

IN THE MATTER OF THE TRADE MARKS ACT 1994

**AND IN THE MATTER OF TRADE MARK APPLICATION NO. 2583035
NEW YORK FAIR & LOVELY
IN THE NAME OF TECHNOPHARMA LTD**

**AND IN THE MATTER OF OPPOSITION NO. 102865
JOINTLY BY UNILEVER PLC AND UNILEVER NV**

**AND IN THE MATTER OF TRADE MARK APPLICATION NO. 2346305
FAIR & LOVELY & DEVICE
IN THE NAME OF UNILEVER PLC**

AND IN THE MATTER OF OPPOSITION NO. 92847 BY TECHNOPHARMA LTD.

**APPEAL BY TECHNOPHARMA LTD
FROM THE DECISION OF
MR DAVID LANDAU DATED 7 NOVEMBER 2013**

DECISION

1. This is an appeal from a decision of Mr David Landau on behalf of the Registrar, number BL O/448/13, in relation to cross-oppositions. First, he upheld the opposition to the trade mark application in the name of Technopharma Ltd which had been brought by Unilever Plc and NV (together "Unilever") on the basis of section 3(6) of the Act. Secondly, he held that if he had been wrong to do that, and Technopharma's application should have proceeded to registration, he would have upheld its opposition to Unilever's trade mark application on the basis of s 5(2)(b).
2. Technopharma appeals the finding under section 3(6) but there was no cross-appeal by Unilever of the second part of Mr. Landau's decision in case Technopharma's appeal succeeded. For the reasons given below, I will allow Technopharma's appeal. Its Mark may be registered and its opposition to Unilever's trade mark application succeeds.

Background

3. The background to this appeal is long and somewhat convoluted. The main points are as follows:

- a. Unilever and its associated companies have sold skin lightening products for many years under the name 'FAIR & LOVELY'. The brand was launched in India in 1978 and sold by Unilever's Indian subsidiary Hindustan Lever. It has since been sold in a number of other jurisdictions such as Sri Lanka, Malaysia and Kenya. The closest market geographically to the UK and EU appears to have been Turkey.
- b. No products were sold under any form of the FAIR & LOVELY mark in the UK until 2003, nor, so far as I am aware, elsewhere in the Community.
- c. Unilever has sought to protect the Fair & Lovely name by trade mark registrations for Class 3 goods in a number of jurisdictions worldwide, but not in North America, and with apparently limited success in the UK and EU. For example, in July 1983 it applied to register ELIDA FAIR & LOVELY as a UK word mark and the registration succeeded on the basis that it did not confer any right to the exclusive use of the words 'Fair & Lovely'. Similarly, on 29 April 1988, Unilever applied to register as a UK mark the device shown below, but the registration proceeded only on the basis that it gave no right to the exclusive use of the words 'Fair & Lovely' or the heads device. The mark is still registered under no. 1343101.



So far as I am aware, those were the only UK registrations which predated the relevant date for the purposes of these proceedings. Neither of them was relied upon as a basis of the opposition.

- d. Unilever however registered 'FAIR & LOVELY' as a word mark in the Benelux; that mark was filed in 1993, and the same mark was filed in Italy in 1998 and was registered in 2001.
- e. On 22 November 2002, Technopharma applied to register a trade mark in the USA. The Mark was for the words NEW YORK FAIR & LOVELY.
- f. On 28 November 2002 Technopharma applied to register the same mark as a Community Trade Mark for goods in Classes 3 and 5.

- g. The CTM application was opposed by Unilever NV, in reliance upon its earlier Italian and Benelux trade marks. Unilever was put to proof of use of its Benelux mark. Evidence was filed, but no genuine use of the mark was found. However, the Opposition Division decided that there was a likelihood of confusion with the Italian mark (which was not subject to proof of use), and that decision was upheld on appeal to the Second Board of Appeal (R 510/2010-2). The Board of Appeal's decision was only handed down on 26 October 2010, nearly 8 years after Technopharma filed its CTM application.
- h. Technopharma therefore applied to convert its CTM application into a number of national applications, *inter alia* for the UK and the Benelux.
- i. Between the relevant date in 2002 and the application to convert the CTM application, Unilever had applied for and been granted a number of other 'FAIR & LOVELY' trade marks in the UK, most of which were filed in October 2003. These include a word mark No. 2345139, 'FAIR & LOVELY' which was filed on 7 October 2003 and registered on 14 November 2008. The Hearing Officer found that Unilever also started to import FAIR & LOVELY products into the UK in 2003.
- j. Unilever also made application number 2346305 on 11 October 2003 for the device mark set out below, for a range of goods in Class 3:



- k. Technopharma opposed that application, basing its opposition on s 5(2)(b) of the Act and citing its CTM application for NEW YORK FAIR & LOVELY as the earlier mark relied upon.
- l. The converted UK application for NEW YORK FAIR & LOVELY ("the Mark") was published on 7 October 2011.
- m. Unilever opposed Technopharma's UK application. As already explained, it had no registered trade mark rights which took priority to Technopharma's application, save

for registrations which gave no right to the exclusive use of the words 'Fair & Lovely,' so its opposition was based upon

- i. sub-section 5(4)(a) of the Act, on the basis that Unilever would at the relevant date (28 November 2002) have been entitled to prevent use of the Mark by Technopharma by virtue of the law of passing off;
 - ii. sub-section 5(2)(b), upon the basis that 'FAIR & LOVELY' was a well-known mark belonging to Unilever; and
 - iii. sub-section 3(6), upon the basis that Technopharma had applied to register the Mark in bad faith.
- n. It is worth noting at this stage a number of points which arise out of the parties' statements of case:
- i. In its TM7, Unilever claimed that the Mark was "closely similar to FAIR & LOVELY, containing indeed the whole of that mark and adding only the non-distinctive geographic identifier, New York."
 - ii. As to bad faith, Unilever pleaded:
 - "7. ... The Opponents' FAIR & LOVELY brand is, and as of the Applicant's Filing Date was, an (if not the) international market leader in the field of skin lightening products and preparations. As indicated by *inter alia* packaging samples filed by the Applicant before the United States Patent and Trade Mark Office ... the goods of interest to the Applicant are also skin lightening products and preparations. The aforementioned samples show the NEW YORK FAIR & LOVELY mark in use on packaging that imitates the soft pink and white colour scheme of the Opponents' FAIR & LOVELY product; which presents the words FAIR & LOVELY in a stylised cursive script reminiscent of that of the Opponents; and which emphasises and separates out the words FAIR & LOVELY from NEW YORK, even to the extent of referring to the product as "FAIR & LOVELY N.Y." The overall effect created is that of a deliberate attempt to mimic the trade dress of the Opponents' FAIR & LOVELY products and to play down and minimise the impact of the words NEW YORK as part of a calculated effort to pass off the Applicant's goods as the Opponents' FAIR & LOVELY brand.

8. The market in skin lightening products and preparations is a niche one and it is highly implausible that the Applicant would have been unaware of the Opponents' FAIR & LOVELY brand when it adopted and applied for the Opposed Mark. The Applicant's conduct in use of the Opposed Mark, however, puts such awareness beyond a shadow of a doubt and demonstrates moreover that the Applicant not only knew of the Opponents' FAIR & LOVELY brand when the Application was filed, but that it deliberately sought to obtain a legal monopoly in a mark whose use it intended to manipulate in order to lure in consumers familiar with the Opponents' product and trade dress, thereby profiting from the Opponents' substantial international reputation and consumer confusion. ...”

o. By an amendment to the TM7, Unilever also alleged that Technopharma had no *bona fide* intention to use the Mark either when the CTM application was filed or when the application was made to convert it to a UK mark.

p. In defence to the bad faith allegation, Technopharma pleaded:

“15. While it is admitted that the applicant is in the business of supplying skin lightening products, it is totally denied that use of soft pink or white, which are the customer's desired skin colour, constitutes in any way an imitation. The Applicant totally denies that the Opponents, [.. have] rights to ... the words FAIR & LOVELY, which is a description generally associated with the desired skin type and appearance in question which skin lightening creams are intended to create.

16. The Applicant totally denies any attempt to trade on the Opponents' international reputation in any manner that is unlawful. The Applicant maintains its right to fair and free competition and objects to large corporations claiming ownership of totally descriptive terms, ...”

q. Both parties filed evidence and after some procedural delays a hearing took place before Mr Landau on 10 October 2013. Ms Fox appeared for Unilever, and Mr Buehrlein for Technopharma. An order had been made for the attendance of two witnesses for cross-examination. Mr Farah, a director of Technopharma attended

and was cross-examined, but Mr Gray, a professional investigator who had carried out some inquiries for Unilever, did not attend.

