

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

Rolls Building
Fetter Lane, London, EC4A 1NL

Date: 17 July 2012

Before :

THE HON MR JUSTICE ARNOLD

Between :

RED BULL GMBH	<u>Claimant</u>
- and -	
(1) SUN MARK LIMITED	<u>Defendants</u>
(2) SEA AIR & LAND FORWARDING LIMITED	

Jacqueline Reid (instructed by **Shoosmiths**) for the **Claimant**
Anna Edwards-Stuart (instructed by **Ipulse**) for the **Defendants**

Hearing dates: 21-22, 25-26 June 2012

Judgment

MR JUSTICE ARNOLD :

Contents

<i>Topic</i>	<i>Paragraphs</i>
Introduction	1-5
The witnesses	6-11
Red Bull's witnesses	6-7
Jennifer Powers	6
Aaron Newland	7
The Defendants' witnesses	8-11
Dr Raminder Ranger	8
Mrs Renu Ranger	9
Sanjay Raphael	10
Spencer Burgess	11
Factual background	12-70
Red Bull	12-17
W & S Holding's BULLIT registration and product	18-19
The CTM	20
The Bull Series	21
Red Bull's 1999 BULLIT applications	22-23
Red Bull's other 1999 applications	24
SALF's BULLET registration	25-26
The Mix Series	27
Dr Ranger's letter dated 15 August 2002	28-29
Red Bull's 2002 BULLIT applications	30-31
Red Bull's other 2002 applications	32
Red Bull's application to revoke W & S Holding's registration	33
Red Bull's 2003 BULLIT applications	34-35
Correspondence between Red Bull and SALF in 2004-2005	36-41
Red Bull's purchase of W & S Holding's rights	42-43
Red Bull's 2005 BULLIT applications	44
Red Bull's plans for the Mix Series in June 2005	45
Red Bull's BULLIT product	46-48
SALF's CTM application	49
Correspondence between Red Bull and SALF in 2006	50-53
The Defendants' sales of their BULLET product	54
Red Bull's opposition to SALF's CTM application	55
SALF's failure to oppose IR 548	56
SALF's application to revoke UKTM 481	57
Red Bull's applications to revoke and invalidate UKTM 956	58
Correspondence between Red Bull and SALF in 2007	59-61
Red Bull's 2008 applications	62
The Defendants' launch of ROBUST	63
The Defendants' use of the strapline NO BULL IN THIS CAN	64
The Defendants' further application to revoke UKTM 481	65
Red Bull's use of BULLIT in the UK	66
Further letters before action	67
Commencement of these proceedings	68

Sun Mark's applications to revoke IR 389 and IR 548	69-70
Red Bull's claim for infringement concerning BULLET	71-86
The law	71-78
Assessment	79-86
The trade mark	79
The sign	80-81
The average consumer	82
Distinctiveness of the trade mark	83
Comparison between the mark and the sign	84
Comparison between the goods	85
Conclusion	86
Red Bull's claim for infringement concerning NO BULL IN THIS CAN	87-112
The law	87-98
Assessment	99-112
Does the trade mark have a reputation?	99
What is the sign?	100-102
Is there a link?	103
Does the use take unfair advantage of the trade mark?	104-109
Is the use detrimental to the repute of the trade mark?	110
Is the use without due cause?	111
Conclusion	112
The Defendants' counterclaim	113-192
The legal context	113-123
The Madrid Agreement and the Madrid Protocol	113-114
Common Regulations	115-116
TRIPS	117
The Directive	118-120
The 1994 Act	121
The 1996 Order	122
The 2008 Order	123
Declaration of intent to use: UK trade marks	124-125
Declaration of intent to use: international trade marks (UK)	126-128
Declaration of intent to use: Community trade marks	129
Bad faith: general principles	130-138
Lack of intention to use as a ground of bad faith: earlier case law	139-157
Is there a requirement of intention to use under the Regulation?	158
Is the UK's requirement for a declaration of intention to use compatible with the Directive? If so, can a false declaration amount to bad faith?	159-160
Is a possible or conditional future intention to use enough?	161-163
The present case	164-193
Did Red Bull declare that it intended to use the mark in the UK?	166-174
Did Red Bull in fact intend to use BULLIT in the UK at the relevant dates?	175-190
Did Red Bull act in bad faith?	191-193
A reference to the CJEU?	194
An issue deferred	195
Conclusions	196

Introduction

1. The Claimant, Red Bull GmbH (“Red Bull”), is an Austrian company which markets the well-known RED BULL energy drink. Since 2002 it has distributed RED BULL in the United Kingdom through Red Bull Company Ltd (“Red Bull UK”), an English company in which Red Bull has a 25% shareholding.
2. The Defendants carry on business in the import, export and distribution of fast moving consumer products. These include both third-party branded products and their own branded products. The First Defendant, Sun Mark Ltd (formerly known as Sun Oil Ltd, “Sun Mark”), is responsible for the distribution and sale of the products and the Second Defendant, Sea Air and Land Forwarding Ltd (“SALF”), is responsible for shipping them.
3. Sun Mark has been one of the Red Bull UK’s trade customers since June 2002. Despite this commercial relationship, there is a history of disputes between Red Bull and the Defendants over trade mark issues. (Some of these disputes are related below, but not all of them. For another example, see *Sun Mark Ltd’s Trade Mark Application* (O-068-10).) In these proceedings Red Bull claims that the Defendants have infringed three of Red Bull’s registered trade marks. The Defendants deny infringement and counterclaim for declarations that two of the registrations are invalid. It is admitted that the Defendants are jointly liable for any infringements there may have been, however.
4. The infringement claims are two-fold. First, Red Bull claims that the Defendants have infringed International Trade Marks (UK) Nos. 790389 and 824548 (“IR 389” and “IR 548” respectively) for the word BULLIT by use of the sign BULLET in relation to an energy drink. Secondly, Red Bull claims that the Defendants have infringed Community Trade Mark No. 698720 (“the CTM”) for the words RED BULL by use of the advertising slogan or strapline NO BULL IN THIS CAN.
5. The counterclaim relates to the two BULLIT marks. The Defendants contend that these are invalid on the ground that Red Bull applied for these registrations in bad faith since it had no genuine intention to use the trade mark in the United Kingdom.

The witnesses

Red Bull’s witnesses

6. *Jennifer Powers*. Jennifer Powers has been Red Bull’s IP Counsel since 6 April 1999. I found Ms Powers to be a knowledgeable and reliable witness so far as Red Bull’s trade mark portfolio was concerned. She did not profess to be involved in the development, marketing or promotion of Red Bull’s products, however. As a result, counsel for the Defendants submitted that she had no first-hand knowledge of the relevant facts in relation to the issue of intention to use, while counsel for Red Bull submitted that she did have relevant knowledge as a resulting of being involved in discussions and email correspondence. I accept that Ms Powers did have some relevant knowledge for the reason given by counsel for Red Bull, but it is plain that her knowledge was rather limited. I would have been assisted by hearing from a witness with more knowledge, but Red Bull chose not to call such a witness.

7. *Aaron Newland*. Aaron Newland was employed by Red Bull UK from May 2003 to April 2011. Mr Newland was a straightforward witness, but his evidence was mainly directed to a point which was subsequently dropped by the Defendants.

The Defendants' witnesses

8. *Dr Raminder Ranger*. Dr Ranger founded SALF in June 1987 and Sun Mark in January 1995. He is the Chairman of both companies. He is understandably proud of the success of his companies. Sun Mark was awarded the Queen's Award for Export Achievement in 1999 and the Queen's Award for Enterprise in International Trade in 2009, 2010, 2011 and 2012. In addition, he has been awarded the MBE for services to business and for community service. I therefore regret to have to say that Dr Ranger was a very poor witness. He feels very strongly that the Defendants are being bullied by Red Bull both specifically in these proceedings and more generally. When he gave evidence he gave vent to this emotion by constantly making speeches and arguing the case rather than giving straight answers to simple questions. I repeatedly had to intervene to try to focus his attention on the need to answer counsel's questions, but despite my interventions he continued in the same manner. As a result many questions had to be repeated several times before he answered them, which substantially prolonged the cross-examination. In addition, his recollection of the chronology of events was demonstrably inaccurate. Furthermore, I did not believe some of Dr Ranger's answers. I do not think he was being deliberately untruthful in his evidence. Rather, his conviction that he was in the right and Red Bull was in the wrong prevented him from giving objective and accurate testimony. Overall, I do not feel able to rely upon his evidence except where it is supported by documentary evidence.
9. *Mrs Renu Ranger*. Mrs Ranger was a better witness than her husband, but she too allowed her emotional involvement in the case to get in the way of giving objective and accurate evidence. Furthermore, she seemed to have a poor recollection or understanding of some of the matters covered in her witness statement. Again, therefore, I am unable to regard her as a reliable witness.
10. *Sanjay Raphael*. Mr Raphael was a relatively straightforward witness, but his witness statement was both tendentious and inaccurate.
11. *Spencer Burgess*. Mr Burgess is an enquiry agent who had been engaged by the Defendants to investigate Red Bull's use of the trade mark BULLIT in the UK. I regret to say that his evidence was not satisfactory, for two main reasons. First, his witness statement failed properly to distinguish between matters of which he had first-hand knowledge and matters of which he had been informed by others. A substantial part of the statement turned out to consist of unattributed hearsay evidence. Secondly, his witness statement was unacceptably partisan in places. I was particularly concerned by paragraphs 11 and 12 of his statement where he exhibited a posting on an internet forum and said that "my Company were unable to confirm if this site is UK related". His exhibit omitted surrounding posts which made it plain that the site was indeed UK related. This was thoroughly misleading. As a result, I would treat Mr Burgess' evidence with caution if it were necessary to reach a decision on the question whether Red Bull has made genuine use of BULLIT in the UK. As I shall explain below, however, I have concluded that this is neither necessary nor appropriate.

Factual background

Red Bull

12. Red Bull was founded by Dietrich Mateschitz, who continues to be its Managing Director. After graduating from the Vienna University of Economics and Business Administration, he worked for Unilever and then Blendax, a German toothpaste manufacturer. In 1982 he visited Thailand and brought home some energy drinks he had tried there. He was particularly impressed with a product called Krating Daeng (Thai for “Red Bull”). Krating Daeng had been produced since the early 1970s by TC Pharmaceutical Co, which had been founded in 1962 by Chaleo Yoovidhya, a Blendax licensee.
13. Mr Mateschitz founded Red Bull in 1984. He owns a 49% shareholding, as does Chaleo Yoovidhya. The remaining 2% is owned by Chaleo Yoovidhya’s son Chalarem. Red Bull changed the formula of Krating Daeng to suit Western palates, and carbonated the drink. RED BULL contains taurine (a derivative of the amino acid cysteine which is widely distributed in animal tissues), caffeine, glucuronolactone (an important structural component of connective tissues), B-group vitamins, sucrose, glucose and flavourings.
14. Red Bull also adopted an innovative approach to marketing the drink. Red Bull used a 250 ml can, rather than the 330 ml can then usual for soft drinks. This has a distinctive get up featuring the name and description “Red Bull Energy Drink” in red lettering together with a logo depicting two red bulls and a yellow sun on a slanted, quartered metallic blue and silver background. Red Bull priced the drink as a premium product. It advertised the product under the slogan “Red Bull gives you wings”, with advertising that aimed to be witty and ironic.
15. RED BULL was launched in Austria in 1987. Distribution expanded into Hungary and Slovenia in 1992. It was introduced into Germany and the UK in 1994. It entered the USA in 1997. In 2001 it was launched in Brazil and South Africa. It is now sold in 157 countries around the world. In 2010 sales amounted to over 4.1 billion cans. UK sales that year were 340.7 million cans.
16. Between 2006 and 2010 the UK marketing expenditure on RED BULL was between €0.5 and €1.4 million per annum. In 2009 awareness studies showed spontaneous awareness of 81% and aided awareness of 97% in the UK. In the same year RED BULL was ranked 11th of the 25 most valuable brands in Europe by Euro Brand 2009. In 2011 it was ranked as the 4th most valuable brand worldwide in the soft drinks sector.
17. Although Red Bull had something of a reputation as a one-product company in its early years, more recently it has introduced a number of brand extensions such as RED BULL SUGARFREE, RED BULL COLA and RED BULL SHOTS. Most recently, it has launched three “special editions”: THE RED EDITION (cranberry flavoured), THE BLUE EDITION (blueberry flavoured) and THE SILVER EDITION (lime flavoured) in appropriately coloured cans.

W & S Holding's BULLIT registration and product

18. On 31 May 1996 DIS BV, a Dutch company, filed United Kingdom Trade Mark Application No. 2101481 for the word BULLIT in respect of “non-alcoholic beverages and preparations for making non-alcoholic beverages” in Class 32. The application proceeded to registration in respect of “non-alcoholic beverages and preparations for making non-alcoholic beverages; but not including de-alcoholised, low alcohol or alcohol free beers and lagers” on 8 August 1997 (“UKTM 481”). On 5 September 2001 the registration was assigned to W & S Holding BV, another and possibly related Dutch company.
19. Although there is very little evidence on the matter, it appears that DIS or W & S Holding launched an energy drink under the name BULLIT in the Netherlands in about 1995. This product became quite successful in that country. It was also sold in smaller quantities in other countries, and in particular the UK. Like Red Bull, it was a carbonated drink containing taurine and caffeine. It was marketed in a 250 ml can in a black and silver get up featuring the following logo:



The CTM

20. On 5 December 1997 Red Bull applied for the CTM in respect of various goods and services in Classes 25, 32, 33, 41 and 42, including “energy drinks and sports drinks” in Class 32. The application proceeded to registration on 18 February 2000.

The Bull Series

21. Ms Powers’ evidence was that she had been informed by Volker Viechtbauer, Red Bull’s General Counsel, that in 1998 Red Bull decided to introduce a product group extension called the Bull Series. To facilitate the launch of this, various trade mark applications were filed on 12 March 1998. These included applications to register BAD BULL, BLACK BULL, ENERGY BULL, FLYING BULL, FUNKY BULL, GOLDEN BULL, POWER BULL, VODKA BULL, BULL and BULLSHIT as Community trade marks in Classes 32, 33 and 42. BLACK BULL was withdrawn after opposition by Scottish & Newcastle plc. The remaining applications proceeded to registration, but most were surrendered in November and December 2011.

Red Bull’s 1999 BULLIT applications

22. On 12 April 1999 (just six days after Ms Powers joined the company) Red Bull filed Austrian Trade Mark Application No. 182699 for the word BULLIT in Classes 32, 33 and 34. On 17 June 1999 this was used as the basis for International Registration No. 715928 (“IR 928”). The latter was designated with respect to the UK on 21 September

2000. Due to conflicts with prior rights, including UKTM 2101481 (W & S Holding), the UK designation was limited to beer in Class 32.

23. On 16 April 1999 Red Bull filed CTM Application No. 1141837 for the word BULLIT in classes 32, 33 and 34. This was later withdrawn because of conflicts with prior rights owned by W & S Holding and Dieck & Co Erfrischungsgetranke GmbH, the latter of whom opposed the application.

