest commercial and business practices.”*

97. I broadly agree with those submissions. Bad faith applications commonly involve an absence of an intention to use the mark as a trade mark in relation to the relevant goods or services that form the basis of the application. That is not the case here since there is ample evidence that the Proprietor wished to resume in some degree its historical dealings with HARRY branded products, and even some limited evidence that the Proprietor has actually used the mark on goods produced by OCHIAI. It is in that context that I agree with the Applicant’s submission that the purpose of the Proprietor’s action was to prevent the Applicant from being able to sell its HARRY branded products in the United Kingdom.

**98. I consider that a finding of bad faith in this case is justified by the facts that when it applied to register its UK mark, the Proprietor knew firstly that the Applicant had trade mark rights in the HARRY brand, and secondly that the Applicant had appointed a UK distributor for the relevant goods.**

99. In defending the claim of bad faith, the Proprietor has presented evidence that it claims shows that the Proprietor has long had entitlement to rights in the HARRY trade mark. The Applicant’s submissions on that point include the following:

*“Mr Butterly claims that the Proprietor has been responsible for building up reputation and goodwill of the HARRY brand in the United Kingdom.*

*The evidence adduced by the Proprietor merely shows that it supplied HARRY branded products in the United Kingdom. None of the evidence adduced by the Proprietor proves that it is the source of HARRY branded goods.*

...

*While Mr Butterly exhibits a number of testimonials from various customers of the Proprietor, all these testimonials show is that the Proprietor may be associated with supplying HARRY branded goods. At best, the testimonials may show that Farm and Garden Machinery has established a reputation for supplying HARRY branded*

*products in the United Kingdom. The testimonials certainly do not prove that the Proprietor has generated business goodwill under the HARRY brand itself.*

*While I maintain that the Proprietor has failed to adduce sufficient evidence to demonstrate that it has established a reputation in the United Kingdom under the HARRY brand, even if it did, this would still not be enough to establish that it has built up the necessary goodwill in the United Kingdom.*

....

*Mr Butterly claims that his company generated goodwill and reputation in the trade mark HARRY, yet exhibits no evidence to support this assertion. It is to be noted that the Proprietor needs to show goodwill in the United Kingdom. Goodwill and reputation in Ireland, if any, is irrelevant for the purposes of these proceedings.*

*... Mr Butterly again refers to his company continuing to offer and promote HARRY branded goods in Ireland from 2008 to date. Notwithstanding that no evidence has been exhibited or separately adduced to support this assertion, evidence of sales in Ireland is irrelevant for the purposes of these proceedings to the extent that it would not show that Farm and Garden Machinery Limited ("the Proprietor") had generated the necessary goodwill in the United Kingdom.*

*... Mr Butterly claims that his company always had an interest in purchasing the HARRY brand, yet he fails to exhibit or adduce any evidence to support this assertion."*

100. I do not find that the evidence submitted by the Proprietor in any way diverts me from my decision as to bad faith in this case, which is that based on the two points of knowledge in paragraph 98 above, the conduct of the Proprietor in applying to register its UK trade mark falls short of the stipulated standards of acceptable commercial behaviour.

## **Outcome**

101. UK trade mark under registration number 3083440 is therefore declared invalid in its entirety and is deemed never to have been made.<sup>26</sup>

## **Costs**

102. The Applicant has been successful in its application for a declaration of invalidity. and is entitled to a contribution towards its costs, based upon the scale published in Tribunal Practice Notice 2/2016. The award breakdown is as follows:

Official fee for Form TM26(I)	£200
Preparing a statement and considering the other side's counterstatement	£200
Preparation of evidence and considering and commenting on the other side's evidence	£1000
Preparation of submissions in lieu of oral hearing	£300
<b>Total</b>	<b>£1700</b>

103. I order Farm and Garden Machinery Limited to pay Green & Green S.A. the sum of £1700 (one thousand seven hundred pounds) which, in the absence of an appeal, should be paid within fourteen days of the expiry of the appeal period.

**Dated this 6<sup>th</sup> day of September 2017**

Matthew Williams

**For the Registrar,  
the Comptroller-General**

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<sup>26</sup> In accordance with the provisions of section 47(6) of the Act.