- r. Mr Landau's written decision was dated 7 November 2013. Within the 28 day period for appealing, Technopharma sought an extension of time to lodge an appeal. The IPO's preliminary view was that it would give the extension sought. Unilever objected. Technopharma filed its Form TM55 on 3 January 2014. Unilever maintained its objection to the extension of time and that led to a hearing on 18 February before Mr C J Bowen, who confirmed the extension of time. Unilever appealed his decision and that appeal was heard and dismissed by Mr Geoffrey Hobbs QC on 30 May 2014.
- s. The parties were represented as before for the hearing of the substantive appeal, and I am grateful to their representatives for their submissions and for the additional written submissions which they provided at my invitation after the hearing.

The decision below

4. Mr Landau produced a 38 page decision, the first 30 pages of which dealt with Unilever's opposition to the registration of the Mark. He set out the parties' rival contentions in some detail and I do not think that any point arises out of his preliminary analysis of the position. He then considered the evidence filed on both sides, again in some detail.
5. It is necessary to explain how it was that the Hearing Officer came to reject the opposition based upon sub-sections 5(4)(a) and 5(2)(b), as his findings in that regard are in my judgment relevant to his finding on sub-section 3(6).
6. The Hearing Officer's first finding was that Unilever's opposition must fail in so far as it was based upon section 5(4)(a). He came to that conclusion because Unilever's evidence was that its first use of the FAIR & LOVELY mark in the UK took place in 2003, after the relevant date. He did not find that any of the evidence before him showed that Unilever had a business in the UK under the FAIR & LOVELY mark before 2003, or had advertised its FAIR & LOVELY mark in the UK before then, and so he concluded that it had not established that it had any goodwill before the relevant date upon which to found its s 5(4) objection. However, the evidence did establish "a significant reputation" in India by the material date.

7. The Hearing Officer then considered the opposition based upon the claim that FAIR & LOVELY was a well-known trade mark. Having considered the law on the point, he said:

“64) The evidence shows that the trade mark FAIR & LOVELY of Hindustan Lever Limited/Hindustan Unilever Limited had a reputation in India as of 28 November 2002 for skin lightening preparations. As noted above there is nothing to suggest that there was any advertising of the products on television channels based in the United Kingdom which were catering for persons with an ethnic origin from the Indian subcontinent, at the material date. As mentioned above, Ms Fox tried to extrapolate from [an exhibit] that the trade mark was well-known at the material date; an extrapolation that is not accepted.

65) It is accepted that there is a large community in the United Kingdom with ethnic origins in the Indian sub-continent. However, this will include persons with their origins in Pakistan, Bangladesh and Sri Lanka, not just India. The potential groups of persons who may wish to use skin lightening creams is very wide, as indicated to some extent in the invoices from Hindustan Lever. The groups will include those with ethnic origins in the Far East, the Middle East, Africa at large, South America and the Caribbean and people from the Roma community. *Ms Fox expected it to be accepted that people from the Indian community return to India and so will be aware of products that have a reputation there. There is no evidence as to the frequency of return, this is a bald statement and certainly not something that can be taken on the basis of judicial notice.*

66) As Mr Buehrlen submitted that it can be inferred that, in order to support their case of owning a well-known trade mark, [Unilever] would have conducted a search of articles in the print media or on the Internet. If such a search had not been conducted it is difficult to see how the articles exhibited at SFB4 and SFB5 would have been discovered. The latter exhibit is from an article posted on a website for students in Manchester on 24 October 2005 in relation to skin lightening creams; where reference is made to FAIR & LOVELY and what the writer considers a highly offensive advertisement in relation to it. An extensive search for matter relating to Technopharma’s product was also made by Cerberus Investigations Limited. Despite all of the resources of [Unilever] it has not managed to adduce any references to the FAIR & LOVELY product from the United Kingdom prior to 28 November 2002. In 2002 social media were not flourishing, however, the Internet was mature and so if

FAIR & LOVELY were well-known in the United Kingdom it could be expected to see references to it in United Kingdom media. Cerberus conducted investigations using special databases to trace references to Technopharma's products; [Unilever] would equally have had access to such databases. If the trade mark was well-known in the United Kingdom one would expect evidence showing references to it in the United Kingdom.

67) There is no evidence from which the conclusion can be drawn that FAIR & LOVELY was a well-known trade mark in the United Kingdom by reference to either the trade or the relevant public at the material date. *It cannot be inferred that the trade mark was well-known at the material date to even those from the ethnic Indian community; which only represents part of the potential customer base in the United Kingdom for skin lightening products. (... The average consumer of skin lightening products is not formed by just persons of an Indian ethnic origin, as noted above.)*"

I have emphasised in italics certain parts of those paragraphs to which I shall refer later in this decision.

8. The Hearing Officer concluded that Unilever had failed to establish that as of 28 November 2002 FAIR & LOVELY was a well-known trade mark for skin lightening or any other products in the United Kingdom. The opposition therefore failed upon that basis also.

9. The Hearing Officer then turned to bad faith. Having considered the law, he dealt with the evidence as to bad faith and in particular the evidence given by Mr Farah. Mr Landau took the view that Mr Farah was an unreliable witness. He explained why that was so in paragraphs [71-77] of his decision:

"71) Mr Farah was cross-examined. He was asked about his knowledge of the FAIR & LOVELY brand:

"Q. Did you know about it in 2002 when this application was filed?

A. I don't recollect precisely knowing about it the same way that I do today, but I was probably aware of it; yes."

Mr Farah then appeared to resile from this position:

“A. I stated that I may have been aware about the mark **FAIR & LOVELY** or I may have heard of it but I don't recollect with distinction today whether I knew about it or not.”

He then pulled what might be described as a rabbit out of the hat:

“Whilst we were defending it and spending a lot of money defending it, our licensor was paralleling the product into the United States. So, on one occasion, after we had been in court and I was walking with my associate on Broadway, we saw a store selling leather goods called NEW YORK FAIR & LOVELY. We joked it. We said, "Wouldn't that be funny if we actually" ----“

This explanation for the name had not been put forward before. If this were the reason for the genesis of the trade mark, it would be expected that this would have been put forward in the pleadings and/or evidence of Technopharma. It was not. Even if there is such a store in New York, this does not mean that this gave birth to the trade mark in the mind of Mr Farah. The rabbit pulling appears to be an attempt to further resile from the first position; knowledge of the trade mark FAIR & LOVELY.

72) Technopharma has given 3 different dates of first use of the trade mark outside of the United States. Mr Buehrlen submitted that the date given to the USPTO was not by Mr Farah but by a lawyer acting for Technopharma and so this could be the cause of the discrepancy. It is to be assumed that the lawyer will have been acting upon the direct instruction of Technopharma; he would not have been pulling a date out of the air.

...

75) The claims of Mr Farah in relation to use in the United Kingdom, which have a complete lack of substantiation, sit ill at ease with his statements regarding the primary market of Technopharma, African Americans. As the primary market is for African Americans, it seems odd that, according to Mr Farah and the evidence to the USPTO, the first use in the United Kingdom was in mid 2001 and the first use in the United States of America was not until 30 November 2005. It is also to be taken into account that Technopharma advised the USPTO that the first use anywhere was 1 December 2003; two years after the date claimed in Mr Farah's statement; although, Mr Farah also stated that sales commenced in December 2002.

76) Taking into account these various inconsistencies both in his evidence and in his cross-examination and the rabbit out of a hat, the evidence of Mr Farah must be viewed with a good deal of circumspection.

77) Taking these factors into account, it is held that at the date of the filing of Technopharma's application, Mr Farah, who is a controlling mind of Technopharma, knew of the use of FAIR & LOVELY by Hindustan Unilever Limited/Hindustan Lever in relation to skin lightening creams and, taking into account his long experience and expertise in the field, if with African Americans, he knew that it was a highly successful brand in India."

10. The Hearing Officer considered Unilever's submissions that the application had been filed to block it from the market and with the intention of getting some kind of financial gain from it by way of a settlement. He found that this was not Unilever's pleaded case, nor was there any evidence to support the attack on that basis. He therefore rejected this claim.

11. At paragraph [79] he considered the two pleaded elements of the bad faith claim, (1) that Technopharma had no intention to use the Mark or (2) that it wished to 'lure in' Unilever's customers and profit from its reputation.

12. At paragraph [82] he dealt with the evidence as to whether Technopharma had intended to use the Mark, saying:

"82 ... The lack of intention to use in this case does not turn upon section 32(3) of the Act but on the claim that this was a blocking action to stop the use of the trade mark of [Unilever]. The absence of use cannot be seen as an equivalent to an absence of an intention to use. It is often commercially prudent to await the registration of a trade mark before it is used. Although in this case Mr Farah has claimed to have used the trade mark but not substantiated the claim."