Red Bull's other 1999 applications

24. On the same date Red Bull filed applications to register BULL RUSH, BULLERO, BULLIONAIRE, LORD BULL and SPEEDY BULL as Community trade marks in Class 32. These proceeded to registration, but three of the registrations were surrendered in November 2011.

SALF's BULLET registration

25. On 8 September 2000 SALF filed UK Trade Mark Application No. 2244956 for the word BULLET in respect of "health fruit drink; health fruit juice drink, still and carbonated" in Class 32. It was Dr and Mrs Rangers' evidence that, notwithstanding the wording of the specification of goods, they intended to use the mark in relation to an energy drink. I do not accept this evidence. First, Mrs Ranger's explanation for the discrepancy was that she had copied the wording from a booklet which she had obtained from the UK Intellectual Property Office. Leaving aside the fact that it was not called that in 2000, no such booklet has been produced. Nor is it plausible that any such booklet would have included such wording, since it did not appear in the class headings for class 32 in the 7th edition of the Nice Classification which was current at that date. Secondly, the application was initially refused by the registry having regard to a prior registration for SILVER BULLET. Dr and Mrs Ranger attended a hearing on 25 June 2001 at which they persuaded the hearing officer to waive the objection. The hearing report includes the statement "the applicant will be using the mark on Health fruit drinks". It appears from this that Dr and Mrs Ranger emphasised that their intended use would be as set out in the specification. Thirdly, I consider that the subsequent history is not consistent with Dr and Mrs Ranger having intended to use the mark on an energy drink at that date.
26. It is important to note that UKTM 481 was not cited against SALF's application, although it clearly should have been. It is evident that Dr Ranger feels aggrieved about this, even though he benefited from it at the time. As a result, SALF's application proceeded to registration on 14 December 2001 ("UKTM 956"). As I will explain below, it was subsequently declared invalid upon an application by Red Bull.

The Mix Series

27. On 5 June 2002 Carsten Beers of Kastner & Partners, Red Bull's marketing agency, sent Ms Powers an email on the subject "Series TM names" saying that Kastner had produced four-colour layouts for 21 cans/products with bull-themed names such as SPEEDY BULL, VODKA BULL, BULL RUSH, BULLERO, BULLIT and EXTREME BULL. On 14 June 2002 Mr Beers copied Ms Powers into an email on the subject "Red Bull Mix series, 19 examples" attaching Kastner's layout proposals for the design of "19 possible mix products". Later the same day he sent "3 other (old)

mixing ideas in the same layout style”. In total, therefore, Kastner had produced 22 designs, namely the 21 listed in the 5 June 2002 email plus one more for FLÜGERL. Each of the designs is in the same format. It consists of a design for the front of what appears to be a 250 ml can. At the top is the name in question (i.e. BULLIT etc). Underneath that is a cartoon of a bull with a yellow sun (which varies from design to design). Underneath that are the words “MIX SERIES”. The words are in white and the background is black.

Dr Ranger’s letter dated 15 August 2002

28. On 15 August 2002 Dr Ranger wrote a letter on behalf of Sun Mark to Red Bull seeking the right to distribute RED BULL in Pakistan. In this letter he said:

“I faxed you some information from the other Companies we deal with. It will show you the marketing strength we have in order to make Red Bull a household name. We intend advertising heavily in the press, TV and radio to get our message across. Pakistan being a muslim country is ideal for an energy drink and as a result the market is now being flooded by imitations and some of the genuine product. I list a few names;

Power up

Red Devil

Dynamite

Bullet

Clubber

Red Stripe etc, etc.

If we are not quick these products will establish themselves in the market. I hope you will appreciate the urgency and help me to help your product.”

29. The letter goes on to mention various own brands produced by Sun Mark. There was no mention in the letter of either Sun Mark or SALF intending to market an energy drink under the name BULLET, and such a proposition would have been difficult to square with Dr Ranger’s statement that an imitation of RED BULL was being marketed under that name in Pakistan. In my view the explanation for this is that Dr Ranger had no such intention at that date.

Red Bull’s 2002 BULLIT applications

30. On 23 August 2002 Red Bull filed Austrian Trade Mark Application No. AM 5417/2002 for the word BULLIT in Class 32. This was registered on 14 October 2002. The registration was then used as the basis for IR 389, as discussed in more detail below. The UK was designated on the same date. Ms Powers’ evidence was that the reason for this application was partly to overcome the limitation of IR 928 to beer in the UK and partly to extend the territorial protection for BULLIT.
31. On 17 December 2002 the IPO (as it now is) issued a provisional notice of refusal of protection for IR 389 because of conflict with UKTM 481 (owned by W & S Holding) and UKTM 956 (owned by SALF). This notice was subsequently withdrawn in the circumstances discussed below.

Red Bull's other 2002 applications

32. At the same time as it filed the application to register BULLIT, Red Bull filed parallel applications to register BAD BULL, BLACK BULL, BULL, BULLERO, BULLIONAIRE, BULL RUSH, ENERGY BULL, FLYING BULL, FUNKY BULL, GOLDEN BULL, LORD BULL, POWER BULL, SPEEDY BULL and VODKA BULL (that is, together with BULLIT, most of the names in the Mix Series). Most of these achieved protection in the UK, although some were subsequently revoked.

Red Bull's application to revoke W & S Holding's registration

33. Ms Powers' evidence was that Red Bull began to consider purchasing the BULLIT business from W & S Holding in Spring 2003. In July 2003, however, Red Bull decided first to try to clear the way for its BULLIT applications. To this end, Red Bull started revocation actions against a number of W & S Holding's registrations. On 19 August 2003 Red Bull applied for revocation of UKTM 481 on the ground of non-use. This application was subsequently withdrawn after W & S Holding had served evidence of use of the mark.

Red Bull's 2003 BULLIT applications

34. On 21 August 2003 Red Bull filed Austrian Trade Mark Application No. AM 5459/2003 for BULLIT in Classes 32, 33 and 43. This was registered on 27 November 2003. The registration was then used as the basis for IR 548, as discussed in more detail below. On 13 February 2004 this was designated in respect of the UK.
35. On 6 July 2004 the IPO issued a provisional notice of refusal of protection for IR 548 on basis of conflict with *inter alia* prior UKTM 481 (W & S Holding) and UKTM 956 (SALF). This notice was subsequently withdrawn in the circumstances discussed below.

Correspondence between Red Bull and SALF in 2004-2005

36. On 8 December 2004 Red Bull's then solicitors wrote to SALF seeking SALF's consent to registration of IR 548 in the UK. The letter included the following passage:

“Your ‘BULLET’ mark is registered in class 32 for ‘*Health fruit drink; health fruit juice drink, still and carbonated*’. We understand that your ‘BULLET’ mark is therefore associated with fruit and juice drinks although we have been unable to find details of any of your products.

In view of our client's interest being primarily in the energy drinks field and in view of the large number of ‘BULL’ marks currently coexisting on the UK Register, we do not consider that our client's registration of the mark ‘BULLIT’ in the UK will conflict with your business interests. In any event there are obvious visual and conceptual differences between the marks ‘BULLET’ and ‘BULLIT’. Accordingly, we should be grateful if you would grant our clients consent to their registration of

‘BULLIT’ in the UK classes 32, 33 and 43. We enclose a draft letter of consent for your use.”

37. On 9 December 2004 Dr Ranger replied on behalf of SALF as follows:

“We are in receipt of your letter asking us to give your client consent to register the Trademark Bullit. In our opinion, bearing in mind the same word spelt with an ‘I’ instead of an ‘e’ but with the same pronunciation and in the same classes, there is definitely a conflict of interest.

We have spent a great deal of money and time and are in the process of launching our drink. I do agree that at this present time, the drink is not in the market but the lithographs are in the process of finalization.

However, if your client wishes to make us a substantial offer to compensate for all the work done and for us to develop the product under a different name, then we may consider it.”

38. On 27 January 2005 Red Bull’s solicitors wrote to SALF offering to purchase UKTM 956 for the sum of £1,500. SALF did not reply to this letter.

39. On 25 February 2005 Rebecca Nugent of Red Bull’s solicitors telephoned Dr Ranger to ask for his response to the offer. She recorded the conversation in a contemporaneous attendance note and in an email to Ms Powers sent later that day. Dr Ranger said that SALF would be launching a vitamin energy health drink under the name BULLET. Initially he said that this would be “soon”, but later said that this was “some way off”. Dr Ranger said that SALF was proposing to use the strapline NO BULL PURE STRENGTH, and asked whether that would upset Red Bull. Ms Nugent replied that it would, since it would be taken as a reference to Red Bull’s products. Dr Ranger said that SALF had spent £3-4k on “designs”, that he was looking for an offer “substantially in excess” of this, that Red Bull was a “rich company” and that only a “paltry sum” had been offered so far.

40. Shortly after the telephone conversation Dr Ranger sent Ms Nugent an email attaching the can design for the Defendants’ BULLET energy drink and stating “We are looking in excess of £10000K”. Later the same day he sent another email saying that he had meant to write £100,000. Red Bull did not respond to this offer.

41. It may be noted that the only invoices disclosed by the Defendants for artwork for BULLET dating from anywhere near to this period are two invoices dated 16 December 2005 and 27 February 2006 in the sums of £85 and £185 respectively.

Red Bull’s purchase of W & S Holding’s rights

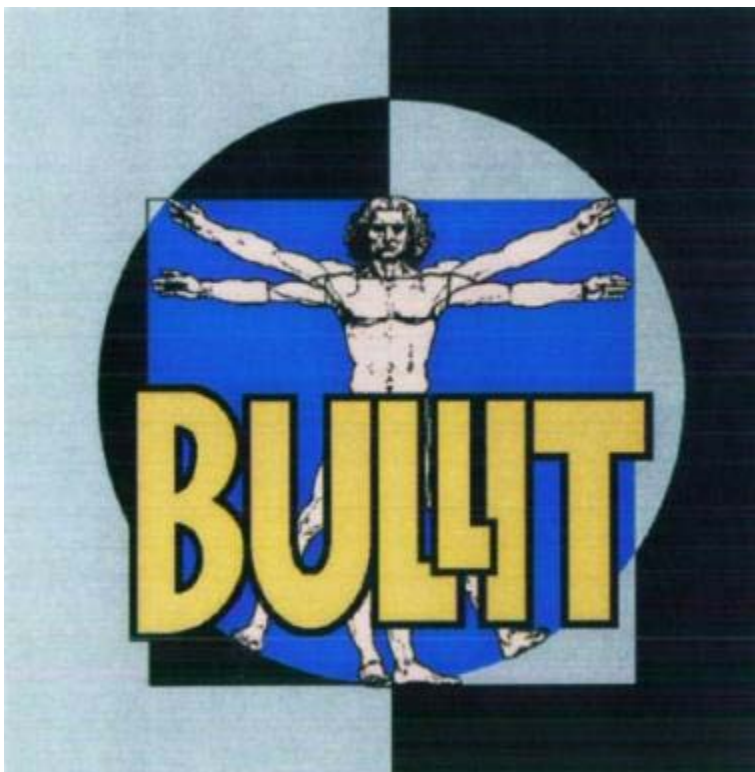
42. In early 2005 Red Bull began serious negotiations with W & S Holding to purchase its BULLIT business and trade marks, including UKTM 481. On 27 June 2005 Red Bull entered into a sale and purchase agreement with W & S Holding and three associated companies under which it paid a substantial sum for these assets. On 4 July

2005 UKTM 481 was assigned to Red Bull. On 3 August 2005 Red Bull withdrew its revocation application as noted above.

43. As a consequence of Red Bull's acquisition of UKTM 481, the IPO withdrew its provisional notices of refusal of Red Bull's applications for protection of IR 389 and IR 548 on 25 January 2006 and 13 February 2007 respectively. Accordingly IR 389 and IR 548 have been protected in the United Kingdom since those respective dates.

Red Bull's 2005 BULLIT applications

44. On 25 March 2005 Red Bull filed Austrian Trade Mark Application No. AM 1888/2005 for the logo reproduced below in Classes 32, 33 and 43. On 19 August 2005 this was used as the basis for International Registration No. 886486. This was designated in respect of the UK on the same date.



Red Bull's plans for the Mix Series in June 2005

45. In an internal email to four colleagues dated 20 June 2005 Ms Powers wrote:

“Attached below please find the Bull Cartoon designs that Kastner already produced back in June 2002. We thought about a ‘limited’ can edition but this idea was too expensive. Then we remodified the idea as noted below and suggested ‘stickers’ but I guess this idea was thought to ‘cheapen’ our premium product.

It would be great if we could use a ‘plastic’ or ‘paper’ cup idea for Events and at the Stadium to make use of the ‘Bull’ Series.

Again perhaps on the bottom of the cup or on the lid (if there is one) that kids could peel off and collect.”

Red Bull's BULLIT product

46. Following the acquisition of the BULLIT business from W & S Holding in June 2005, Red Bull commenced manufacture and sale of the product in the Netherlands. Red Bull introduced the product into Russia in 2006, Poland in 2007, the Ukraine in 2008 and (it claims) the UK in 2010. As discussed below, there is a dispute between the parties as to whether Red Bull's use of the BULLIT trade mark in the UK since 2010 amounts to genuine use of it.
47. Ms Powers' evidence was that worldwide unit sales of BULLIT in the period 2005-2010 were as follows:

Year	Unit sales
2005	13,048,872
2006	29,287,572
2007	56,472,864
2008	88,834,657
2009	91,532,368
2010	49,045,465

48. Her evidence was that worldwide marketing expenditure on BULLIT during the same period was as follows:

Year	Expenditure
2005	€1,541,000
2006	€4,569,000
2007	€7,020,000
2008	€12,260,000
2009	€7,608,584
2010	€6,983,724

SALF's CTM application

49. On 7 November 2005 SALF filed CTM Application No. 4727145 for the word BULLET in Classes 30, 32 and 33.

Correspondence between Red Bull and SALF in 2006

50. On 25 July 2006 Red Bull's solicitors wrote to SALF notifying it of Red Bull's ownership of UKTM 481. They requested that SALF withdraw UKTM 956 and undertake not to sell, offer for sale, import, export or otherwise use the mark BULLET for beverages in the course of trade in the UK. On the same date Red Bull's Community trade mark attorneys wrote to SALF requesting it to withdraw CTMA 4727145.

51. On 27 July 2006 Dr Ranger replied to Red Bull's solicitors on behalf of SALF suggesting that there was a contradiction between their letters dated 8 December 2004 and 25 July 2006 and asking for clarification of how and when Red Bull had acquired UKTM 481. He went on:

“We are nowhere near as big as your client but do not take lightly to these bully boy tactics. In addition, we have invested a great deal of time, effort and money into our product and cannot just give all this up on your say so.

If you have any objection to us filing the trademark in the EU, then please go down the correct route and refrain from asking us to withdraw our application. There are procedures in place.”

52. On 18 August 2006 Red Bull's solicitors replied explaining that Red Bull had considered his offer to sell UKTM 956 for £100,000 on 25 July 2006 to be “extortionate”, and had therefore explored other avenues to overcome the problem. They confirmed that Red Bull had acquired UKTM 481, and therefore its position had changed since December 2004. They said that, unless SALF acceded to Red Bull's requests, it would commence UK invalidity and CTM opposition proceedings.

53. Dr Ranger responded on the same day, this time on behalf of Sun Mark, again complaining of Red Bull's conduct. In his letter he stated that Sun Mark had “stock in our warehouse of hundreds of thousands of pounds” of its product, and was “exporting to 40 countries”. These statements were untrue. In fact, Sun Mark had only just launched its BULLET product. Dr Ranger sent Red Bull's solicitors a sample of the product the next day.

The Defendants' sales of their BULLET product

54. The Defendants started selling their BULLET product in August 2006. To begin with, sales appear to have been very small. Thereafter many of the Defendants' sales were for export. According to the disclosed invoices, UK sales of BULLET were £634.80 in 2006, £1312.11 in 2007 and £1129.26 in 2008. Dr Ranger's evidence was that worldwide sales to date exceed £12 million.

Red Bull's opposition to SALF's CTM application

55. On 5 September 2006 Red Bull filed an opposition to SALF's CTMA 4727145. Another opposition was filed by Diageo. On 8 September 2008 SALF notified OHIM that, as a result of an agreement with Diageo, it was withdrawing the application in classes 30 and 33 and limiting the application in class 32 to “health fruit drink, health

fruit juice drink, still and carbonated only”. In a decision dated 31 October 2008 in Opposition B 987 877 the Opposition Division held that there was a likelihood of confusion between Red Bull’s IR 548 (BULLIT) and SALF’s CTMA 4727145 (BULLET) in the Benelux countries. Accordingly, it upheld the opposition and refused the application in class 32.

SALF’s failure to oppose IR 548

56. On 13 October 2006 the IPO notified SALF of its right to oppose IR 548 being protected in the UK. On 19 October 2006 SALF replied to the IPO stating its intention to oppose IR 548. In the event, however, it did not do so. Accordingly IR 548 was accorded protection in the UK as noted above.

SALF’s application to revoke UKTM 481

57. On 18 October 2006 SALF applied to revoke UKTM 481 on the ground of non-use. In a decision dated 27 February 2008 (O-058-08) the hearing officer held that Red Bull had established genuine use of the mark by W & S Holding in the UK in respect of energy drinks during the relevant period, but otherwise the mark had not been used. Accordingly, she restricted the specification of goods to “energy drinks” with effect from 9 August 2002.

Red Bull’s applications to revoke and invalidate UKTM 956

58. On 9 November 2006 Red Bull applied to invalidate SALF’s UKTM 956 as conflicting with UKTM 481. On 22 December 2006 Red Bull applied to revoke UKTM 956 on the ground of non-use. In a decision dated 4 July 2008 (O-192-08) the hearing officer held that there was a likelihood of confusion between UKTM 956 (BULLET) and UKTM 481 (BULLIT), and accordingly declared UKTM 956 invalid. On 18 August 2008 Red Bull withdrew its application to revoke UKTM 956, since the mark had been invalidated.

Correspondence between Red Bull and SALF in 2007

59. On 27 March 2007 Red Bull’s then solicitors sent the Defendants a cease and desist letter alleging infringement of UKTM 481, IR 389 and IR 548 (and other registrations) by the manufacture, sale, import and export of energy drink under name BULLET.
60. On 28 March 2007 the Defendants’ trade mark attorneys replied declining to give undertakings. In their letter they suggested that it was inappropriate for Red Bull to threaten proceedings prior to the conclusion of the pending revocation proceedings in respect of UKTM 481 and UKTM 956. Although not spelt out, the point implicitly made by the letter was that, so long as UKTM 956 remained on the register, the Defendants would have a defence to any claim for infringement by virtue of section 11(1) of the Trade Marks Act 1994.
61. On 30 March 2007 Red Bull’s solicitors reserved its rights in respect of the Defendants’ refusal to provide undertakings.

Red Bull's 2008 applications

62. On 11 April 2008 Red Bull filed a further international application for BULLIT in Classes 32, 33 and 43 designating the UK. On 10 December 2008 Red Bull filed similar applications for BAD BULL, BULL RUSH, CRAZY BULL, ENERGY BULL and FLYING BULL.

The Defendants' launch of ROBUST

63. In July 2008 Red Bull was informed by Red Bull UK that the latter could no longer find the Defendants' BULLET product. In August 2008 Red Bull was informed by Red Bull UK that the Defendants had launched a new energy drink called ROBUST. Ms Powers' evidence was that Red Bull assumed that ROBUST had replaced BULLET.

The Defendants' use of the strapline NO BULL IN THIS CAN

64. In about April 2009 the Defendants started using the strapline NO BULL IN THIS CAN. On 30 September 2009 Red Bull became aware that the Defendants' BULLET product was being advertised on Sun Mark's website. Subsequently a trap purchase was made on 14 October 2009. Red Bull became aware of the Defendants' use of the strapline at around the same time.

The Defendants' further application to revoke UKTM 481

65. On 20 November 2009 the Defendants filed a further application to revoke UKTM 481 on the ground of non-use. This was not contested by Red Bull, and the registration was revoked on 29 June 2010 (it is not clear to me as from what date).

Red Bull's use of BULLIT in the UK

66. Red Bull claims that it launched its BULLIT energy drink in the UK in February 2010. It is common ground that Red Bull has indeed sold small quantities of the product since that date. According to the invoices disclosed in these proceedings, the following quantities have been sold:

Year	Units
2010	2,136
2011	2,112
2012	960

It appears that most, if not all, of these sales have been through a number of service stations in the Midlands and the North of England. The Defendants contend that these sales are token sales made with a view to maintaining Red Bull's BULLIT registrations, and do not amount to genuine use of the mark. I shall return to this point below.

Further letters before action

67. On 26 February 2010 Red Bull's present solicitors sent Sun Mark a letter before action in respect of both BULLET and NO BULL IN THIS CAN. On 17 May 2010 they sent a similar letter to SALF.

Commencement of these proceedings

68. Red Bull commenced these proceedings on 24 May 2010. On 24 June 2010 the Defendants served a Defence and Counterclaim which was not professionally drafted. On 18 October 2010 the Defendants served an Amended Defence and Counterclaim which was professionally drafted. The Amended Counterclaim seeks a declaration of invalidity of IR 389 and IR 548.

Sun Mark's applications to revoke IR 389 and IR 548

69. On 16 June 2011 Sun Mark filed an application in the IPO to revoke IR 790389 on the ground of non-use. It did not seek to re-amend its Counterclaim to introduce this claim into these proceedings. On 7 February 2012 the IPO decided to suspend the revocation application pending the determination of these proceedings.
70. On 14 March 2012 Sun Mark filed an application in the IPO to revoke IR 824548 on the ground of non-use. Again, it did not seek to re-amend its Counterclaim to introduce this claim into these proceedings. I was informed during the trial that the IPO had been requested to suspend the revocation application pending the determination of these proceedings, but at that time had made no decision with respect to that request.

Red Bull's claim for infringement concerning BULLET

The law

71. Article 5(1)(b) of European Parliament and Council Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version) ("the Directive") provides as follows:

"Article 5

Rights conferred by a trade mark

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

...

- (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark

...”

72. Article 5(1)(b) of Directive 89/104/EC, which was in force prior to 28 November 2008 when the Directive came into force, was in identical terms. These provisions have been implemented in the UK by section 10(2) of the Trade Marks Act 1994. In the case of International Trade Marks, Article 4 of the Trade Marks (International Registration) Order 1996, SI 1996/714 (“the 1996 Order”), formerly provided, and Article 3 of the Trade Marks (International Registration) Order 2008, SI 2008/2206 (“the 2008 Order”), now provides in effect that an International Registration designating the UK shall confer the same rights as a United Kingdom Trade Mark, subject to exceptions which are not material to the present case.
73. The manner in which the requirement of a likelihood of confusion should be interpreted and applied has been considered by the Court of Justice of the European Union in a considerable number of decisions, and in particular the leading cases of Case C-251/95 *SABEL BV v Puma AG* [1997] ECR I-6191, Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc* [1998] ECR I-5507, Case C-342/97 *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] ECR I-3819, Case C-425/98 *Marca Mode CV v Adidas AG* [2000] ECR I-4861, Case C-3/03 *Matrazen Concord GmbH v Office for Harmonisation in the Internal Market* [2004] ECR I-3657, Case C-120/04 *Medion AG v Thomson Sales Germany & Austria GmbH* [2005] ECR I-8551 and Case C-334/05 *Office for Harmonisation in the Internal Market v Shaker de L. Laudato & C SAS* [2007] ECR I-4529.
74. The principles established by these cases in the registration context have been distilled into the following convenient summary developed by the Trade Marks Registry which was cited with approval by Kitchin LJ in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ, [2012] FSR 19 at [52]:
- “(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;
 - (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
 - (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
 - (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;
 - (f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
 - (g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;
 - (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either *per se* or because of the use that has been made of it;
 - (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
 - (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;
 - (k) if the association between the marks causes the public to wrongly believe that the respective goods [or services] come from the same or economically-linked undertakings, there is a likelihood of confusion.”
75. There is an important difference between the comparison of marks in the registration context and the comparison of mark and sign in the infringement context, namely that the former requires consideration of notional fair use of the mark applied for, while the latter requires consideration of the use that has actually been made of the sign in context. This was established by the judgment of the Court of Justice in Case C-533/06 *O2 Holdings Ltd v Hutchison 3G UK Ltd* [2008] ECR I-4231.
76. In *Och-Ziff Management Europe Ltd v OCH Capital Ltd* [2010] EWHC 2599 (Ch), [2011] ETMR 1 at [77]-[78] I held that this involved consideration of the circumstances of the use of the sign complained of, but not consideration of circumstances prior to, simultaneous with or subsequent to the use of the sign.
77. In *Specsavers v Asda* Kitchin LJ said at [86] that he did not find it entirely clear what was meant by that passage in *Och-Ziff v OCH*, and continued at [87]:
- “In my judgment the general position is now clear. In assessing the likelihood of confusion arising from the use of a sign the court must consider the matter from the perspective of the average consumer of the goods or services in question and must take into account all the circumstances of that use that are likely to operate in that average consumer's mind in considering the sign and the impression it is likely to make on him. The sign is not to be considered stripped of its context.”

78. I do not perceive any difference between this and what I said in *Och-Ziff v OCH*. The sign must be considered in the context in which it has been used. It follows that all the circumstances which are relevant to that context must be taken into account (see also *DataCard Corp v Eagle Technologies Ltd* [2011] EWHC 244 (Pat), [2012] BusLR 160 at [288]). It does not follow that circumstances extraneous to that context are to be taken into account.

Assessment

79. *The trade mark.* The mark is BULLIT. Notwithstanding the impression conveyed by the IPO database, it is common ground that the registration is for the word itself.
80. *The sign.* The sign is BULLET. This has been used by the Defendants both in plain type (for example, on invoices and on Sun Mark's website) and in the form of the logo reproduced below:



81. The logo is used both on the can and on Sun Mark's website and other advertising. The example reproduced above comes from Sun Mark's website, where the background colour is pale blue. On the can the background colour is a darker metallic blue. The logo is sometimes accompanied by the words ENERGY DRINK in small letters in plain type and a contrasting colour. In my view the logo adds very little that is distinctive to the word. Thus the sign will be perceived, remembered and articulated as BULLET.
82. *The average consumer.* The average consumer is a consumer of energy drinks. Such a consumer will not display a high level of attention. This is particularly so in the case of the Defendants' product which is priced at the lower end of the market.
83. *Distinctiveness of the trade mark.* BULLIT is inherently distinctive for the goods in respect of which it is registered, and in particular energy drinks.
84. *Comparison between the mark and the sign.* The mark and the sign are visually, aurally and conceptually very similar. Visually, they differ by only one letter. BULLIT is likely to be misread by some as BULLET and vice-versa. Aurally, they are identical since BULLIT will be pronounced in the same way as BULLET. Thus one will be heard as the other and vice-versa. Conceptually, BULLIT is meaningless; but since it is so close to BULLET, it will suggest that meaning to the consumer: see Case T-189/05 *Usinor SA v Office for Harmonisation in the Internal Market* [2008] ECR II-22 at [62]. Allowing for imperfect recollection, it is very likely that BULLIT will be misremembered as BULLET and vice-versa.
85. *Comparison between the goods.* The goods in relation to which the Defendants are using the sign BULLET, namely energy drinks, are identical to goods covered by both BULLIT registrations.
86. *Conclusion.* Taking all these factors into account, in my judgment there is a clear likelihood of confusion. It is immaterial that there is no evidence of actual confusion,

since BULLIT has been little used by Red Bull in the United Kingdom even if there has been genuine use of it at all.

Red Bull's claim for infringement concerning NO BULL IN THIS CAN

The law

87. Article 9(1)(c) of Council Regulation 207/2009/EC of 26 February 2009 on the Community trade mark (codified version) ("the Regulation") provides as follows:

"Article 9 Rights conferred by a Community trade mark

1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

...

(c) any sign which is identical with or similar to the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark."

88. Article 9(1)(c) of Council Regulation 40/94/EC, which was in force until 13 April 2009 when the Regulation came into force, was in identical terms. These provisions have been implemented in the UK by section 10(3) of the Trade Marks Act 1994.

89. In Case C-292/00 *Davidoff & Cie SA v Gofkid Ltd* [2003] ECR I-389 and C-408/01 *Adidas-Salomon AG v Fitnessworld Trading Ltd* [2003] ECR I-12537 the Court of Justice held that, although the wording of the Article refers to goods or services which are not similar to those for which the mark is registered, this form of protection also extends to cases where a sign which is identical with or similar to the trade mark is used in relation to goods or services identical with or similar to those covered by the trade mark.

90. In order for the use of sign to infringe under Article 9(1)(c), four requirements must be satisfied. The first is that the trade mark has a reputation. This is not a particularly onerous requirement: see Case C-375/97 *General Motors Corp v Yplon SA* [1999] ECR I-5421 at [24]. Moreover, although the mark must be known by a significant part of the relevant public in a substantial part of the territory of the European Union, in an appropriate case the territory of a single Member State may suffice for this purpose: see Case C-301/07 *PAGO International GmbH* [2009] ECR I-9429.

91. The second requirement is that the use of the sign complained of gives rise to a "link" between the sign and the trade mark in the mind of the average consumer, even if the average consumer does not confuse them. The existence of such a link must be

appreciated globally: see *Adidas-Salomon v Fitnessworld* at [29]-[30]. The fact that the sign would call the trade mark to mind for the average consumer, who is reasonably well informed and reasonably observant and circumspect, is tantamount to the existence of such a link: see Case C-252/07 *Intel Corp Inc v CPM United Kingdom Ltd* [2008] ECR I-8823 at [60].