13. He went on to reject the claim that the Mark had been registered in bad faith because it was intended to block Unilever's use of the FAIR & LOVELY brand:

"83) The claim that the application was made without an intention to use is in conflict with the claim that the application was made to trade off the reputation of [Unilever]. [Unilever is] arguing two conflicting cases; one based on an intention to use and one based on a lack of intention to use.

84) Although [Unilever] have established that Technopharma has not used its trade mark, they have not established that there was no intention to use at the date of the

filing of the application, which is the basis of the claim that the application was made as a blocking action to [Unilever].”

14. That left the argument that Technopharma had registered the Mark with a view to taking advantage of Unilever’s FAIR & LOVELY brand. The Hearing Officer’s views on this point were set out in paragraphs 80-81 and 85-87; again, I have emphasised by italics the parts of these passages relevant to the appeal:

80) Plc and NV have made claims in relation to the get-up of the packaging of the products of Technopharma. Neither the colours nor the fonts used in the examples of packaging of Technopharma are identical to the get-up of the products which have been shown in the exhibits of Plc and NV. The get-up emphasises the New York association with images evoking the city. *The respective get-ups would not induce the average consumers to make even an association between the products.* Ms Fox considered that there is significance that in the small print of some of the packaging exhibited at AG5 that there is use of Fair & Lovely NY and NY Fair & Lovely; that this is indicative of the intentions of Technopharma. Mr Buehrlen’s view of the matter that this form of use is simply an effect of the limited space that was available on the side of the packaging. Mr Buehrlen’s view is the more reasonable; a great deal of significance cannot be derived from this use on the side of packaging.

81) Mr Farah knew of the use of FAIR & LOVELY by Hindustan Unilever Limited for skin lightening products in India at the time of making the application. Owing to Mr Farah’s experience in skin lightening products, he would have known of the success of the products in India and of their exports to other countries. However, as the CJEU has stated¹

“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.”

...

“85) *Technopharma knew of the use of Hindustan’s trade mark in India. Owing to Mr Farah’s experience in the field, it is likely that Technopharma knew of the sales*

¹ Here the Hearing Officer was citing Case C-320/12, *Malaysia Dairy* [2013] ETMR 36, at [37]

outside of India. Plc and NV have not established that at 28 November 2002 Plc/NV/Hindustan Unilever Ltd's trade mark was well-known in the United Kingdom. However, owing to the substantial size of those with an ethnic origin from India living in the United Kingdom, it is reasonable to infer that a part of this particular population would be aware of the trade mark's use in India, that part which returned to India sometimes. More importantly it is reasonable to infer that Technopharma considered members of this community in the United Kingdom would know of the trade mark, whether this was the case or not. As Mr Farah, in his second statement, states that he accepts that the words FAIR & LOVELY are non-distinctive for the products; it is difficult to understand why he would choose such words if they did not have some other significance. If the words FAIR & LOVELY are non-distinctive, the addition of NEW YORK is not going to create a memorable trade mark. The intention of Technopharma was to trade off the reputation of the Plc/NV/Hindustan Unilever Ltd trade mark on the basis that part of the target population would know of the FAIR & LOVELY brand in India.

86) The state of knowledge of Technopharma as of 28 November 2002 has been established. It has been decided that Technopharma wanted to trade off the presumed knowledge of the Plc/NV/Hindustan Unilever Ltd trade mark in the United Kingdom. This was not a matter of a business deciding entirely independently that it is going to register a trade mark and then finding out that someone else is interested in the trade mark. *It is a business trying to benefit from the reputation of another business that it perceives will exist in the United Kingdom. This falls short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined.*

87) *It is noted that the trade mark is NEW YORK FAIR & LOVELY and not FAIR & LOVELY but owing to the fame of New York, the attention of the average consumer is going to fall on the second element and it is considered that this is what Technopharma expected and, indeed, hoped.* It is also noted that the specification is not limited to skin lightening products. However, taking into account the proximity of the other goods to such cosmetic products and the tendency for product expansion under cosmetic brands; nothing turns upon this. The application was made in bad faith."

Basis of the appeal

15. The Grounds of Appeal complained in essence about the following points in the decision below:

- a) The Hearing Officer had been unfair to Mr Farah in describing his oral explanation for the choice of the Mark as a rabbit pulled out of a hat because
 - i. the transcript showed that Mr Farah gave a rather more comprehensive explanation than appears from the passage quoted in paragraph 71 of the decision; and
 - ii. Technopharma had not believed that it was necessary to give an explanation for the choice of the name, because the allegation of bad faith was essentially founded upon the alleged attempt to mimic Unilever's trade dress, something which could be dealt with by examination of the documents.
- b) The Hearing Officer had not taken into account the defence that the words 'Fair & Lovely' were descriptive, so that the differences between the marks showed there was no bad faith in the choice of Technopharma's Mark;
- c) The Hearing Officer had not taken into account the different markets targeted by the parties.
- d) The Hearing Officer had wrongly been influenced by the decision in *Beautimatic International Limited v Mitchell*.
- e) The Hearing Officer was wrong to find that the Mark had been applied for in bad faith, and did so in particular by drawing inferences which were not open to him on the evidence and which were inconsistent with his own findings.

16. Unilever did not file a Respondent's Notice, so that the only points for decision on the appeal are those raised in Technopharma's Grounds of Appeal, and as I have explained above, those related only to the finding of bad faith based upon an intention to take advantage of the reputation of Unilever's FAIR & LOVELY mark.

Standard of appeal

17. It was common ground between the parties that this appeal is by way of review, not a rehearing. *Reef Trade Mark* [2003] RPC 5 ("*Reef*") and *BUD Trade Mark* [2003] RPC 25 ("*BUD*") show that neither surprise at a Hearing Officer's conclusion, nor a belief that he has reached the wrong decision, suffice to justify interference in this sort of appeal. Instead, I

need to be satisfied that there is a distinct and material error of principle in the decision in question or that the Hearing Officer was clearly wrong; as Robert Walker LJ (as he then was) said at [28] in *Reef*:

“...an appellate court should in my view show a real reluctance, but not the very highest degree of reluctance to interfere in the absence of a distinct and material error of principle.”

18. More recently, in *Fine & Country Ltd v Okotoks Ltd* [2013] EWCA Civ 672; [2014] F.S.R. 11 and in *Fage UK Ltd v Chobani UK Ltd*, [2014] EWCA Civ 5, [2014] F.S.R. 29, Lewison LJ has emphasised the limits to the appellate function:

“114 Appellate courts have been repeatedly warned, by recent cases at the highest level, not to interfere with findings of fact by trial judges, unless compelled to do so. This applies not only to findings of primary fact, but also to the evaluation of those facts and to inferences to be drawn from them. The best known of these cases are: *Biogen Inc v Medeva Plc* [1997] R.P.C. 1; *Piglowska v Piglowski* [1999] 1 W.L.R. 1360; *Datec Electronics Holdings Ltd v United Parcels Service Ltd* [2007] UKHL 23; [2007] 1 W.L.R. 1325; *Re B (A Child) (Care Proceedings)* [2013] UKSC 33; [2013] 1 W.L.R. 1911 and most recently and comprehensively *McGraddie v McGraddie* [2013] UKSC 58; [2013] 1 W.L.R. 2477. These are all decisions either of the House of Lords or of the Supreme Court. The reasons for this approach are many. They include

- i. The expertise of a trial judge is in determining what facts are relevant to the legal issues to be decided, and what those facts are if they are disputed.
- ii. The trial is not a dress rehearsal. It is the first and last night of the show.
- iii. Duplication of the trial judge’s role on appeal is a disproportionate use of the limited resources of an appellate court, and will seldom lead to a different outcome in an individual case.
- iv. In making his decisions the trial judge will have regard to the whole of the sea of evidence presented to him, whereas an appellate court will only be island hopping.
- v. The atmosphere of the courtroom cannot, in any event, be recreated by reference to documents (including transcripts of evidence).
- vi. Thus even if it were possible to duplicate the role of the trial judge, it cannot in practice be done.”

19. The position in relation to appeals from a Hearing Officer at the IPO is also to be taken into account. Arnold J held very recently in *Dalsouple Société Saumuroise du Caoutchouc v Dalsouple Direct* [2014] EWHC 3963 (Ch) at [35] that:

“... the Registrar of Trade Marks is a specialist tribunal, and therefore the warning given by Baroness Hale of Richmond in *AH (Sudan) v Secretary of State for the Home Department* [2007] UKHL 49, [2008] 1 AC 678 at [30], which was approved by Sir John Dyson SCJ giving the judgment of the Supreme Court in *MA (Somalia) v Secretary of State for the Home Department* [2007] UKSC 49, [2011] 2 All ER 65 at [43], is apposite in this context:

" ... This is an expert tribunal charged with administering a complex area of law in challenging circumstances. To paraphrase a view I have expressed about such expert tribunals in another context, the ordinary courts should approach appeals from them with an appropriate degree of caution; it is probable that in understanding and applying the law in their specialised field the tribunal will have got it right: see *Cooke v Secretary of State for Social Security* [2002] 3 All ER 279, para 16. They and they alone are the judges of the facts. It is not enough that their decision on those facts may seem harsh to people who have not heard and read the evidence and arguments which they have heard and read. Their decisions should be respected unless it is quite clear that they have misdirected themselves in law. Appellate courts should not rush to find such misdirections simply because they might have reached a different conclusion on the facts or expressed themselves differently. ... "

20. In addition, in this case it is also necessary for me to bear in mind the point emphasised by the Supreme Court in *McGraddie*, that a trial judge who has heard live evidence is in a privileged position to assess the credibility of the witnesses.

Merits of the appeal

21. I turn now to the merits of the appeal.

A) Mr Farah's evidence

22. The first issue is whether there was any material error in the Hearing Officer's assessment of the evidence of Mr Farah, which in turn would have had a significant impact upon his view of the merits of the bad faith argument.
23. It is difficult for an appellate tribunal to decide whether a first instance tribunal erred in its assessment of a witness's credibility. I am lucky enough to have a complete transcript of the hearing below, but there is no doubt that reading a transcript of oral evidence is no substitute for hearing the live evidence.
24. Technopharma submitted that the Hearing Officer should not have dismissed Mr Farah's oral explanation for the choice of the New York Fair & Lovely name as "a rabbit out of the hat." Reading the full transcript of the hearing below, it is a matter of some concern to me that the Hearing Officer apparently interrupted Mr Farah's explanation for his choice of the Mark. The transcript shows that at one point during the cross-examination some confusion arose as to the question Mr Farah was answering and the Hearing Officer interjected that Mr Farah was just trying to explain and insisted (quite rightly) that he was to answer as he wished. Mr Farah explained that he might have been aware of the mark FAIR & LOVELY and that Technopharma had been using another mark 'PARIS FAIR & WHITE' with which they were experiencing some problems. That was the background to the part of his evidence cited in the paragraph 71 of the decision below. However, from the transcript it looks as if the passage from his evidence cited by the Hearing Officer came to an abrupt end not because the witness stopped speaking, but because the Hearing Officer interrupted him. The transcript appears to show that Mr Farah was not permitted to finish his point and explain where the 'joke' he mentioned took matters.
25. However, Mr Farah was asked about that point in re-examination, at which point he said
"On Broadway there is a store called New York Fair & Lovely. We were very aggrieved with the way we had been treated by the licensor from France so we said "okay we are in New York. Maybe we could call a product New York Fair & Lovely."
In the Afro-American market I was not at all aware of a mark Fair & Lovely. I have never seen that brand in my market in the United States, Canada or the Caribbean in the kind of stores that we frequent and sell our products. The brand Fair & Lovely of Unilever is not at all well-known in the West African, Caribbean and Afro-American

market. Nobody had heard of it. Of course today I am aware about it a lot more because I was in India in 2007 and I have seen how popular it is there. Our intentions never been to block, mark, stop or profit from Unilever in any way."

26. It is unfortunate that the Hearing Officer interrupted Mr Farah's initial explanation for Technopharma's choice of the Mark. However, even if he had not done so, the meat of the Hearing Officer's objection to the explanation being offered in cross-examination was not so much the nature of the explanation as the fact that no explanation for the choice of the Mark had previously been offered in the Counterstatement or in Mr Farah's witness statement. Mr Landau found the lack of an earlier explanation unconvincing, and was clearly unwilling to accept as truthful an explanation which he saw as a rabbit pulled out of a hat.
27. Mr Buehrlen's explanation for the omission was that he/Technopharma had not believed that it was necessary to give an explanation for the choice of the Mark, because the allegation of bad faith was, as they read it, essentially founded upon the alleged attempt to mimic Unilever's trade dress, rather than upon Technopharma's knowledge of the mark FAIR & LOVELY. It is fair to say that this was the thrust of Unilever's pleading, which no doubt explains Mr Buehrlen's reading of it. However, the allegation of imitation necessarily implied that Technopharma knew of the mark which was being copied, even without the clearer pleaded allegation that it was "implausible" that Technopharma was unaware of the FAIR & LOVELY brand.
28. On balance, therefore, I think that the Hearing Officer was entitled to have some concerns about the explanation offered so late in the day for the choice of the Mark, and the lack of clarity of Mr. Farah's evidence as to the extent of his knowledge of Unilever's mark at the relevant time. The explanation offered in re-examination may have seemed to the Hearing Officer to have been hedged around with qualifications. Adding those points to the further issues about his evidence which the Hearing Officer identified at paragraphs 71-76 of the decision, and bearing in mind that the Hearing Officer had the advantage of seeing Mr. Farah's demeanour in giving evidence, I do not consider that I am in a position to say that the Hearing Officer erred in his assessment of the reliability of Mr Farah's evidence. I do not consider that I should interfere with his finding that Mr Farah, and so Technopharma, was aware of the FAIR & LOVELY brand when the Mark was chosen.

B) Impact of descriptiveness of the words Fair & Lovely

29. Next, it is submitted that the Hearing Officer was wrong to ignore Technopharma's pleaded defence that the words 'Fair & Lovely' were descriptive, so that the differences between the marks showed there was no bad faith in the choice of Technopharma's Mark. Technopharma relied upon the witness statement of Mr Stephen Beale which had been filed on behalf of Unilever in opposition No. 92847 (i.e. Technopharma's opposition to registration of the FAIR & LOVELY & device application No 2346305), because Mr Beale gave evidence that 'Fair & Lovely' are descriptive words, and that the commonality of those words in the parties' respective marks did not give the impression that the goods were from a common source.
30. It seems to me that the Hearing Officer did not ignore Technopharma's submission that the words 'Fair & Lovely' were descriptive, but rather held that against it. In paragraph 85 he said that he found it difficult to understand why Technopharma would have chosen non-distinctive words for its products if they did not have "some other significance." As he thought that the words "New York" added nothing to the distinctiveness of the mark, that added to his view that the choice of the mark was prompted by the desire to trade off the reputation of Unilever's brand. I deal with Mr Beale's evidence and this last point further below, but it does not seem to me that there are grounds to say that the Hearing Officer made a material error by failing to deal with the descriptiveness point.

C) Impact of parties' different markets

31. Technopharma also complained that the Hearing Officer failed to take into account the different markets targeted by the parties; apparently, Technopharma's products are aimed at the Afro-American market, and Unilever's at the Indian market, and the formulations of their products differ accordingly. Whilst that may be the case, those differences are not reflected by the specification of goods in either party's trade mark application, nor, as the Hearing Officer pointed out, does the distinction make a great deal of sense when considering use of the UK mark in the UK. It does not, therefore, seem to me that the Hearing Officer's failure to consider this point (other than in relation to credibility) was material to his decision or suggests that he made a material error.
32. Technopharma sought to adduce fresh evidence on the appeal which was primarily intended to deal with this point about the parties' differing markets and the differing composition of their products. It also contained some comments from the deponent, Ms Tinkler, as to her

individual knowledge of the FAIR & LOVELY brand, which I do not find of any great probative value.

33. The principles for granting permission to adduce fresh evidence on appeal are well known. *Du Pont De Nemours & Company v S.T. Dupont* [2003] EWCA Civ 1368, [2004] FSR 15, [2006] 1 WLR 2793 is authority for the proposition that whilst factors other than the *Ladd v. Marshall* requirements may be relevant to trade mark appeals, those criteria are basic to the exercise of the discretion to permit fresh evidence to be admitted on appeal. They are: (1) the evidence could not have been obtained with reasonable diligence for use at the hearing below, (2) the further evidence is such that, if given, it would probably have an important influence on the result of the case, though it need not be decisive, and (3) the evidence is such as is presumably to be believed.
34. This evidence could have been obtained prior to the hearing below, and I do not see it as having any material bearing on this appeal. I therefore decline to permit Technopharma to rely upon it.