92. The third requirement is that the trade mark proprietor must establish the existence of one of three kinds of injury, which were described by the CJEU in *L'Oréal v Bellure* as follows:

“37. The existence of such a link in the mind of the public constitutes a condition which is necessary but not, of itself, sufficient to establish the existence of one of the types of injury against which Article 5(2) of Directive 89/104 ensures protection for the benefit of trade marks with a reputation (see, to that effect, *Intel Corporation*, paragraphs 31 and 32).

38. Those types of injury are, first, detriment to the distinctive character of the mark, secondly, detriment to the repute of that mark and, thirdly, unfair advantage taken of the distinctive character or the repute of that mark (see, to that effect, *Intel Corporation*, paragraph 27).

39. As regards detriment to the distinctive character of the mark, also referred to as ‘dilution’, ‘whittling away’ or ‘blurring’, such detriment is caused when that mark’s ability to identify the goods or services for which it is registered is weakened, since use of an identical or similar sign by a third party leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is particularly the case when the mark, which at one time aroused immediate association with the goods or services for which it is registered, is no longer capable of doing so (see, to that effect, *Intel Corporation*, paragraph 29).

40. As regards detriment to the repute of the mark, also referred to as ‘tarnishment’ or ‘degradation’, such detriment is caused when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark’s power of attraction is reduced. The likelihood of such detriment may arise in particular from the fact that the goods or services offered by the third party possess a characteristic or a quality which is liable to have a negative impact on the image of the mark.

41. As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a

transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.

42. Just one of those three types of injury suffices for Article 5(2) of Directive 89/104 to apply (see, to that effect, *Intel Corporation*, paragraph 28).”
93. The present state of the law with regard to detriment to the repute of the trade mark is conveniently summarised in *Kerly’s Law of Trade Marks and Trade Names* (15th ed) at §9-131 as follows:

“Detrimental effect occurs where the later mark is used for goods or services which provoke a reaction of annoyance or displeasure, whether through their intrinsic nature or because of the unpleasant mental association with the goods for which the earlier mark is reputed: *Ferrero v Kindercare Learning (KINDERCARE/kinder et al)*, Case R-1004/2000, [2005] E.T.M.R. 6 OHIM BoA at para.30. It may also occur when the trade mark applied for is used in an unpleasant, obscene or degrading context, or in a context which is not inherently unpleasant but which process to be incompatible with the earlier trade mark’s image: *Elleni Holding* [2005] E.T.M.R. 51 at para. 43. These cases give rise to the phenomenon of ‘tarnishment’, whereby the reputed mark ceases to convey desirable messages to the public: hence the detriment to its distinctive character.”

94. The CJEU explained the correct approach to the determining whether unfair advantage has been taken of the trade mark in *L’Oréal v Bellure* as follows:

“44. In order to determine whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark’s reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned. As regards the strength of the reputation and the degree of distinctive character of the mark, the Court has already held that, the stronger that mark’s distinctive character and reputation are, the easier it will be to accept that detriment has been caused to it. It is also clear from the case-law that, the more immediately and strongly the mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is taking, or will take, unfair advantage of the distinctive character or the repute of the mark or is, or will be, detrimental to them (see, to that effect, *Intel Corporation*, paragraphs 67 to 69).

45. In addition, it must be stated that any such global assessment may also take into account, where necessary, the fact that there is a likelihood of dilution or tarnishment of the mark.
46. In the present case, it is a matter of agreement that Malaika and Starion use packaging and bottles similar to the marks with a reputation registered by L'Oréal and Others in order to market perfumes which constitute 'downmarket' imitations of the luxury fragrances for which those marks are registered and used.
47. In that regard, the referring court has held that there is a link between certain packaging used by Malaika and Starion, on the one hand, and certain marks relating to packaging and bottles belonging to L'Oréal and Others, on the other. In addition, it is apparent from the order for reference that that link confers a commercial advantage on the defendants in the main proceedings. It is also apparent from the order for reference that the similarity between those marks and the products marketed by Malaika and Starion was created intentionally in order to create an association in the mind of the public between fine fragrances and their imitations, with the aim of facilitating the marketing of those imitations.
48. In the general assessment which the referring court will have to undertake in order to determine whether, in those circumstances, it can be held that unfair advantage is being taken of the distinctive character or the repute of the mark, that court will, in particular, have to take account of the fact that the use of packaging and bottles similar to those of the fragrances that are being imitated is intended to take advantage, for promotional purposes, of the distinctive character and the repute of the marks under which those fragrances are marketed.
49. In that regard, where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.
50. In the light of the above, the answer to the fifth question is that Article 5(2) of Directive 89/104 must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, does not require that there be a likelihood of

confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of the mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image.”

95. This passage has now been considered by the Court of Appeal on three occasions. In *Whirlpool Corp v Kenwood Ltd* [2009], [2010] RPC 2 Lloyd LJ, with whom Wilson and Rix LJ agreed, interpreted it as follows:

“112. Thus, the issue raised by Jacob L.J. at para.91 of his judgment in *L'Oréal v Bellure*, which led him to pose the fifth of the referred questions, has been answered, in essence, to the effect that an advantage obtained by the third party from the use of a similar sign, which is neither confusing nor otherwise damaging, is unfair if the advantage is obtained intentionally in order to benefit from the power of attraction, the reputation and the prestige of the mark and to exploit the marketing effort expended by the proprietor of the mark without making any such efforts of his own, and without compensation for any loss caused to the proprietor, or for the benefit gained by the third party.

....

136. ... It is not sufficient to show (even if Whirlpool could) that Kenwood has obtained an advantage. There must be an added factor of some kind for that advantage to be categorised as unfair. It may be that, in a case in which advantage can be proved, the unfairness of that advantage can be demonstrated by something other than intention, which was what was shown in *L'Oréal v Bellure*. No additional factor has been identified in this case other than intention.

137. The question of unfair advantage has to be considered in the round, using a global assessment as indicated in *Intel* in para.79 of the Court's judgment. As Advocate General Sharpston said at para.65 of her Opinion in *Intel*, unfair advantage is the more likely to be found if the mark is more distinctive and if the goods or services are more similar. ... The Court in *L'Oréal v Bellure* also referred to the importance of the strength of the reputation of the mark, and the strength of the reminder, reiterating what had been said in *Intel*. ...”

96. The importance of intention was emphasised by Jacob LJ, with whom Wall and Rimer LJJ agreed, when *L'Oréal v Bellure* returned to the Court of Appeal [2010] EWCA Civ 535, [2010] RPC 23 at [49]:

“So far as I can see this is saying if there is ‘clear exploitation on the coat-tails’ that is ipso facto not only an advantage but an unfair one at that. In short, the provision should be read as though the word ‘unfair’ was simply not there. No line between ‘permissible free riding’ and ‘impermissible free riding’ is to be drawn. All freeriding is ‘unfair.’ It is a conclusion high in moral content (the thought is clearly that copyists, even of lawful products should be condemned) rather than on economic content.”

I do not understand Jacob LJ to have ruled out the possibility that the unfairness of the advantage may be established by some factor other than intention, however.

97. In *Specsavers v Asda* Kitchin LJ said:

“127. The Court may reasonably be thought to have declared, in substance, that an advantage gained by a trader from the use of a sign which is similar to a mark with a reputation will be unfair where the sign has been adopted in an attempt to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, and without making efforts of his own, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image....

128. But plainly there are limits to this broad principle....”

98. The final requirement is the use of the sign must be “without due cause”. In *Specsavers v Asda*, Kitchin LJ noted that the CJEU had addressed this requirement in its subsequent jurisprudence in the keyword advertising cases, and in particular Case C-323/09 *Interflora Inc v Marks & Spencer plc* [2011] ECR I-0000, [2012] ETMR 1. As he explained:

“138. ... The Court summarised the position in this way:

‘74. For its part, the concept of "taking unfair advantage of the distinctive character or the repute of the trade mark", also referred to as, inter alia, "free-riding", relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (Case C-487/07 *L'Oréal* [2009] E.T.M.R. 55 at [41]).’

139. In addressing the issue in more detail, the Court explained, at [86], that the purpose of the use of a trade mark as a keyword was to take advantage of its distinctive character and repute; at [87], that the competitor derived a real advantage from the distinctive character and repute of the trade mark; and, at [88], the advertiser did not, as a general rule, pay the trade mark proprietor any compensation in respect of that use. It followed that, in the absence of 'due cause', such use could fall within the scope of Article 9(1)(c):
- '89. It is clear from those particular aspects of the selection as internet keywords of signs corresponding to trade marks with a reputation which belong to other persons that such a selection can, in the absence of any "due cause" as referred to in Article 5(2) of Directive 89/104 and Article 9(1)(c) of Regulation 40/94, be construed as a use whereby the advertiser rides on the coat-tails of a trade mark with a reputation in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of its own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark. If that is the case, the advantage thus obtained by the third party must be considered to be unfair (Case C-487/07 *L'Oreal* [2009] E.T.M.R. 55 at [49]).'
140. The Court continued (at [90]) that the use would likely be without due cause if the goods offered using the Adwords service were imitations of those sold under the trade mark. But this was not the case where the goods were simply alternatives:
- '91. By contrast, where the advertisement displayed on the internet on the basis of a keyword corresponding to a trade mark with a reputation puts forward—without offering a mere imitation of the goods or services of the proprietor of that trade mark, without causing dilution or tarnishment and without, moreover, adversely affecting the functions of the trade mark concerned—an alternative to the goods or services of the proprietor of the trade mark with a reputation, it must be concluded that such use falls, as a rule, within the ambit of fair competition in the sector for the goods or services concerned and is thus not without "due cause" for the purposes of Article 5(2) of Directive 89/104 and Article 9(1)(c) of Regulation 40/94.'
141. In my judgment these cases do reveal a development by the Court of Justice of its jurisprudence on the scope of Article 9(1)(c) of the Regulation. They establish that a proprietor of a

trade mark with a reputation is not necessarily entitled to prohibit the use by a competitor of his mark in relation to goods for which it is registered even though the mark has been adopted with the intention and for the purpose of taking advantage of its distinctive character and repute, the competitor will derive a real advantage from his use of the mark, and the competitor will not pay any compensation in respect of that use. Consideration must be given to whether the use is without due cause. Specifically, the use of a trade mark as a keyword in order to advertise goods which are an alternative to but not mere imitations of the goods of the proprietor and in a way which does not cause dilution or tarnishment and which does not adversely affect the functions of the trade mark must be regarded as fair competition and cannot be prohibited.”

Assessment

99. *Does the trade mark have a reputation?* It is admitted by the Defendants that RED BULL has a substantial reputation in the United Kingdom and elsewhere in the European Union. I have no doubt that it is, and has been since before April 2009, a well known trade mark in the UK and elsewhere in the EU.
100. *What is the sign?* There was some debate as to whether the relevant sign was BULL or NO BULL IN THIS CAN or even NO BULL IN THIS CAN (JUST) ENERGY ON TARGET, but neither counsel suggested that this made any real difference. As is common ground, even if the sign is BULL, it must be considered in context. In my view the correct analysis is that the sign is BULL. The key aspect of the context is the use of the sign in the strapline complained of, namely NO BULL IN THIS CAN, in relation to an energy drink.
101. I consider that the Defendants are right that the context includes the words JUST ENERGY ON TARGET or ENERGY ON TARGET which appear below the words NO BULL IN THIS CAN. On the other hand, the degree of separation between the two phrases varies. They are close together on a flyer or leaflet which is reproduced on the Sun Mark website. They are further apart on a can cooler which the Defendants distribute to promote their product.
102. I also consider that Red Bull is right that the context includes the fact that the strapline complained is being used in relation to an energy drink which is (i) sold in a get-up which is reminiscent of that of RED BULL, in that it employs similar colours and (ii) priced at the lower end of the market.
103. *Is there a link?* In my judgment it is plain that the use of the sign BULL in the context of the strapline NO BULL IN THIS CAN will call the trade mark RED BULL to the mind of the average consumer. The average consumer will appreciate that the strapline is a play on words: it means both NO [RED] BULL IN THIS CAN (because it is a competitor to RED BULL) and NO BULL[SHIT] (i.e. nonsense or rubbish) IN THIS CAN (because it is a straightforward, inexpensive product with no gimmicks). Thus the use does make a link between the sign and the trade mark.

104. *Does the use take unfair advantage of the trade mark?* Having regard to the jurisprudence considered above, this involves two questions. First, does the use complained of take advantage of the distinctive character or repute of the trade mark? If so, is that advantage an unfair one taking into account all of the relevant circumstances, and in particular the Defendants' intention? In essence, the court is required to make a judgment as to whether the use amounts to unfair competition.
105. So far as the first question is concerned, Red Bull contends that the strapline takes advantage of the repute of RED BULL because it uses the reputation of RED BULL to promote the Defendants' drink. I agree with this. In effect, the strapline says to the consumer: "Here is an energy drink which is as good as the famous RED BULL drink with which you are familiar, but cheaper".
106. As to the second question, Red Bull contends this is unfair because it enables the Defendants to take the benefit of the substantial sums which Red Bull has spent on advertising and promoting RED BULL, and of its resulting reputation, and thereby to save money on advertising and promoting their own product.
107. In addition, Red Bull contends that the Defendants intended to take advantage of the repute of RED BULL. Having considered Dr Ranger's evidence, I am satisfied that that was the Defendants' intention at least in part.
108. Red Bull also relies on the fact that the strapline was adopted by the Defendants in face of Red Bull's objection to the use of the earlier proposed strapline NO BULL PURE STRENGTH. Counsel for Red Bull submitted that the Defendants, specifically Dr Ranger, must have appreciated that Red Bull would also object to NO BULL IN THIS CAN. I agree that this is so, but in my view this adds little to Red Bull's case on unfair advantage.
109. Taking all the circumstances into account, I conclude that the strapline does take unfair advantage of the repute of RED BULL. I would add two points. The first is that, although each case must be considered on its own facts, it seems to me that there is considerable similarity between the strapline in the present case and the two straplines which were held to infringe on this basis in *Specsavers v Asda*. The second is that the Defendants did not attempt to rely upon Article 4 of Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising (codified version) ("the MACD") as providing them with a defence to this claim. Counsel for Red Bull made it clear that, if the MACD had been relied upon, Red Bull would have contended that the strapline did not comply with all the conditions laid down in Article 4. Again, there is an echo of *Specsavers v Asda* here: see the judgment of Kitchin LJ at [151].
110. *Is the use detrimental to the repute of the trade mark?* Since I have held that unfair advantage has been established I shall deal with this briefly. Red Bull contends that the strapline is detrimental to the repute of the trade mark because it implies that RED BULL is BULL[SHIT]. In my view the average consumer would appreciate, as I have already said, that the strapline was a play on words. As such, the average consumer would appreciate that there was an element of humour in the strapline. Accordingly, I do not think that the average consumer would take the strapline as seriously reflecting on the qualities of RED BULL. I am therefore not persuaded that the use is detrimental to the repute of the trade mark.