D) Beautimatic

35. The next ground of appeal was that the Hearing Officer had wrongly been influenced by the decision in *Beautimatic International Limited v Mitchell* [1999] E.T.M.R. 912. The Hearing Officer dealt with this point in relation to Unilever's unpleaded allegation of bad faith (see paragraph 10 above).
36. Unilever had submitted that there was similar fact evidence in the *Beautimatic* case, in which the defendant was a company linked to Technopharma, of which Mr Farah was a director; it had been found to have infringed a UK trade mark by applying it to the packaging of goods to be sold in the USA. The Hearing Officer did not think that this was similar fact evidence, as there was no indication that the defendant in the earlier case had sought to leverage a settlement from the claimant. The only part of the decision which he specifically noted was that the judge expressed doubts as to whether the claimant had suffered any damage from the infringements which he found.
37. It does not seem to me, therefore, that the Hearing Officer was wrongfully influenced by the facts of that case in making his findings against Technopharma in this case.

E) Bad faith

38. The last point on the appeal was that the Hearing Officer was wrong to find that the Mark had been applied for in bad faith, and did so in particular by drawing inferences which were not open to him on the evidence and which were inconsistent with his own findings.
39. The starting point for the consideration of bad faith must be that trade mark protection is granted to the "first to file" subject to an objection on either absolute or relative grounds. Bad faith in Section 3(6) of the Act, which was the provision relied upon by Unilever, is based upon Article 3(2)(d) of the Trade Marks Directive 2008/95, which provides that any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that the application for registration of the trade mark was made in bad faith by the applicant.
40. Bad faith is a Community law concept which must be given a uniform interpretation throughout the Community and the meaning and scope of that concept is to be determined in the light of the context of the provisions and objective of the Directive (see Case C-320/12, *Malaysia Dairy Industries Pte. Ltd v Ankenævnet For Patentter Og Varemærker* [2013] E.T.M.R. 36).
41. In Case C-529/07 *Chocoladenfabriken Lindt & Sprüngli* [2009] ECR I-4893, the CJEU held that
"35 ... the relevant time for determining whether there was bad faith on the part of the applicant is the time of filing the application for registration.
36 In that regard, in the present case, the only situation before the Court is the situation in which, at the time when the application for registration was filed, several producers were using, on the market, identical or similar signs for identical or similar products capable of being confused with the sign for which registration was sought.
37 Whether the applicant is acting in bad faith, within the meaning of Article 51(1)(b) of Regulation No 40/94, must be the subject of an overall assessment, taking into account all the factors relevant to the particular case.
38 As regards more specifically the factors specified in the questions referred for a preliminary ruling, namely:

- the fact that the applicant knows or must know that a third party is using in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought;
 - the applicant’s intention to prevent that third party from continuing to use such a sign; and
 - the degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought,
- the following points can be made.

39 First, with regard to the expression ‘must know’ in the second question, a presumption of knowledge, by the applicant, of the use by a third party of an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought may arise inter alia from general knowledge in the economic sector concerned of such use, and that knowledge can be inferred, inter alia, from the duration of such use. The more that use is longstanding, the more probable it is that the applicant will, when filing the application for registration, have knowledge of it.

40 However, the fact that the applicant knows or must know that a third party has long been using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought is not sufficient, in itself, to permit the conclusion that the applicant was acting in bad faith.

41 Consequently, 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 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).

46 Equally, the fact a third party has long used a sign for an identical or similar product capable of being confused with the mark applied for and that that sign enjoys some degree of legal protection is one of the factors relevant to the determination of whether the applicant was acting in bad faith.

47 In such a case, the applicant's sole aim in taking advantage of the rights conferred by the Community trade mark might be to compete unfairly with a competitor who is using a sign which, because of characteristics of its own, has by that time obtained some degree of legal protection.

48 That said, it cannot however be excluded that even in such circumstances, and in particular when several producers were using, on the market, identical or similar signs for identical or similar products capable of being confused with the sign for which registration is sought, the applicant's registration of the sign may be in pursuit of a legitimate objective.

49 That may in particular be the case, as stated by the Advocate General in point 67 of her Opinion, where the applicant knows, when filing the application for registration, that a third party, who is a newcomer in the market, is trying to take advantage of that sign by copying its presentation, and the applicant seeks to register the sign with a view to preventing use of that presentation."

42. *Lindt* of course only provides guidance at a fairly high level of generality as to the factors which may be taken into account in determining whether an application was made in bad faith. Knowledge of an opponent's mark is an important factor in assessing bad faith, but there is nothing in *Lindt* to suggest that if all that is proved is knowledge of an opponent's mark, that would suffice to make out a case of bad faith. That would be contrary to the first to file principle. As Mr Daniel Alexander QC, sitting as the Appointed Person in *Beko* [2011] R.P.C. 11 said at [57]:

"There is ... nothing in the ECJ's judgment to indicate that bad faith should be lightly found or that the mere adoption, without more, of a mark known to be in use by another in an unrelated field constitutes bad faith."

43. Moreover, as Arnold J had said in *Red Bull GmbH v Sun Mark Ltd* [2012] EWHC 1929 (cited by the Hearing Officer), cogent evidence is required to prove bad faith, and it is not enough to prove facts which are equally consistent with good faith. This reflected his own (pre-*Lindt*) judgment in *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2009] EWHC 3032 (Ch), [2009] R.P.C. 9 where he had said at [177];

“The starting point is that, ... 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...”

44. In *Ian Adam trade mark* [2011] FSR 21, Mr Geoffrey Hobbs QC, sitting as the Appointed Person observed that following *Lindt*

“32 Any attempt to establish bad faith must allow for the fact that there is nothing intrinsically wrong in a person exercising ‘*the right to apply the rules of substantive and procedural law in the way that is most to his advantage without laying himself open to an accusation of abuse of rights*’ as noted in para. [121] of the Opinion delivered by Advocate General Trstenjak in Case C-482/09 *Budejovicky Budvar NP v Anheuser-Busch Inc* on 3 February 2011. In para. [189] of his judgment at first instance in *Hotel Cipriani SRL v Cipriani (Grosvenor Street) Ltd* [2009] EWHC 3032 (Ch); [2009] R.P.C. 9 Arnold J. likewise emphasised:

“...that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties

would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Art.107 can hardly be said to be abusing the Community trade mark system.”

These observations were not called into question in the judgment of the Court of Appeal in that case: [2010] EWCA Civ 110; [2010] R.P.C. 16. They were re-affirmed by Arnold J. in *Och-Ziff Management Europe Ltd v OCH Capital LLP* [2011] E.T.M.R. 1, [2011] F.S.R. 11 at para. [37].

33 The line which separates legitimate self-interest from bad faith can only be crossed if the applicant has sought to acquire rights of control over the use of the sign graphically represented in his application for registration in an improper manner or for an improper purpose.

34 In a case where the relevant application fulfils the requirements for obtaining a filing date, the key questions are: (1) what, in concrete terms, is the objective that the applicant has been accused of pursuing? (2) is that an objective for the purposes of which the application could not properly be filed? (3) is it established that the application was filed in pursuit of that objective? The first question serves to ensure procedural fairness and clarity of analysis. The second question requires the decision taker to apply a moral standard which, in the absence of any direct ruling on the point from the Court of Justice, is taken to condemn 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’*: *Gromax Plastics Ltd v Don & Low Nonwovens Ltd* [1999] R.P.C. 367 at 379 (Lindsay J.). The third question requires the decision taker to give effect to the principle that innocence must be presumed in the absence of evidence sufficient to show that the applicant has acted improperly as alleged.

45. Mr Hobbs QC went on to make it clear that in such circumstances it is permissible to draw appropriate inferences from the facts:

“35 In assessing the evidence, the decision taker is entitled to draw inferences from proven facts provided that he or she does so rationally and without allowing the assessment to degenerate into an exercise in speculation. The Court of Justice has

confirmed that there must be an overall assessment which takes into account all factors relevant to the particular case... As part of that assessment it is necessary as part of that approach to consider the intention of the applicant at the time when the application was filed, with intention being regarded as a subjective factor to be determined by reference to the objective circumstances of the particular case: *Chocoladefabriken Lindt & Sprüngli GmbH* (above) at paras.[41], [42]; *Internetportal and Marketing GmbH* (above) at para.[45]. This accords with the well-established principle that ‘national courts may, case by case, take account—on the basis of objective evidence—of abuse or fraudulent conduct on the part of the persons concerned in order, where appropriate, to deny them the benefit of the provisions of Community law on which they seek to rely’ ...”

46. In [38] and [46]-[47] of *Lindt*, the CJEU held that one factor to be considered in the assessment of bad faith is the degree of legal protection enjoyed by the third party’s sign indeed, in [46] and [47] it referred to an applicant seeking to compete unfairly with a competitor’s earlier mark with ‘some degree of legal protection’. Where a mark has goodwill in the UK, an application by an unconnected third party to register that mark may well be found to have been made in bad faith with the objectively dishonest intention of taking advantage of the earlier mark’s goodwill. An application may also be found to have been made in bad faith where there is no current trading under a mark which has been used in the UK in the past, but the mark has residual goodwill, see for instance *Maslyukov v Diageo Distilling Ltd* [2010] EWHC 443 (Ch), [2010] R.P.C. 21 and BL O/468/12 *Simmons trade mark*, a decision of Mr Daniel Alexander QC sitting as the Appointed Person.
47. Unilever relied upon the decision of Professor Annand in *Ajit Weekly* [2006] RPC 25, where the earlier rights relied upon were relatively weak. An application was made to invalidate a UK trade mark registration on the grounds of bad faith. The earlier mark had been extensively used for a Punjabi language newspaper and was a household name in the Punjab, but the paper had only a modest circulation in the UK. The applicant relied on witness statements from 24 members of the Punjabi community in the UK, all of whom knew the reputation of the Punjabi paper and had been confused as to the origin of the newspaper published by the proprietor of the challenged mark. The Hearing Officer found that the UK trade mark application had been made in bad faith. Professor Annand, sitting as the Appointed Person held:

“31 The registered proprietor argues that, in the words of Mr Malynicz, the UK is terra nullius. According to the findings of the Hearing Officer, there existed no prior legal rights in the mark in suit in the UK at the application date ... Admittedly the applicant's Ajit daily newspaper enjoys reputation in India, but in the absence of a declared intention by the applicant to expand its activities here (*DAAWAT Trade Mark* [2003] R.P.C. 11), the UK must be considered fair game. The registered proprietor commenced trading in Canada almost a decade ago and it was a natural progression of the registered proprietor's business to seek to publish its Ajit weekly newspaper in the UK. The registered proprietor cannot be considered to have applied for the mark in suit in bad faith. Moreover, given the Hearing Officer's finding of de minimus use by the applicant in the UK at the relevant date, the Hearing Officer's conclusions on the likelihood of confusion and deception resulting from the registered proprietor's use of the mark in suit were completely misplaced.

32 I agree with Mr Hamer that the registered proprietor presents a partisan view of the Hearing Officer's findings, which in actual fact included:

(i) The AJIT word and “Ajit logo” are possessed of full inherent distinctive character in relation to the goods in question. Despite the registered proprietor's explanation, the mark in suit is closely similar to, or essentially the same as, the applicant's “Ajit logo”.

(ii) The applicant had no substantial use of its AJIT marks in the UK at the relevant date. However, there were at least 13 direct UK subscribers (including one library) to the applicant's AJIT newspaper at that date. Additional individuals in the UK bought the applicant's newspaper through newspaper distributors unrelated to the applicant but the numbers of those UK customers were probably small.

(iii) The applicant's AJIT newspaper is very successful and well known in the Punjab.

(iv) There is a substantial Punjabi Community in the UK. A large proportion of that Community would know of the existence and the reputation of the applicant's AJIT newspaper. The applicant's “Ajit logo” in relation to newspapers would be widely known amongst the Punjabi Community in the UK.

33 Mr Hamer cited *Pete Waterman Ltd v CBS United Kingdom Ltd* [1993] E.M.L.R. 27 and *Jian Tools for Sales Inc v Roderick Manhattan Group Ltd* [1995] F.S.R. 924 as

examples of the courts' willingness to protect the interests of foreign proprietors on the basis of limited user in the UK (see, also *Sprints Ltd v Comptroller of Customs (Mauritius)* [2000] F.S.R. 814, PC). Mr Malynicz relied on *Hart v Relentless Records Ltd* [2003] F.S.R. 36 but in *Hart* the claimants made no sales, they merely distributed some promotional records. Mr Malynicz's contention that there can be no question of bad faith unless the foreign trade mark owner has communicated plans to expand operations into the UK is rooted in the facts of *DAAWAT, supra*. In the present case, the applicant was shown in the evidence to have customers and reputation in the UK at the relevant date. The Hearing Officer held that in the light of the above, at the date of filing the mark in suit, a substantial proportion of relevant consumers, whom he defined as Punjabi speakers/the Punjabi Community in the UK, on encountering the mark in suit on a weekly newspaper would have believed it emanated from or was published in association with the applicant. That was borne out by the applicant's evidence, which although relating to a period after the relevant date, showed that such confusion did result. The registered proprietor had sought to disparage this evidence, but the Hearing Officer saw no reason to discount the statements, which were made by numerous individuals of high standing within the UK Punjabi Community. I observe that the registered proprietor made no application to cross-examine the applicant's witnesses.

34 In my judgment, the registered proprietor has not shown that the Hearing Officer's decision was based on an incorrect interpretation of the facts and that ground of appeal accordingly fails."

48. In *Ian Adam*, Mr Hobbs QC found that the trade mark application had been made in bad faith and with the intention of benefiting the applicant and excluding the surviving goodwill and reputation attaching to the name IAN ADAM from the estate of the late Mr Adam which the applicant was purporting to administer. However, the application was held to have been made in bad faith only in so far as it covered services such as voice training and coaching services, for which Mr Adam had been well-known and had goodwill. The bad faith objection did not apply to "sporting activities" for which registration was also sought, because there was no reason to believe that use of the trade mark IAN ADAM in relation to such activities would capitalise on the goodwill belonging to the estate. So, in the absence of goodwill in relation to those services, even where the application was deemed to have been made in bad faith for other services, there was no bad faith in applying for the mark.

49. If a foreign business has no goodwill in the UK, it will have no legal protection here, see for instance *Cipriani (supra)* at [215]-[216] and *Frost Products Limited v F C Frost Limited* [2013] EWPC 34, 26 July 2013 in which Vos J said at [89]:

“Recent cases have made clear that reputation and goodwill are not the same. It is as well to remember, as Oliver LJ re-stated in *Anheuser-Busch Inc v. Budejovicky Budvar NP* [1984] FSR 413 that goodwill cannot exist in a vacuum, whilst mere reputation may exist without any supporting local business. Moreover, reputation does not constitute property which the law protects.”

50. Unilever had no relevant registered UK mark at the material date, and the Hearing Officer found that its FAIR & LOVELY mark was not protected here as a well-known mark by reason of its use of the mark abroad. Equally, the Hearing Officer found that there was no goodwill in the UK for the FAIR & LOVELY mark, so that no passing off proceedings could have been brought at the relevant date. As a result, if Technopharma, instead of applying to register the Mark, had started to trade in the UK under its Mark in November 2002, Unilever would have had no right upon which to found an action for infringement or for passing off. It had no intellectual property in the FAIR & LOVELY brand in the UK. Permitting Unilever to block Technopharma’s trade mark application in such circumstances gave it a protection under the 1994 Act which went beyond any intellectual property rights which it owned, whether rights in the nature of a trade mark or otherwise protected as an earlier right.
51. I should not lose sight of the fact that the protection offered by section 3(6) is based upon Article 3 of the Directive and so is an absolute ground of protection; it is not based upon the existence of (or conflict with) any earlier third party rights. The protection may not, therefore, arise only in conjunction with an objection based upon section 5 of the Act. Nevertheless, in my view the question which arises in this case is whether an application may be deemed to have been made in bad faith if it is liable to affect in some way a foreign business which has no trade mark protection or goodwill in the UK given the terms of the Directive, for it contains a further optional provision in Article 4(4)(g), which provides that a Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

“ the trade mark is liable to be confused with a mark which was in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith.”

The United Kingdom has not enacted Article 4(4)(g).

52. *Malaysia Dairy (supra)* which was cited by Mr Landau, concerned a reference from Denmark as to the effect of Article 4(4)(g). The CJEU had to consider specifically the position where a third party which been using a mark only outside the EU sought to invalidate another’s Danish trade mark registration on the grounds that it had been registered in bad faith, when Danish law contained a provision based upon (but – problematically - not identical to) Art 4(4)(g). The issues for the CJEU were whether the concept of bad faith must be given a uniform interpretation in EU law and whether it was sufficient, to establish that the applicant was acting in bad faith, that he knew or should have known of the foreign mark, as Danish law provided. To that extent the case is not applicable to the position in the UK, for as explained above, there is no equivalent national provision in the 1994 Act. Having decided that the concept of bad faith is to be given a uniform interpretation, the Court held that mere knowledge that a third party was using a confusingly similar mark abroad at the time of filing an application is not sufficient to prove bad faith. It summarised the position at [36-7]:

“ 36 ... In order to determine the existence of bad faith, it is necessary to carry out an overall assessment, taking into account all the factors relevant to the particular case which pertained at the time of filing the application for registration, such as, inter alia, whether the applicant knew or should have known that a third party was using an identical or similar sign for an identical or similar product. However, the fact that the applicant knows or should know that a third party is using such a sign is not sufficient, in itself, to permit the conclusion that that applicant is acting in bad faith. Consideration must, in addition, be given to the applicant’s intention at the time when he files the application for registration of a mark, a subjective factor which must be determined by reference to the objective circumstances of the particular case ...