111. *Is the use without due cause?* The Defendants did not suggest that, if either unfair advantage or detriment to the repute of the mark is established, this was with due cause.
112. *Conclusion.* I therefore conclude that the use of the strapline amounts to an infringement under Article 9(1)(c).

The Defendants' counterclaim

The legal context

113. *The Madrid Agreement and the Madrid Protocol.* The Madrid Agreement Concerning the International Registration of Marks was originally concluded in 1891, last revised at Stockholm in 1971 and amended in 1979. It provides for a system by which a trade mark registered in one country may be deposited with the International Bureau of the World Intellectual Property Organisation and then take effect, subject to prior rights, in other countries which are parties to the Madrid Agreement. Trade marks registered in this way are called international registrations or international trade marks. The Protocol to the Madrid Agreement Concerning the International Registration of Marks, which was adopted in 1989 and amended in 2006 and 2007, provides for a similar system with certain modifications. Countries may become party to the Madrid Protocol without becoming party to the Madrid Agreement, and thereby become members of the same Madrid Union.
114. The United Kingdom has been party to the Madrid Protocol, and hence a member of the Madrid Union, since 1 December 1995. The European Union has been party to the Madrid Protocol since 1 October 2004. This enables applicants for international registrations to designate the EU i.e. to obtain Community trademarks via the Madrid system.
115. *Common Regulations.* The Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement are implementing regulations for both the Madrid Agreement and the Madrid Protocol. The Common Regulations include the following provisions:

“Rule 7

Notification of Certain Special Requirements

- (1) [Deleted]
- (2) *[Intention to Use the Mark]* Where a Contracting Party requires, as a Contracting Party designated under the Protocol, a declaration of intention to use the mark, it shall notify that requirement to the Director General. Where that Contracting Party requires the declaration to be signed by the applicant himself and to be made on a separate official form annexed to the international application, the notification shall contain a statement to that effect and shall specify the exact wording of the required declaration. Where the Contracting Party further

requires the declaration to be in English, French or Spanish, the notification shall specify the required language.

(3) *[Notification]*

- (a) Any notification referred to in paragraph (2) may be made at the time of the deposit by the Contracting Party of its instrument of ratification, acceptance or approval of, or accession to, the Protocol, and the effective date of the notification shall be the same as the date of entry into force of the Protocol with respect to the Contracting Party having made the notification. The notification may also be made later, in which case the notification shall have effect three months after its receipt by the Director General, or at any later date indicated in the notification, in respect of any international registration whose date is the same as or is later than the effective date of the notification.
- (b) Any notification made under paragraph (1), as in force before October 4, 2001, or paragraph (2) may be withdrawn at any time. The notice of withdrawal shall be addressed to the Director General. The withdrawal shall have effect upon receipt of the notice of withdrawal by the Director General or at any later date indicated in the notice.

Rule 9

Requirements Concerning the International Application

- (1) *[Presentation]* The international application shall be presented to the International Bureau by the Office of origin.
- (2) *[Form and Signature]*
 - (a) The international application shall be presented on the official form in one copy.
 - (b) The international application shall be signed by the Office of origin and, where the Office of origin so requires, also by the applicant. Where the Office of origin does not require the applicant to sign the international application but allows that the applicant also sign it, the applicant may do so.

...

(4) *[Contents of the International Application]*

- (a) The international application shall contain or indicate

...

(xv) the designated Contracting Parties.

...

(5) *[Additional Contents of an International Application]*

...

- (f) Where the international application contains the designation of a Contracting Party that has made a notification under Rule 7(2), the international application shall also contain a declaration of intention to use the mark in the territory of that Contracting Party; the declaration shall be considered part of the designation of the Contracting Party requiring it and shall, as required by that Contracting Party,
- (i) be signed by the applicant himself and be made on a separate official form annexed to the international application, or
 - (ii) be included in the international application.

Rule 11

Irregularities Other Than Those Concerning the Classification of Goods and Services or Their Indication

...

(6) *[Other Irregularity With Respect to the Designation of a Contracting Party Under the Protocol]*

- (a) Where, in accordance with Article 3(4) of the Protocol, an international application is received by the International Bureau within a period of two months from the date of receipt of that international application by the Office of origin and the International Bureau considers that a declaration of intention to use the mark is required according to Rule 9(5)(f) but is missing or does not comply with the applicable requirements, the International Bureau shall promptly notify accordingly and at the same time the applicant and the Office of origin.
- (b) The declaration of intention to use the mark shall be deemed to have been received by the International Bureau together with the international application if the missing or corrected declaration is received by the

International Bureau within the period of two months referred to in subparagraph (a).

- (c) The international application shall be deemed not to contain the designation of the Contracting Party for which a declaration of intention to use the mark is required if the missing or corrected declaration is received after the period of two months referred to in subparagraph (b). The International Bureau shall notify accordingly and at the same time the applicant and the Office of origin, reimburse any designation fee already paid in respect of that Contracting Party and indicate that the designation of the said Contracting Party may be effected as a subsequent designation under Rule 24, provided that such designation is accompanied by the required declaration.”

116. The United Kingdom notified a requirement for a declaration of intention to use the mark to the Director-General of the International Bureau in accordance with rule 7(2), as I understand it upon accession to the Madrid Protocol.

117. *TRIPS*. Article 15(3) of the Agreement on Trade-related Aspects of Intellectual Property Rights (commonly known as “TRIPS”) which forms Annex 1C to the Agreement establishing the World Trade Organisation signed in Morocco on 15 April 1994, to which the European Union and all its Member States are parties, provides as follows:

“Members may make registrability [of a trademark] depend on use. However, actual use of a trade mark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of three years from the date of application.”

118. *The Directive*. The Directive includes the following recitals:

- “(4) It does not appear to be necessary to undertake full-scale approximation of the trade mark laws of the Member States. It will be sufficient if approximation is limited to those national provisions of law which most directly affect the functioning of the internal market.

...

- (6) Member States should also remain free to fix the provisions of procedure concerning the registration, the revocation and the invalidity of trade marks acquired by registration. They can, for example, determine the form of trade mark registration and invalidity procedures, decide whether earlier rights should be invoked either in the registration procedure or in the invalidity procedure or in both and, if they allow earlier rights to be

invoked in the registration procedure, have an opposition procedure or an *ex officio* examination procedure or both. Member States should remain free to determine the effects of revocation or invalidity of trade marks.

...

- (8) Attainment of the objectives at which this approximation of laws is aiming requires that the conditions for obtaining and continuing to hold a registered trade mark be, in general, identical in all Member States. The grounds for refusal or invalidity concerning the trade mark itself, for example, the absence of any distinctive character, or concerning conflicts between the trade mark and earlier rights, should be listed in an exhaustive manner, even if some of these grounds are listed as an option for the Member States which should therefore be able to maintain or introduce those grounds in their legislation. Member States should be able to maintain or introduce into their legislation grounds of refusal or invalidity linked to conditions for obtaining and continuing to hold a trade mark for which there is no provision of approximation, concerning, for example, the eligibility for the grant of a trade mark, the renewal of the trade mark or rules on fees, or related to the non-compliance with procedural rules.
- (9) In order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation. It is necessary to provide that a trade mark cannot be invalidated on the basis of the existence of a non-used earlier trade mark, while the Member States should remain free to apply the same principle in respect of the registration of a trade mark or to provide that a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked. In all these cases it is up to the Member States to establish the applicable rules of procedure.”

119. It also includes the following provisions:

“*Article 3*

Grounds for refusal or invalidity

...

2. 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:

...

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

...

Article 10

Use of trade marks

1. If, within a period of five years following the date of the completion of the registration procedure, the proprietor has not put the trade mark to genuine use in the Member State in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the trade mark shall be subject to the sanctions provided for in this Directive, unless there are proper reasons for non-use.

The following shall also constitute use within the meaning of the first subparagraph:

- (a) use of the trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;
 - (b) affixing of the trade mark to goods or to the packaging thereof in the Member State concerned solely for export purposes.
2. Use of the trade mark with the consent of the proprietor or by any person who has authority to use a collective mark or a guarantee or certification mark shall be deemed to constitute use by the proprietor.

...

Article 12

Grounds for revocation

1. A trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use.

However, no person may claim that the proprietor's rights in a trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the

application for revocation, genuine use of the trade mark has been started or resumed.

The commencement or resumption of use within a period of three months preceding the filing of the application for revocation which began at the earliest on expiry of the continuous period of five years of non-use shall be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application for revocation may be filed.

...

Article 13

Grounds for refusal or revocation or invalidity relating to only some of the goods or services

Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect of only some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods or services only.”

120. Corresponding recitals and provisions were contained in Directive 89/104/EC (which, strictly speaking, is the relevant Directive for this purpose). Articles 3(2)(f), 10(1),(2) and 12(1) of the Directive have been implemented by sections 3(6) and 46(1)(a),(2),(3) of the 1994 Act. Similar provisions are to be found in the Regulation and its predecessor. In particular, Article 52(1)(b) of the Regulation corresponds to Article 3(2)(d) of the Directive, except that bad faith is only a ground for cancellation, not a ground for refusal.
121. *The 1994 Act*. In addition to the provisions mentioned above, the 1994 Act includes the following provisions:

“Application for registration

- 32.(1) An application for registration of a trade mark shall be made to the registrar.
- (2) The application shall contain—
- (a) a request for registration of a trade mark,
 - (b) the name and address of the applicant,
 - (c) a statement of the goods or services in relation to which it is sought to register the trade mark, and
 - (d) a representation of the trade mark.

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

...

Power to make provision giving effect to Madrid Protocol

54.(1) The Secretary of State may by order make such provision as he thinks fit for giving effect in the United Kingdom to the provisions of the Madrid Protocol.

- (2) Provision may, in particular, be made with respect to—
- (a) the making of application for international registrations by way of the Patent Office as office of origin;
 - (b) the procedures to be followed where the basic United Kingdom application or registration fails or ceases to be in force;
 - (c) the procedures to be followed where the Patent Office receives from the International Bureau a request for extension of protection to the United Kingdom;
 - (d) the effects of a successful request for extension of protection to the United Kingdom;
 - (e) the transformation of an application for an international registration, or an international registration, into a national application for registration,
 - (f) the communication of information to the International Bureau.
 - (g) the payment of fees and amounts prescribed in respect of application for international registrations, extensions of protection and renewals.
- (3) Without prejudice to the generality of subsection (1), provision may be made by regulations under this section applying in relation to an international trade mark (UK) the provisions of—
- (a) section 21 (remedy for groundless threats of infringement proceedings);
 - (b) sections 89 to 91 (importation of infringing goods, material or articles); and
 - (c) sections 92, 93, 95 and 96 (offences).

- (4) An order under this section shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.”

122. *The 1996 Order*. The 1996 Order was made pursuant to section 54. In addition to the provision mentioned above, it includes the following provisions:

“Entitlement to protection

- 3.(1) An international registration designating the United Kingdom shall be entitled to become protected subject to the provisions of articles 9 to 12 where, if the particulars of the international registration were comprised in an application for registration of a trade mark under the Act, such an application would satisfy the requirements for registration (including any imposed by the Rules).
- (2) For that purpose, sections 32 to 34, rules 5 to 8 and rules 10 and 11 shall be disregarded.

Evidence of certain matters relating to an international registration

27.(2) Judicial notice shall be taken of the following –

....

- (a) the Madrid Protocol and the Common Regulations;

...”

123. *The 2008 Order*. The 2006 Order was also made pursuant to section 54, and replaced the 1996 Order. The 2008 Order does not apply to the counterclaim, but for completeness I note that it includes the following provisions:

“International trade marks (UK)

3. ...

- (3) The provisions of the Act (except those listed in Schedule 1, Part 1), the Relative Grounds Order and the Trade Marks Rules (except those listed in Schedule 1, Part 2) shall apply to international trade marks (UK) and requests for extension with the following modifications;

...

Schedule 1

Provisions of the Act and Trade Marks Rules which do not apply to International Trade Marks (UK) or requests for extension

Part 1

...

section 32(1), (2) and (4) (application for registration)

...”

Declaration of intent to use: UK trade marks

124. By virtue of section 32(3) of the 1994 Act an applicant to register a trade mark in the UK must state in his application either that the trade mark is being used or that he has a *bona fide* intention to use it. As a matter of mechanics, rule 5 of the Trade Marks Rules 2008 requires (and the predecessors of that rule also required) that the application be filed on Form TM3. Box 13 of this form contains a declaration that “The trade mark is being used by the applicant, or with his or her consent, in relation to the goods or services shown, or there is a *bona fide* intention that it will be used in this way” which must be signed by or behalf of the applicant.
125. The Directive does not contain any corresponding requirement. It does not necessarily follow that section 32(3) is incompatible with the Directive, since as a general rule the Directive does not regulate the procedure for the registration of trade marks: see recital (6). On the other hand, it is clear from the jurisprudence of the CJEU that the substantive provisions of the Directive can have implications with regard to registration procedures: see e.g. Case C-273/00 *Sieckmann* [2002] ECR I-11737 and Case C-307/10 *Chartered Institute of Patent Attorneys v Registrar of Trade Marks* [2012] ECR I-0000. I shall return to this point below.

Declaration of intent to use: international trade marks (UK)

126. As counsel for the Defendants acknowledged, the effect of article 2(2) of the 1996 Order was that section 32(3) of the 1994 Act did not apply to an application to extend an international registration to the UK made during the currency of the 1996 order. (The position is different under the 2008 Order, since Schedule 1 Part 1 does not disapply section 32(3).) She nevertheless submitted that such an application was required to include a declaration of intention to use because rule 9(5)(f) of the Common Regulations required such an declaration where the relevant Contracting Party had made a notification under rule 7(2), and the UK had made a notification under rule 7(2). I accept that this is correct as a matter of international law.
127. I do not accept that that obligation forms part of domestic law, as she argued. Although, by virtue of article 27(2)(a) of the 1996 Order, the court is required to take judicial notice of the Common Regulations, that does not mean that the Common Regulations form part of domestic law. The formula used in article 27(2)(a) is the same formula as that used in section 91(1) of the Patents Act 1977 with regard to (*inter alia*) the European Patent Convention. It simply means that the Common Regulations do not have to be formally proved. Accordingly, the ordinary rule of English law that an international treaty does not form part of domestic law and the obligations under the treaty must be implemented by means of domestic legislation applies to the Common Regulations. For reasons that will appear, however, I do not

think it matters to the Defendants' case that the requirement for a declaration of intention to use did not form part of domestic law at the relevant dates.

128. It is common ground that:

- (1) Rule 9(5)(f) envisages two mechanisms by which a declaration of intention to use the mark may be provided: (i) on a separate official form signed by the applicant himself, where this is required by the Contracting Party in its rule 7(2) notification; or (ii) in the international application.
- (2) The UK does not require that the declaration of intention to use be on a separate official form signed by the applicant.
- (3) The applicant may or may not be required to sign the international application. This depends on whether or not the Office of origin requires the applicant to sign the application: see rule 9(2)(b).