37 In the light of the foregoing considerations, the answer to the second question is that Article 4(4)(g) of Directive 2008/95 must be interpreted as meaning that, in order to permit the conclusion that the applicant 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 applicant 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 applicant is acting in bad faith within the meaning of that provision.”

Mr Landau did not advert to the fact that *Malaysia Dairy* related to Art 4 (4)(g), although he cited paragraph [37] of the CJEU’s judgment at paragraph 81 of his decision.

53. The question therefore arises, in my view, as to whether it is only when Art 4(4)(g) is enacted in national law that protection is given to the proprietor of solely foreign rights. This was a point which Mr Hobbs QC had considered much earlier, in *DAAWAT Trade Mark* [2003] R.P.C. 11: an application for invalidity was made on the basis that the respondent had been a customer of the applicant which traded in India. The respondent was aware of the applicant's extensive foreign goodwill in relation to rice and of its intention to establish an office to market its goods in the UK in the near future. The Hearing Officer held that merely having "a vague suspicion that a foreign proprietor may wish to extend its trade to the UK" would not have sufficed to found an objection under section 3(6). However, he found that the application to register the mark in the UK had been made in order to improve the respondent's prospects of obtaining an agency or distribution agreement for the sale of goods under the mark in the UK. The mark was declared invalid in relation to rice and similar goods, but not in relation to other foods within the specification. Mr Hobbs held:

“97 It was contended that the respondent should, in any event, be held not to have acted in bad faith: (a) because it could not have been prevented from doing what it did if it had never had any dealings with the applicant; and (b) because nothing in its dealings with the applicant could properly be said to have restricted its freedom of action in any relevant respect.

98 To the extent that this contention treats the absence of any relative ground for refusing registration under s.5 of the Act as a bar to an objection under s.3(6) of the Act, I believe it to be misconceived for the reasons indicated in paras 71 to 73 and 78 above.

99 It does, however, call into question the significance of the fact that the relative ground of objection identified in Art.4(4)(g) of the Directive is not available as a relative ground of objection under s.5 of the 1994 Act.

100 It was open to Parliament under Art.4(4)(g) to provide that the registration of a trade mark should be regarded as objectionable on the ground of conflict with an earlier right “where and to the extent that ... the trade mark is liable to be confused with a mark which was in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith.”

101 The question is whether the omission of this relative ground of objection from the 1994 Act indicates that conduct of the kind in issue in the present case is meant to be unobjectionable in the United Kingdom.

...

103 It was pointed out that Arts 3(2)(d) and 4(4)(g) of the Directive both contain optional provisions. The applicant contended that Art.4(4)(g) was a sub-set of Art.3(2)(d) which Member States would not need to adopt if they opted for the broader “bad faith” objection contained in Art.3(2)(d). The second respondent contended that the “bad faith” objection contained in Art.3(2)(d) applies only to matters arising between applicants and the registrar and does not apply to matters arising between an applicant and a third party (especially one asserting a relative right of the kind envisaged by the unimplemented provisions of Art.4(4)(g) of the Directive).

104 It seems to me that Art.4(4)(g) was conceived as a provision which would, if adopted, add to the operation of the “bad faith” objection prescribed by Art.3(2)(d) (s.3(6) of the Act) and likewise add to the operation of the “well-known mark” objection prescribed by Art.4(2)(d) (s.6(1)(c) of the Act).

105 But what would it add to the operation of those objections if it was adopted? In order to answer that question it is necessary to identify the mischief at which Art.4(4)(g) is directed. My conclusion is that the Article focuses upon the propensity of a mark to cause confusion outside the Member State in which it has been put forward for registration and treats that propensity as a vice if the applicant for registration can be shown to have been seeking to capitalise upon it and was therefore acting in bad faith. It thus provides a measure of domestic redress for

harm in the form of a likelihood of foreign confusion (*cf. Walker & Sons Ltd v Henry Ost & Co Ltd* [1970] R.P.C. 489).

106 By contrast, Arts 3(2)(d) and 4(2)(d) (ss.3(6) and 6(1)(c) of the Act) revolve around matters which touch and concern the acceptability of claims for protection in respect of trading activities within the territorial limits of the disputed registration *cf. Ajlan Bin Abdullaziz Al-Ajlan & Bros Application* [2000] E.T.M.R. 710. They do not purport to legislate for the acceptability of claims elsewhere and do not treat foreign legitimacy or illegitimacy as conclusive of the position in the Member State where registration has been requested. The non-implementation of Art.4(4)(g) in the 1994 Act appears to confirm that Parliament intended to create no extra protection for foreign interests.

107 The domestic perspective of the objection under s.3(6) was correctly recognised in para.17 of the principal hearing officer's decision: "In my view a vague suspicion that a foreign proprietor may wish to extend its trade to the UK is insufficient to found an objection under s.3(6)."

108 Whilst it might be possible to interpret Art.3(2)(d) and s.3(6) restrictively so as to confine their operation to matters arising between applicants and the Registrar, I do not think it would be right to limit the operation of the objection in that way.

109 An applicant for registration wishes, in effect, to restrict the freedom of action of others in the area of economic activity represented by the goods or services specified in his claim for protection. It would be odd if the effect of registration upon other people's freedom of action had to be disregarded when assessing whether a claim for protection was open to objection on the ground of bad faith under s.3(6). The objection would, on that basis, be narrower in scope than the claim for protection to which it applied. I cannot believe that the Community legislature intended that to be the case."

Mr Hobbs QC concluded that the application had been made in bad faith.

54. *Daawat* was decided well before *Lindt* and *Malaysia Dairy*, and the question of the interplay or overlap of Arts 3(2) and 4(4)(g) remains undecided by the CJEU. In my view, although there is clearly some force in holding that the absolute ground of objection of s 3(6) may be relied upon to deny the statutory protection of trade mark registration to an applicant who has acted in bad faith, even if the party raising the objection has no local IP rights, in the light of *Lindt* the position is not absolutely clear. It was submitted on behalf of Unilever that were I minded to overturn the Hearing Officer's decision on the basis that it had no intellectual

property rights in the UK I ought to refer the point to the CJEU. However, I have come to the conclusion that I do not need to decide the point, or to make a reference, as for the reasons given below it seems to me that it is right to allow the appeal on other grounds.

55. On the assumption that s 3(6) may apply in the current circumstances, it was necessary for the Hearing Officer to consider all of the relevant facts in order to decide whether (as Mr Hobbs QC put it in *Ian Adam*) Technopharma had crossed the line between legitimate self-interest and bad faith. As I have said already, the strength of Unilever's reputation in the FAIR & LOVELY brand in India and to a lesser extent in other non-EU states, added to Mr Farah's knowledge of the brand, would not (without more) have sufficed to permit the Hearing Officer to conclude that Technopharma's application had been made in bad faith. However, that was not what the Hearing Officer did, instead he reached his conclusions as to bad faith after making a number of other findings. In particular, he relied upon a number of inferences which he purported to draw from the facts. In my judgment there are material errors in the Hearing Officer's decision, in terms of the inferences which he drew and because there are a number of significant inconsistencies in his decision. He was, as set out above, entitled to draw inferences from proven facts, but had to do so rationally and without allowing the assessment to degenerate into an exercise in speculation.
56. The Hearing Officer found that Mr Farah was aware of the FAIR & LOVELY brand when Technopharma chose its own Mark and that he was aware that it was highly successful in India. By contrast, in paragraphs 81 and 85 he went further and held that owing to Mr Farah's experience in the field of skin lightening products, Mr Farah would have known of the success of the products in India *and* of Unilever's exports to other countries.
57. At paragraph 85, the Hearing Officer went on to find that
- “owing to the substantial size of those with an ethnic origin from India living in the United Kingdom, it is reasonable to infer that a part of this particular population would be aware of the trade mark's use in India, that part which returned to India sometimes.”
- However, that inference was inconsistent with the Hearing Officer's own assessment of the evidence. The Hearing Officer had been invited to find that persons of Indian ethnic origin living in the UK would return to India and so would be aware of the use of FAIR & LOVELY there. He dealt with the evidence of Mr Beale at paragraph 28 of his decision:

"Mr Beale states that many people with [*sic*] immigrant communities know the FAIR & LOVELY products. He gives no evidence of this and this statement must be considered to be mere assertion."