Declaration of intent to use: Community trade marks

129. The Regulation does not contain any provision which corresponds to section 32(3) of the 1994 Act. As a result, an applicant to register a trade mark as a Community trade mark is not required to make any declaration that he intends to use the mark.

Bad faith: general principles

130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C-529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2009] EHW 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoff GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined”: see *Gromax Plastics Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].
135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly’s Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].
136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].
137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant’s conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant’s own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].
138. Eighthly, consideration must be given to the applicant’s intention. As the CJEU stated in *Lindt v Hauswirth*:
 - “41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant’s intention at the time when he files the application for registration.
 42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant’s intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.
 43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.
 44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48).”

Lack of intention to use as a ground of bad faith: earlier case law

139. There have been a series of cases in which courts and tribunals have had to consider whether a lack of intention to use the trade mark on the part of the applicant constitutes bad faith within section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation. It should be noted at the outset that there are a number of variants of this question, including the following:

- (1) whether the making of a declaration of intention to use the mark as required by section 32(3) of the 1994 Act, which is false because in fact the applicant did not intend to use the mark, amounts to bad faith;
- (2) whether an intention to use the mark in relation to some goods covered the application, but not others - and hence a statement of intention to use that is true in relation to the former goods, but not in relation to the latter – amounts to bad faith; and
- (3) whether a lack of intention to use amounts to bad faith if there are exacerbating factors, such as (a) an attempt to obtain protection for an unregistrable mark or (b) an attempt to block others from registering the mark by repeated applications.

140. I do not propose to review all the reported cases on this topic, but I shall consider the principal ones in chronological order. In *DEMON ALE Trade Mark* [2000] RPC 345 the applicant applied to register the trade mark for beer, but admitted that he did not intend to use it. Geoffrey Hobbs QC sitting as the Appointed Person upheld the hearing officer’s decision that the application had been made in bad faith for reasons which he expressed at 356-357 as follows:

“In the present case the objection under section 3(6) related to the applicant’s breach of a statutory requirement. Section 32(3) of the Act required him to be a person who could truthfully claim to have a bona fide intention that DEMON ALE should be used (by him or with his consent) as a trade mark for beer. His application for registration included a claim to that effect. However he had no such intention and could not truthfully claim that he did. That was enough, in my view, to justify rejection of his application under section 3(6). I see no reason to doubt that section 32(3) is compatible with Community law. The 8th recital to the Directive specifically confirms that ‘in order to reduce the total number of trade marks registered and protected in the Community ... it is essential to require that registered trade marks must actually be used or, if not used, be

subject to revocation'. I am satisfied that this is not a case which tests the limits of section 3(6) of the Act (Article 3(2)(d) of the Directive) from the point of view of Community law."

141. In *TRILLIUM Trade Mark* (Case C00005347/1, 28 March 2000) the proprietor of the Community trade mark had applied to register the trade mark in respect of "computer software; communications software". The applicant alleged that the proprietor had had no intention to use the mark in relation to computer software other than telecommunications switching software, and therefore argued that the proprietor had made the application in bad faith to the extent that it covered other software. The OHIM First Cancellation Division rejected this argument for the following reasons:
- "8. The request is unfounded because, under European trade mark law, there is no 'intention to use' requirement, and thus the United Kingdom and CTM systems are different. Under UK law an application for registration of a trade mark is required to contain a statement to the effect that the mark is being used by the applicant, or with his consent, in relation to the relevant goods or services, or that he has a bona fide intention to so use the mark. Any registration applied for without such bona fide intention would be regarded, under Sections 32(3) and 3(6) of the UK Trade Marks Act 1994, as having been applied for in bad faith. In comparison with the CTM system, the UK 1994 Act differs completely because the use in commerce is not a prerequisite for a CTM registration. In general, and as a matter of principle, it is entirely left to the applicant to file a list of goods and services as long as he sees fit, i.e. a list exceeding his actual scope of business activity, and try later to expand his activities in order to be able to show genuine use of his CTM or face revocation under Article 50(1)(a) CTMR and other sanctions, respectively. It is exactly this 'liberal' concept which underlies Articles 15 and 50 CTMR because otherwise a grace period of five years would make little sense, if any.
9. There may be cases where an applicant files a list of goods and services where all or part of it does not have the slightest connection with his actual economic activity, and where it might even appear unimaginable that said applicant would ever be able to expand. If in such case the holder of the CTM immediately took action, based on 'remote' goods or services, against third parties, it might be worth considering Article 51(1)(b) CTMR. But this can be left undecided because it is not the case in the present proceedings before us. The CTM is registered, in class 9, for computer software, and the actual activities of the proprietor relate to software."
142. In *Decon Laboratories Ltd v Fred Baker Scientific Ltd* [2001] RPC 17 at [29]-[35] Pumfrey J expressed the view *obiter* that, in the light of *TRILLIUM*, it was improbable, but not impossible, that a decision as to the width of specification of goods would lack good faith. It does not appear from the judgment that *DEMON ALE* was cited.

143. *LABORATOIRE DE LA MER Trade Marks* [2002] FSR 51 was a case on what constituted genuine use of a trade mark, rather than bad faith. Nevertheless the observations of Jacob J (as he then was) at [19] merit quotation:

“... The wider the specifications of goods or services permitted by the registration authorities, the greater the extent of the problem of unused marks. In practice there is likely to be a greater problem caused by wide specifications in the case of Community marks than in the case of, at least, UK marks. For UK registrations, the application form (TM3) requires the applicant or his agent to say:

‘The trade mark is being used by the applicant or with his or her consent, in relation to the goods or services stated, or there is a bona fide intention that it will be so used.’

If that statement is untrue then it seems fairly plain that the registration is vulnerable to an attack as one made in bad faith (section 3(6) of the UK Act implementing Article 3(2)(d) of the Directive). There is no such requirement in the case of Community Trade Mark applications (see the requirements for the content of the application in rule 1 of the Implementing Regulation 2868/95). An applicant for a CTM does not expressly have to say he uses or intends to use the mark applied for. So, unless the mere making of an application is taken as an implicit statement of intention to use, then a bad faith attack based on any lack of intention to use (under Article 51(1)(b) of Regulation 40/94) may fail. The First Cancellation Division of OHIM so held in *Trillium Trade Mark* (Case C000053447/1, March 28, 2000). The decision is not particularly satisfactory (see the criticisms in *Kerly's Law of Trade Marks and Trade Names* (13th ed.) at para.7–230). If it is right, however, there is simply no deterrent to applicants seeking very wide specifications of goods or services for CTMs—with all the greater potential for conflict that may give rise to. I understand that in practice OHIM are quite content to admit such very wide specifications—indeed often all the goods or services within a class are asked for and granted. The *Trillium* point will undoubtedly come up again—for it seems bizarre to allow a man to register a mark when he has no intention whatever of using it. Why should one have to wait until five years from the date of registration before anything can be done? Whatever the width of the ‘umbra’ of the specification, it should also be remembered that the holder's rights to stop infringement or prevent registration of a later similar mark extend to the ‘penumbra’ of ‘similar goods’ (section 10(2) of the UK Act, Article 5(1)(b) of the Directive and Article 9(1)(b) of the Regulation). A wide umbra means there is an even wider penumbra. Other traders with a similar mark may not go into

either the umbra or the penumbra, whether by use or registration.”

144. In *Knoll AG's Trade Mark* [2003] RPC 10 the trade mark was registered in respect of “pharmaceutical preparations and substances, sanitary preparations; dietetic substances adapted for medical use, food for babies” in Class 5 and goods in Class 16 and services in Class 41. The claimant sought a declaration that the mark was partially invalid on the ground that it had been applied for in bad faith, save in relation to “pharmaceutical preparations and substances for the treatment of obesity”, because the defendant had no intention to use the mark other than on those products. The defendant applied to strike out the claim. Neuberger J (as he then was) struck out the claim so far as in related to “pharmaceutical preparations and substances” and “dietetic substances adapted for medical use”, but not the remainder of the claim.
145. It should be noted that, although the trade mark in suit was an international registration, it was common ground between the parties that the defendant had made a declaration as required by section 32(3) of the 1994 Act (see the judgment at [5]). It seems clear from the judgment that the judge’s attention was not drawn to article 3(2) of the 1996 Order. Furthermore, it does not appear that *DEMON ALE* was cited. It was in those circumstances that Neuberger J held at [34] that it was arguable that section 32(3) of the 1994 Act was incompatible with the Directive, and that the court should be reluctant to accept arguments of the kind advanced by the claimant.
146. Neuberger J’s reasons for striking out the allegation of bad faith in relation to “pharmaceutical preparations and substances” and “dietetic substances adapted for medical use” can be seen from the following passage in the judgment:
 - “21. I start by taking the words of s.3(6) of the 1994 Act, the terms of the application and grant of the mark in issue so far as it relates to Class 5, and the nature of the defendant's intention with regard to the use of the mark, and ignoring authority. On that basis, I have considerable difficulty in accepting that the defendant could be said to have been guilty of bad faith in expressing an intention to use the mark in issue for ‘pharmaceutical preparations and substances’ and ‘dietetic substances adapted for medical use’. After all, the defendant had a firm and developed intention to use the mark for pharmaceutical preparations and substances for the treatment of obesity, and contemplated that it might use it in connection with other pharmaceutical products.
 22. Although the role of the Classes in Sch.3 to the Trade Mark Rules 2000 (‘the Order’) can be overstated, it is nonetheless not without significance that the defendant made its application by repeating the first part of Class 5 of that Schedule, the remainder being ‘plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.’ The defendant made its application by reference to the terms set out in a Class identified in the Order, and, presumably consciously, only

applied for registration in respect of some of the goods in that Class. That is scarcely redolent of greed, let alone bad faith.

23. More significantly, perhaps, there is no doubt that the defendant had a firm and settled intention to use the mark in issue for goods which fell within the class claimed and granted. In those circumstances, I think it is a little difficult to describe the defendant as wanting in good faith simply because it failed to draft its application more critically or with greater precision. In this connection, the claimant may have a stronger argument in relation to the words 'sanitary preparation' and 'food for babies'. However, I heard no specific argument in connection with those words, and they do not directly bear on the real dispute between the parties, which, as I understand it, really centres on 'pharmaceutical preparations and substances' and 'dietetic substances adapted for medical use'.
24. Further, given that there is no doubt that the defendant had a firm and developed intention to use the mark in connection with obesity products, I think it is of real assistance to its case that it had a contemplation, or, to put it another way, a provisional or conditional intention, of using it in relation to other pharmaceutical products. To attempt to define the meaning of 'bona fide intention' in s.32(3) of the 1994 Act would be dangerous, indeed, I think, impossible. Clearly, a pretty firm and settled intention to use, as the defendant had so far as use of the mark in issue in relation to obesity products, will do. However, whether a contemplated use, or a possible or conditional intention to use, can suffice must depend upon the circumstances.
25. Thus, if the defendant in the present case could show a firm and settled intention to use a mark as its corporate logo, and it is a pharmaceutical company, would have thought it hard to argue against the proposition that it would be entitled to register that mark in relation to 'pharmaceutical preparations and substances' generally. However, adopting the sort of strict construction of s.32(3) of the 1994 Act, as advanced by the claimant here, one could argue that sort of registration should only be permitted in respect of the specific types of pharmaceuticals which the defendant either had on the market, or confidently expected to be on the market in the reasonably near future. Once one rejects such a proposition, and I think Miss Anna Carboni, who appears on behalf of the claimant, was rightly inclined to reject it, then one has to accept that, at least in some circumstances, a strict approach of the sort the claimant is advocating in the present case is not appropriate.
26. In this case, the defendant had a firm intention to use the mark in issue in connection with one type of pharmaceutical product, coupled with a contemplated possibility of using it in

connection with other types of pharmaceutical product. On that basis, it would, in my view, as a matter of ordinary English, be impossible realistically to argue that it would be inaccurate, let alone bad faith, for it to have stated that it intended to use the mark for ‘pharmaceutical preparations and substances’, or, equally, for ‘dietetic substances adapted for medical use’.

27. Over and above this, it is important to bear in mind that s.3(6) of the 1994 Act, upon which the claimant's case hinges, involves alleging not merely that the applicant has framed its claim too widely, but that it was guilty of bad faith. The precise meaning of ‘bad faith’ may vary depending on its linguistic context and purpose, but it must, I think, always involve a degree of dishonesty, or at least something approaching dishonesty. To say that one intends to use a mark in connection with ‘pharmaceutical substances’, when one intends to use the mark in connection with a specific category of pharmaceutical substances, does not appear to me, as a matter of ordinary language or concept, to amount to want of good faith. Of course, it might well be different if it was clear from the document in which the statement is made, or from information supplied to the person making the statement, or from well established principles of law, that the intention concerned has to apply across the whole range of goods and services concerned. There is nothing to support such a contention in the words of the 1994 Act or the Order.”
147. In *Ferrero SpA’s Trade Marks* [2004] RPC 29 the applicant sought declarations of invalidity against five trade marks all containing the word KINDER, the marks being registered in the names of two associated companies. The applicant contended that the proprietors had not had any intention of using the trade marks when the applications were filed, and consequently that they had been filed in bad faith. The applicant's evidence was that the proprietors had filed no less than 68 applications to register trade marks including the word KINDER, mostly in classes 29 and 30 with a few in classes 28 and 32, which were either pending or registered. None of the marks in issue had been used, nor had most of the trade marks the subject of the applications to register. Only six had been used. The applicant asserted that the evidence showed that the proprietors did not have a real and effective intention to use the trade marks in issue when the applications were filed, but rather had filed a large number of applications to register marks incorporating the word KINDER in order to obtain broad protection for the word KINDER (which, so the applicant argued, was itself unregistrable). The proprietors did not file any evidence in answer to this ground of objection.
148. The hearing officer found that the sheer number of marks applied for and which had apparently remained unused, and the period of time over which the applications had been made, raised a *prima facie* case of bad faith requiring a response from the proprietors. As the proprietors had failed to state clearly in their evidence that they had a *bona fide intention* to use the marks or to provide an acceptable explanation for

their filing policy, the hearing office concluded that the applications had been made in bad faith.

149. The proprietors' appeal was dismissed. One of the proprietors' main arguments on the appeal was that the hearing officer had erred in law in concluding that an absence of a *bona fide* intention to use a mark at the date of application could constitute bad faith. This argument was rejected by David Kitchin QC (as he then was) sitting as the Appointed Person for reasons which he expressed as follows:

“23. ... *Gromax* makes it clear that bad faith is not limited to cases involving actual dishonesty and includes some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the area being examined. Section 32(3) of the Act requires an applicant for registration to state that the trade mark in issue is being used by the applicant with his consent in relation to the goods or services in relation to which it is sought to be registered, or that the applicant has a bona fide intention that it should be so used. In so far as the applicant makes a materially false statement in this regard then I believe that the application is made in bad faith. This was clearly the view of Jacob J. in *DE LA MER*, and he evidently had well in mind the difference in approach of OHIM as revealed by *TRILLIUM*.

24. It is convenient at this point to deal with the further submission made by the registered proprietors that s.32(3) of the Act is *ultra vires* in that it seeks to impose an improper restriction on the term 'bad faith' as it is used in s.3(6) of the Act. I do not accept this submission. It is indeed true that there is no equivalent of s.32(3) of the 1994 Act in the Directive but nevertheless, like Mr Hobbs Q.C. in *DEMON ALE*, I see no reason to doubt that s.32(3) is compatible with Community law. On the contrary, the Eighth Recital of the Directive expressly recognises the public interest in requiring that registered trade marks must actually be used. The same public interest was recognised by Jacob J. in clear terms in *DE LA MER*.”

It does not appear that *Knoll* was cited.

150. Case C-569/08 *Internetportal und Marketing GmbH v Schlicht* [2010] ECR I-4871 concerned the interpretation of Commission Regulation 874/2004/EC of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration. Internetportal and Marketing GmbH (“IMG”) registered 33 Swedish trade marks each consisting of a generic term, but with the special character “&” before and after each letter. One of the trade marks it registered was &R&E&I&F&E&N& in respect of “safety belts” in Class 9. It did not intend to use the trade mark for safety belts. Subsequently it registered the domain name www.reifen.eu during the sunrise period on the basis of the trade mark by virtue of the fact that Article 11 of Regulation 874/2004 provided for special characters such as “&” to be ignored. Its intention in registering the

domain name was to operate an internal portal for trading in tyres, “reifen” being German for “tyres”. It had applied to register 180 generic terms as domain names.

151. Mr Schlicht was the proprietor of a Benelux registration for the word mark REIFEN in Classes 3 and 35 and had applied to register the same word as a Community trade mark in the same classes. He intended to market a cleaning preparation for windows and similar surfaces, and had coined the mark from the first three letters of the German words “Reinigung” (cleaning) and “Fenster” (window).
152. Mr Schlicht contested IMG’s registration of the domain name. The ADR panel held that IMG had registered the domain name in bad faith. IMG challenged that decision in the Austrian courts. The Oberster Gerichtshof (Austrian Supreme Court) referred a number of questions to the CJEU. The CJEU treated the fifth question as seeking an interpretation of the concept of bad faith within the meaning of Article 21(b) of Regulation 874/2004. The CJEU held at [42] that whether an applicant was acting in bad faith had to be the subject of an overall assessment, taking into account all the factors relevant to the particular case, applying *Lindt v Hauswirth*. It went on to hold that the national court must take into consideration seven factors which it summarised at [77] as follows:

“With regard to the conditions under which registration of the trade mark was obtained, the national court must take into consideration, in particular:

- the intention not to use the trade mark in the market for which protection was sought;
- the presentation of the trade mark;
- the fact of having registered a large number of other trade marks corresponding to generic terms; and
- the fact of having registered the trade mark shortly before the beginning of phased registration of .eu top level domain names.

With regard to the conditions under which the .eu top level domain name was registered, the national court must take into consideration, in particular:

- the abusive use of special characters or punctuation marks, within the meaning of Article 11 of Regulation No 874/2004, for the purposes of applying the transcription rules laid down in that article;
- registration during the first part of the phased registration provided for in that regulation on the basis of a mark acquired in circumstances such as those in the main proceedings; and

- the fact of having applied for registration of a large number of domain names corresponding to generic terms.”

153. So far as the first of these factors was concerned, the Court held as follows:

“45. In that regard, consideration must first be given to the intention of the appellant in the main proceedings at the time when it filed the application for registration of that mark as a subjective factor which must be determined by reference to the objective circumstances of the particular case (see, to that effect, *Chocoladefabriken Lindt & Sprüngli*, paragraphs 41 and 42).

46. The fact of applying for registration of a mark without the intention of using it as such but for the sole purpose of subsequently registering, on the basis of the right to that mark, a .eu top level domain name during the first part of the phased registration provided for in Regulation No 874/2004 may, under certain circumstances, indicate conduct in bad faith within the meaning of Article 21(1)(b) of that regulation.

47. In the present instance, it is apparent from the order for reference that, although the appellant registered the word mark &R&E&I&F&E&N& in Sweden for safety belts, it actually intended to operate an internet portal for trading in tyres, which it intended to register.

48. Consequently, according to the national court’s findings, and as the appellant in the main proceedings itself admits, the latter had no intention of using the mark which it had thus registered for the goods covered by that registration.”

154. In Case T-507/08 *Psytech International Ltd v Office for Harmonisation in the Internal Market* [2011] ECR II-0000, [2011] ETMR 46 the respondent had registered the trade mark in classes 9, 16, 35, 41 and 42. The appellant applied for a declaration of invalidity on various grounds, one of which was that the application had been made in bad faith. The application was dismissed by the Cancellation Division. Successive appeals by the appellant to the Second Board of Appeal and the General Court of the European Union were dismissed. The appellant advanced three arguments in support of its case on bad faith before the General Court. The first of these was that “the number of goods and services in respect of which the intervener applied for and obtained registration is too large and that the intervener had no intention of using the mark at issue for the entire list of goods and services in the application for registration”. This argument was rejected by the General Court for the following reasons:

“88. In the present case it must be pointed out, first, that neither Regulation No 40/94 nor the case-law provides a basis that would enable the Court to find that there is bad faith in view of the size of the list of goods and services in the application for registration, with the result that that argument must be rejected.

89. In any event, an examination of the goods and services in respect of which the intervener applied for and obtained registration shows that they are precisely the kind of goods and services which it provides in the context of its commercial activities. The intervener filed its application in respect of the goods and services for which it was using the mark 16PF or for which it intended to do so and the specifications in the list are not too extensive in relation to its activities. Furthermore, on the basis of the material in the file, it may be stated that the mark 16PF is already widely used for a number of goods and services designated in the registration document.”
155. In *32Red plc v WHG (International) Ltd* [2012] EWCA Civ 19, [2012] ETMR 14 the claimant had operated an online casino under the name 32RED since 2002. It had registered the name as a Community trade mark. The defendants operated an online gaming website located at www.32vegas.com. In January 2009 the claimant sent the defendants a letter before action. In February 2009 the claimant applied to register “32” as a UK trade mark in Class 41, and the mark was duly registered. The claimant alleged infringement of the Community and UK trade marks by the defendants. The defendants counterclaimed for declarations of invalidity, in the case of the UK trade mark *inter alia* on the ground that the claimant had made the application in bad faith. The defendants advanced three contentions in support of this ground, the third of which was that the claimant had no genuine intention to use the mark. Henderson J rejected this contention.
156. The defendants’ appeal was dismissed for the reasons given by Etherton LJ, with whom Toulson and Kitchin LJ agreed, at [75]:
- “The judge rejected the challenge based on bad faith for the reasons in [160] of his judgment, which I have quoted earlier. Mr Carr recognised that the appellants can only succeed on this ground of appeal by establishing that the judge’s findings of fact that the respondent did have a genuine intention to use the mark and did not register the mark in bad faith were perverse. I have no hesitation in rejecting that submission. I do not accept that Mr Ware’s evidence was that the respondent has no intention ever to use the 32 number mark in the future. The point was squarely put to him in cross-examination, but he never answered it. His answer to the question was that the respondent offered 32 chips for new players, and that in such a case, as in other promotional activity, the name 32Red was used because they took every opportunity to use the full brand. That was not an admission that the respondent would never use the number 32 alone as a mark of origin. The point was not pressed further. Moreover, Mr Ware’s earlier answers in cross-examination, to which I have already referred above, were consistent with the possible future use of the number 32 alone: for example, his answer that, if the respondent used 32 on its own with online casino players, most of them would believe that to be the respondent, and that people refer to the

respondent as 32, and that the respondent sees that very much as part and parcel of its identity. The judge was, therefore, fully entitled to reach the conclusion that William Hill Online had failed to prove its case on the absence of good faith.”

It is unclear from the judgment what authorities, if any, were cited to the court on this point.

157. Case T-33/11 *Peeters Landbouwmachines BV v Office for Harmonisation in the Internal Market* [2012] ECR I-0000 was a case in which the applicant alleged that the intervener had applied to register the trade mark in bad faith because the intervener’s sole intention was to prevent the applicant from marketing agricultural goods under a very similar mark. The General Court upheld the rejection of this claim by the OHIM First Board of Appeal. Part of the General Court’s reasoning was as follows:

“24. Moreover, it cannot be claimed that the intervener registered the mark at issue with no intention of using it and with the sole objective of preventing a third party from entering the market, since the goods have been marketed under that mark in a great many areas of the European Union since the date of that registration.

25. In that connection, it should be noted that, as a rule, it is legitimate for an undertaking to seek registration of a mark, not only for the categories of goods and services which it markets at the time of filing the application, but also for other categories of goods and services which it intends to market in the future.

26. In the present case, it has not been shown in any way that in so far as the application for registration of the mark at issue concerned the goods in Class 7 – in particular, cranes – it was artificial and not commercially logical for the intervener. That is all the more so because it is not disputed that the goods in that class were marketed by the intervener, even if under another mark. Accordingly, the mere fact that the application for registration covered goods in Class 7, to which the goods marketed by the applicant belong, does not demonstrate that the application was motivated solely by the intervener’s intention of preventing the applicant from continuing to use the mark BIGA.”

Is there a requirement of intention to use under the Regulation?

158. As the law presently stands, it appears that there is no requirement under the Regulation that an applicant for registration of a Community trade mark must intend to use the mark. Accordingly, a lack of intention to use does not, at least without more, constitute bad faith: see *TRILLIUM* and *Psytech*. As Jacob J observed in *LA MER*, however, it is open to question whether this is correct. Indeed, it would seem arguable that the reasoning of the CJEU in *Lindt v Hauswirth* at [44]-[45] is applicable: where the applicant has no intention to use the mark, the mark cannot

fulfil its essential function of indicating the origin of the applicant's goods or services. Although the CJEU said that there would be bad faith if, in addition to lacking any intention to use the mark himself, the applicant's sole objective was to prevent a third party from entering the market, the purpose of any trade mark registration is to prevent third parties from using the trade mark. Furthermore, it is arguable that this is supported by what the CJEU said in *Internetportal v Schlicht* at [45]-[48]. Thus the decision of the General Court in *Peeters* appears to recognise that it may be bad faith to apply to register a trade mark in respect of goods or services which are not "commercially logical" for the applicant. This is not an issue which arises in the present case, however.

Is the UK's requirement for a declaration of intention to use compatible with the Directive? If so, can a false declaration amount to bad faith?

159. As noted above, Neuberger J held in that *Knoll* that it was arguable that section 32(3) of the 1994 Act was not compatible with the Directive, albeit without consideration of *DEMON ALE*. That view has been endorsed by the editors of *Kerly* at §§8-277 to 8-285. As I have explained, section 32(3) of the 1994 Act is not in issue in the present case; but the requirement for a declaration of intention to use imposed on applicants for international trade marks by the UK under rule 7(2) of the Common Regulations is in issue. Counsel for Red Bull submitted that this requirement was incompatible with the Directive. In the alternative, she submitted that, even if the requirement for such a declaration was compatible with the Directive, the making of a false declaration of intent to use did not amount to bad faith within Article 3(2)(d) of the Directive.
160. In my judgment these submissions raise important and difficult issues of European law. They involve consideration of at least five matters. The first is the terms of the Directive itself, and in particular those I have set out above. Secondly, whether there is a requirement of an intention to use under the Regulation, as discussed above. Thirdly, the relationship between the Directive and the Regulation, and in particular the suggestion made by Advocate General Sharpston in her opinion in *Lindt v Häuswirth* at [42] that the concept of bad faith should be the same under both systems. Fourthly, the legislative history of the relevant provisions of the Directive and the Regulation (as to which, see the account in Tsoutsanis, *Trade Mark Registrations in Bad Faith* (OUP, 2010), in particular at §§3.19, 3.27-3.28 and 5.20-5.22). Fifthly, the principle of European law that European legislation is to be construed consistently with international law, and in particular legislation intended to give effect to an international agreement to which the EU is party (see e.g. Case C-306/05 *Sociedad General de Autores y Editores de España (SGAE) v Rafael Hoteles SA* [2006] ECR I-11543 at [35]). It is arguable that this means that the Directive should not be interpreted in a manner which leads to incompatibility with rule 7(2) of the Common Regulations. On the other hand, the editors of *Kerly* suggest at §8-286 that it is arguable that a requirement of intention to use is incompatible with Article 15(3) of TRIPS.

Is a possible or conditional future intention to use enough?

161. If the UK's requirement for a declaration of intention to use is compatible with the Directive, and the making by the applicant of a false declaration of intent to use can amount to bad faith, the next issue concerns the intention which the applicant must have in order to be able to declare in good faith that he intends to use the mark in

relation to the goods or services specified in the application in the UK. Counsel for the Defendants submitted that a concrete present intention was required, whereas counsel for Red Bull submitted that a possible or contingent future intention was sufficient.

162. In *Knoll* Neuberger J said that “whether a contemplated use, or a possible or conditional intention to use, can suffice must depend upon the circumstances”. In that case, he found that the proprietor had had a definite intention to use the mark in relation to pharmaceutical preparations for the treatment of obesity and contemplated that it might use the mark in relation to other pharmaceutical products. In those circumstances he held that it was unarguable that the proprietor had acted in bad faith by making a false declaration that it intended to use the mark in relation to pharmaceutical preparations and dietetic substances. In *32Red* the Court of Appeal appears to have accepted that a possible future use of the mark in relation to the services applied for was enough to defeat an allegation of bad faith on the ground of lack of intention to use in the circumstances of that case, albeit without any detailed consideration of the law.
163. Neuberger J’s statement in *Knoll* appears to me to be not only correct in principle, but also supported by the subsequent jurisprudence of the CJEU in *Lindt v Hauswirth* and *Internetportal v Schlicht*. I therefore conclude that a possible or contingent intention to use the mark at some future date may suffice. Whether it does suffice will depend on all the circumstances of the case, and in particular whether there are other factors present of the kind mentioned in paragraph 139 above.

The present case

164. The Defendants’ primary case on bad faith may be summarised as follows:
- (1) Red Bull declared that it intended to use the trade mark BULLIT in relation to the specified goods and services in the UK when it designated the UK on its applications for IR 389 and IR 548.
 - (2) In fact Red Bull did not intend to use the trade mark in relation to any of the specified goods and services in the UK.
 - (3) Accordingly, Red Bull made false declarations of intention to use and thereby acted in bad faith.
165. The Defendants’ secondary case is that Red Bull’s lack of intention to use amounted to bad faith even in the absence of any declaration of intention to use because IR 389 and IR 548 were registered by Red Bull, together with other marks, as blocking registrations to extend the scope of protection for RED BULL.
166. *Did Red Bull declare that it intended to use the mark in the UK?* The Defendants contend that Red Bull declared, or should be deemed to have declared, that it intended to use the mark in the UK when it applied for IR 389 and IR 548. Red Bull denies this, although it accepts that it would have made such declarations if required to do. The primary facts are not in dispute. Rather the dispute is as to the proper inference to be drawn from those facts.