Similar evidence had been given on behalf of Unilever by Mr Robery. The Hearing Officer said at paragraph 57:

"Mr Robery asserts that the FAIR & LOVELY brand is well-known to the Indian and Indian sub-continent immigrant communities in the United Kingdom but gives no actual evidence to substantiate this."

58. Mr Landau went on at paragraph 65 to deal with Unilever's submission that the FAIR & LOVELY brand was known to members of the relevant ethnic community in the UK:

"65) It is accepted that there is a large community in the United Kingdom with ethnic origins in the Indian sub-continent. ... Ms Fox expected it to be accepted that people from the Indian community return to India and so will be aware of products that have a reputation there. There is no evidence as to the frequency of return, this is a bald statement and certainly not something that can be taken on the basis of judicial notice."

59. In the circumstances, it appears to me that the Hearing Officer's willingness in paragraph 85 to infer that part of the population of the UK of Indian ethnic origin would be aware from returning to India of the FAIR & LOVELY mark was contrary to his finding in paragraph 65. It amounted to taking judicial notice of a matter which he had already held to be something of which he certainly could *not* take judicial notice. In paragraph 65, he had found not merely that there had been no proof that the FAIR & LOVELY mark was well-known in the UK, but that the evidence failed to show any awareness of the mark.

60. Ms Fox invited me to find that the Hearing Officer had evidence before him as to the 'cultural links' between the Indian community in the UK and 'their home country.' I do not accept that there was any such evidence before the Hearing Officer, and nor did he. On the contrary, he correctly analysed Unilever's evidence on the point which amounted to no more than assertions. Ms Fox submitted that the Hearing Officer was right to draw a distinction between his findings on the question of whether FAIR & LOVELY was a well-known mark and his findings at paragraph 85, which went no further than to accept that some people of Indian ethnic origin sometimes go to India. However, it does not seem to me that this is a

real distinction. The position was very different to that in the *Ajit* case discussed above, in which a substantial number of witnesses from the UK gave evidence of their knowledge of the Punjabi newspaper. In my judgment, this was an important and material inconsistency in the Hearing Officer's findings.

61. I therefore find that the Hearing Officer was wrong to infer that Unilever's mark had a reputation in the UK and this casts doubt on his overall conclusions on bad faith.
62. However, the Hearing Officer relied upon a further inference which he drew in paragraph 85: he held that it was reasonable to infer that Technopharma *thought* that members of the ethnic Indian community in the United Kingdom would know of the FAIR & LOVELY mark, whether this was the case or not. He appears to have come to that conclusion because he could not understand why else Technopharma would have wished to use the descriptive words 'fair & lovely' and considered that this must show that Technopharma intended to trade off the perceived reputation of the FAIR & LOVELY mark. Hence, this was "opportunistic behaviour" as Ms Fox put it on the appeal. The inference was, therefore, inextricably linked to his views as to Technopharma's intention to benefit from the supposed reputation of Unilever's Mark, which he expressed at paragraph 86.
63. I have real concerns as to the manner in which the Hearing Officer concluded that Technopharma had that intention. He drew that inference and reached his conclusions about Technopharma's intentions without taking into account a number of significant factors. Many of the relevant facts postdate the application date, but it is well-established that later evidence may be relevant if it casts light on the position at the material time. It appears to me that a rational approach to the evidence, avoiding inappropriate speculation, would have taken into account the impact of the following factors:
 - a) The mark chosen by Technopharma was not identical to Unilever's mark, as one might have expected to be the case had there been an intention to take advantage of it. Whilst the Hearing Officer considered that the addition of the words NEW YORK to the Mark was insignificant, that had not been the evidence of Mr Beale for Unilever in defending Technopharma's opposition. His evidence was that the commonality of descriptive words of the parties' marks would not create the impression that the sources of the goods were linked (hence

Unilever's reliance on the alleged imitation of its get-up). On that basis, it is hard to see how the choice of the Mark by Technopharma could be said to have been intended to benefit from the reputation of the FAIR & LOVELY mark.

- b) Unilever had relied upon alleged similarities between the packaging chosen for Technopharma's equivalent product in the USA and its FAIR & LOVELY packaging, suggesting that this showed an intention to take advantage of the reputation of the FAIR & LOVELY mark. The Hearing Officer dismissed the point. He found in paragraph 80 that neither the colour scheme nor the fonts were identical to the get-up used by Unilever and – more importantly - he found that the respective get-ups would not induce the average consumer to make even an association between the products. That finding would, therefore, strongly suggest that there was no intention to take advantage of Unilever's reputation in its mark. Had there been such an intention, one would have expected there to be some similarity in get-up, at least sufficient for a link to be made. However, the Hearing Officer did not consider whether this fact suggested that he should not infer an intention to take advantage.
- c) The Hearing Officer failed to take account of the fact that Technopharma had taken no steps to exploit the Mark and so try to benefit from any reputation of the Unilever mark from 2002 up to the time of the hearing. It was Unilever's position before the Hearing Officer that Technopharma had taken no 'discernible' steps to use the Mark.
- d) This was not a case in which there was any evidence to suggest that Unilever was intending at the relevant date to start trading in the UK under the FAIR & LOVELY mark, let alone that Technopharma was aware of or believed that Unilever had such an intention. On the contrary, the evidence before the Hearing Officer was that Unilever had been selling its products since 1978 in India; it had expanded its business to a number of other countries prior to the relevant date, but there had been no sales of products anywhere in the EU or the Americas. In the circumstances, the Hearing Officer should, in my judgment, have considered whether there was any reason why Technopharma would have thought that the FAIR & LOVELY mark had a reputation in the UK, or would have anticipated that by moving into the market in the UK it would either have been taking advantage of Unilever's supposed reputation or otherwise acting less than honestly.

- e) There was no evidence of any pre-existing commercial relationship between the parties.
- f) The Hearing Officer failed to consider whether Technopharma's actions were potentially consistent with having acted in good faith.

64. In my judgment, the Hearing Officer should have taken all of those factors into account and weighed them together in deciding whether on the balance of probabilities Technopharma had the intention to try to benefit from the perceived reputation of Unilever's Mark in the UK. His failure to do so leads me to conclude that he failed to take a rational approach to the evidence and based his decision upon mere speculation.
65. Whilst it is understandable that the Hearing Officer's suspicions were raised by the view which he reached as to Mr Farah's credibility, he was nevertheless required to give effect to the principle that innocence must be presumed in the absence of cogent evidence, sufficient to show that the applicant had acted improperly as alleged. I have concluded that he was entitled to find that Mr Farah was aware of the international reputation of Unilever's Mark but it appears to me that the Hearing Officer failed to consider whether Technopharma's actions were equally consistent with it having acted in good faith. In my judgment, there was insufficient evidence in this case to show that Technopharma had acted improperly or dishonestly. I consider that the Hearing Officer should have taken into account the factors which I have set out at paragraph 63 above, and, had he done so, I consider that he would have concluded that there was not sufficient evidence to establish that Technopharma had acted in bad faith, but all that was established was that it had been aware of the reputation of Unilever's mark. As I have already said, that knowledge alone cannot establish bad faith.
66. For these reasons, the appeal will be allowed in Unilever's opposition to the registration of the New York Fair & Lovely Mark, and that Mark should proceed to registration. As a consequence, the Hearing Officer's conclusions at paragraph 103 of his decision will come into effect and Unilever's trade mark application number 2346305 must be refused.
67. Technopharma has been successful on the appeal and is therefore entitled to a contribution to its costs. However, that contribution should be reduced to reflect the time spent on behalf of Unilever in dealing with Technopharma's unsuccessful application to adduce fresh

evidence on the appeal. I will therefore order Unilever to pay Technopharma the sum of £750 in respect of its costs of the appeal.

68. The Hearing Officer awarded Unilever the sum of only £500 in relation to the costs below; the amount reflected his view that Unilever's claim based upon section 5(4)(a) was hopeless and the claim in relation to a well-known mark little better. That costs order should be reversed in the light of my decision. Technopharma had to deal with all of the claims and a good deal of evidence. I will order Unilever to pay Technopharma a further sum of £2000 in relation to the costs below. Both sums are to be paid by 5 PM on 23 December 2014.

Amanda Michaels
The Appointed Person
9 December 2014

Mr Rowland Buehrlen of **Beck Greener** appeared for the appellant, Technopharma Ltd.

Ms Angela Fox of **RGC Jenkins** appeared for the respondents, Unilever Plc and NV.