167. The primary facts as follows. On 29 September 2002 Red Bull's duly authorised Austrian trade mark attorneys, Schönherr Rechtsanwälte OEG ("Schönherr"), wrote to the Austrian Patent Office requesting international registration of Austrian trade mark AM 5417/2002 BULLIT in Class 32. The letter stated (in translation):

"Protection due to this registration is requested for the countries of the Madrid Agreement and of the Madrid Protocol stated in the enclosed list.

....

We agree that the Patent office translates the list of goods and services into the French language and expressly declare that the petition further on be dealt with according to MMA as well as according to PMMA and shall be forwarded to all of the named countries, even if the basic trade mark has not yet been registered."

The enclosed list of countries included the UK. It can be seen from elsewhere in the letter that "MMA" refers to the Madrid Agreement. I take it that PMMA refers to the Madrid Protocol.

168. On 18 October 2002 the Austrian Patent Office, as the Office of origin, duly completed and sent the international application to WIPO on behalf of Red Bull. For this purpose, the responsible official used Form MM3(F), being (the French version of) the appropriate form for use for applications made under both the Madrid Agreement and the Madrid Protocol. In section 11 of the form the official checked the boxes to designate the Contracting States requested by Schönherr in its letter, including the UK. Section 11 of the form included an asterisked footnote to the box for the UK which read (I quote the English version): "By designating Singapore or the United Kingdom, the applicant declares that he has the intention that the mark will be used by him or with his consent in that country in connection with the goods and services identified in this application." Section 12 of the form, which provides for signature by the applicant or his representative if required or allowed by the Office of origin, was not signed. Section 13 of the form, which provides for certification and signature by the Office of origin, was signed by the responsible official.
169. This application matured into IR 389. The official date of designation of the UK is 14 October 2002, being the date of the basic (Austrian) registration, rather than 18 October 2002; but nothing turns on this.
170. On 9 February 2004 Schönherr wrote to the Austrian Patent Office requesting international registration of Austrian trade AM 5459/2003 BULLIT in Classes 32, 33 and 34. The letter stated (in translation):

"Protection due to this registration is requested for the countries of the Madrid Agreement and of the Madrid Protocol stated in the enclosed list."

The enclosed list of countries included the UK.

171. On 18 March 2004 the Austrian Patent Office, as the Office of origin, duly completed and sent the international application to WIPO on behalf of Red Bull. For this purpose, the responsible official again used Form MM3(F). In section 11 of the form the official checked the boxes to designate the Contracting States requested by Schönherr in its letter, including the UK. Section 11 of the form included an asterisked footnote to the box for the UK which read (I quote the English version): “By designating Ireland, the United Kingdom or Singapore, the applicant declares that he has the intention that the mark will be used by him or with his consent in that country in connection with the goods and services identified in this application.” Section 12 of the form was not signed. Section 13 of the form was signed by the responsible official.
172. This application matured into IR 548. For reasons that are unclear, the official date of designation of the UK is 13 February 2004, rather than 27 November 2003 (the date of registration of the basic (Austrian) registration) or 18 March 2004; but nothing turns on this.
173. It is thus clear that neither Red Bull nor Schönherr signed the application forms, and therefore neither Red Bull nor Schönherr signed any document containing the declarations of intention to use required by the UK. It is also clear, however, that the responsible officials of the Austrian Patent Office did sign such documents.
174. In these circumstances I accept the submission of counsel for the Defendants that Red Bull made, or at least should be deemed to have made, the required declarations. Red Bull authorised Schönherr to file international applications designating the UK. Schönherr authorised the Austrian Patent Office to complete the forms MM3 on its behalf. I have little doubt that both Ms Powers and the responsible attorney at Schönherr, as experienced trade mark attorneys, knew that the UK required such declarations to be made. In any event, the requirement for such declarations is a feature of the Madrid Protocol system which they using. In my judgment it is immaterial that the forms were not signed by Red Bull or Schönherr. It is also immaterial that the declarations were made in compliance with an obligation imposed under international law rather than under domestic English law.
175. *Did Red Bull in fact intend to use BULLIT in the UK at the relevant dates?* It is convenient to consider this issue in stages as follows:
 - (1) General background considerations.
 - (2) Ms Powers’ evidence as to Red Bull’s intentions in April 1999.
 - (3) Ms Powers’ evidence as to Red Bull’s intentions in October 2002.
 - (4) Ms Powers’ evidence as to Red Bull’s intentions in February 2004.
 - (5) Subsequent events.
 - (6) Conclusion.
176. There are three general background considerations to be borne in mind. The first is that conflicts between rival applicants for and/or proprietors of identical or similar

trade marks for identical or similar goods are common. Indeed, they have become more common over the past two decades as a result of globalisation and the advent of the Community trade mark and the Madrid Protocol. The resolution of such conflicts often depends on who has the earliest application date. This is not necessarily determinative, however. There are various strategies that applicants may pursue in an attempt to secure registration. These include acquiring earlier applications or registrations, seeking to invalidate or revoke earlier registrations and negotiating co-existence agreements. As the present case illustrates, this can lead to sequences of moves that resemble moves in a game of chess.

177. The second is that, while it is possible to launch a product under a trade mark, build up a reputation for it and only then seek to register the trade mark, many traders prefer to obtain the protection of registration first and then launch the product. This is particularly common for traders who operate on an international basis, especially if they are not in position to launch the product simultaneously in all territories of interest and thus must roll the product out across those territories over a period of time. Otherwise, they take the risk that, if the product is successful in the initial territories, the trade mark will be registered by other parties in other territories. Even smaller traders may adopt the same policy, however, as Dr Ranger said that he did.
178. The third follows from the first two. Because trade mark registers are quite cluttered, it is often not possible for an applicant to be sure that he will succeed in obtaining registration in all the territories he wants. In these circumstances, an applicant may delay launch until he has secured registration in all the territories of interest or at least is sufficiently confident of doing so. In such circumstances, the applicant may decide to file applications for a number of different trade marks simultaneously in order to give himself options in the event that some of the applications run into difficulties.
179. Although the key issue concerns Red Bull's intentions in October 2002 and February 2004, it is necessary first to consider Red Bull's intentions in April 1999, since that was the first occasion on which Red Bull applied to register BULLIT. Ms Powers was unable to shed much light on what Red Bull's intentions with regard to BULLIT were at this date, beyond suggesting that it was connected with the Bull Series idea dating from 1998. She did not know what product, if any, Red Bull intended to use the mark in relation to.
180. So far as Red Bull's intentions in October 2002 are concerned, it can be seen that Red Bull applied to register the majority, but not all, of the names in the Mix Series designs created by Karsten & Partners in June 2002. Most of these had also previously featured in Red Bull's 1998 and 1999 applications.
181. Ms Powers' evidence with regard to the Mix Series, which is supported by the email dated 20 June 2005, was that Red Bull was thinking about limited or special can editions, that is to say, a range of cans produced in limited quantities which consumers could collect. She was very vague as to precisely what drinks it was intended that the cans would contain, except that it was probably something to do with energy drinks. As suggested by the words MIX SERIES and some of the individual names such as VODKA BULL, it appears to have been envisaged that at least some of the cans might contain a pre-mixed drink (e.g. RED BULL mixed with vodka). The idea of special can editions was rejected as too expensive, however.

Instead, it was suggested that stickers could be used, but this idea was rejected on the ground that it would cheapen Red Bull's premium product.

182. Ms Powers described the plans for the Mix Series in her witness statement as "tentative". Counsel for the Defendants submitted that, in the light of her oral evidence, this was an overstatement: at most the intention was "possibly maybe sometime in the future", and even then it was unspecific as to product and country. I accept this submission, subject to two points. First, I think that it is reasonably clear that any such product or products would be likely to consist of or include an energy drink. Secondly, I also think that it is reasonably clear that one of the countries which Red Bull was interested in was the UK.
183. As to Red Bull's intentions in February 2004, Ms Powers' evidence was that the reason for the 2003 filings was because of the applications to revoke W & S Holding's registrations. Even if successful, such applications might only result in the registrations being revoked with effect from the dates of the applications. In that case, the registrations would still be an obstacle to Red Bull's earlier filings. Accordingly, Red Bull wanted to have further filings which post-dated the revocation applications. (Ms Powers also gave another, more technical, explanation, but in my view this neither adds to nor detracts from this explanation.) I have no hesitation in accepting this explanation. In itself, this would not suggest any significant change in Red Bull's commercial intentions since October 2002.
184. It was also Ms Powers' evidence that by this date Red Bull was contemplating the possibility of purchasing the W & S Holding business. It seems clear, however, that Red Bull wanted to see if it could clear W & S Holding's registrations out of the way first. Accordingly, I do not consider that Red Bull had any definite intention to purchase the business at this stage. On the other hand, the very fact that Red Bull had taken the trouble to try and clear W & S Holding's registrations out of the way is suggestive of some degree of intention to use the mark in the relevant territories.
185. Both Red Bull and the Defendants rely upon events after October 2002 and February 2004 as casting light backwards on Red Bull's intentions as at those dates. Red Bull relies upon the following matters as confirming that it did intend to use the mark in the UK:
 - (1) The fact that it spent a substantial sum to acquire the business of W & S Holding (see paragraph 42 above).
 - (2) The fact that it has made substantial sales of BULLIT in the Netherlands, Russia, Poland and Ukraine and spent substantial sums on marketing since 2005 (see paragraphs 46-48 above).
 - (3) The fact that it went to substantial trouble and effort to clear the way for its BULLIT registrations, including either acquiring or invalidating conflicting prior rights (see paragraphs 33, 36-39, 42, 50-52 and 58 above).
 - (4) The fact that, once the conflicting prior rights had been cleared away, it launched BULLIT in the UK in February 2010 (see paragraph 66 above).
 - (5) The fact that it has BULLIT registrations in 166 countries.

186. The Defendants respond to these points as follows:
- (1) This is immaterial since Red Bull only acquired W & S Holding's business in June 2005, well after the relevant dates.
 - (2) This is immaterial since (a) such sales and marketing only started well after the relevant dates and (b) such sales and marketing took place in countries outside the UK.
 - (3) This is immaterial since it does not demonstrate an intention to use the trade mark in the UK, as distinct from an aggressive trade mark policy designed to achieve broad protection.
 - (4) This does not help Red Bull since the use relied on only started many years after the relevant dates. On the contrary, this suggests an absence of any genuine intention to use at those dates. Furthermore, the use that has taken place since February 2010 is not genuine use.
 - (5) This does not help Red Bull. On the contrary, this confirms that Red Bull has a policy of obtaining trade mark protection which exceeds any possible commercial justification for it. This policy is further evidenced by the pattern of filing repeated applications for the same marks some years apart.
187. In my view points (1), (2) and (3) suggest that Red Bull did form a concrete intention to use the mark in countries including the UK at some point, but not necessarily by February 2004.
188. So far as point (4) is concerned, I do not consider that it is either necessary or appropriate for me to make any finding as to whether Red Bull's use of the mark BULLIT in the UK since February 2010 is genuine or not. That matter is in issue before the IPO, and I am not satisfied that I have all the relevant evidence before me. For present purposes, I will assume, without deciding, that the Defendants are right that the use was not genuine. I consider that that casts relatively little light on Red Bull's intentions in 2002 and 2004, however, given the time which had elapsed by February 2010.
189. As for point (5), I consider that the geographical spread of Red Bull's BULLIT registrations is of limited relevance, since I am concerned with the position in the UK. While I agree that the pattern of European filings for BULL-related marks might, if unexplained, suggest a policy similar to that apparently pursued by the proprietors in *Ferrero*, it is not nearly so compelling evidence as the pattern in that case. Furthermore, there is some positive evidence as to Red Bull's intentions in the present case, unlike in that case. In my judgment it follows that, if the Defendants' primary case does not succeed, then their secondary case cannot succeed either.
190. Taking all of the circumstances discussed above into account, I have come to the conclusion that Red Bull did not have any concrete intention to use the mark BULLIT in relation to any goods or services in Classes 32, 33 and 43 in the UK as at either October 2002 or February 2004; but that it did contemplate the possibility of using the mark at some future point, most likely in relation to energy drinks, in countries which might include the UK.

191. *Did Red Bull act in bad faith?* For the reasons given above, I have concluded that Red Bull made, or should be deemed to have made, declarations that it intended to use the mark BULLIT in the UK in relation to goods in Class 32 (October 2002) and in relation to goods and services in Classes 32, 33 and 43 (February 2004). I have also concluded that Red Bull did not have any concrete intention to use the mark BULLIT in relation to those goods and services in the UK as at those dates; but that it did contemplate the possibility of using the mark at some future point, most likely in relation to energy drinks, in countries which might include the UK.
192. Do those findings mean that Red Bull acted in bad faith in seeking protection in the UK for IR 359 or IR 548? I shall assume for this purpose that the UK's requirement for a declaration of intention to use is compatible with the Directive. I shall also assume that the making of a false declaration amounts to bad faith within the meaning of Article 3(2)(d) of the Directive. Even on those assumptions, I am not persuaded that Red Bull acted in bad faith. In my judgment it had a sufficient intention to use the mark in the UK to be able to claim in good faith that it intended to use the mark at least in relation to energy drinks.
193. I have to say that I am more doubtful as to whether Red Bull had a sufficient intention in relation to the other goods and services it specified in its applications, although I acknowledge that those goods and services could not be said to be wholly removed from Red Bull's area of commercial interest. But it is unnecessary for me to reach a conclusion on this point, since unless the Defendants can establish that IR 389 and IR 548 are invalidly registered in relation to "energy drinks", the counterclaim will not save the Defendants from a finding of infringement.

A reference to the CJEU?

194. I have considered whether to refer questions to the CJEU on the interpretation of Article 3(2)(d) of the Directive. I have no doubt that the issues discussed in paragraph 159 and 160 above are issues upon which the guidance of the CJEU will at some point be required. In the end, however, I have come to the conclusion that this is not a case in which the applicant for registration can be said to have acted in bad faith in relation to the goods that matter even on the assumption that those issues are decided in a manner favourable to the parties attacking the validity of the registrations. In those circumstances, I do not consider it necessary to seek the guidance of the CJEU.

An issue deferred

195. As noted above, Sun Mark has applied to the IPO to revoke IR 389 and IR 548 on the ground of non-use. Counsel for the Defendants indicated that, in the event that the court concluded that those registrations were both valid and infringed, then the Defendants intended to seek a stay of any relief pending the determination of those applications. Counsel for Red Bull indicated that any application for a stay would be opposed by Red Bull. It was agreed that this issue should be the subject of argument, if it arose, following the delivery of this judgment.

Conclusions

196. For the reasons given above, I conclude that:

- (1) The Defendants have infringed IR 389 and IR 548 by use of the sign BULLET.
- (2) The Defendants have infringed the CTM by use of the strapline NO BULL IN THIS CAN.
- (3) The Defendants have not established that Red Bull acted in bad faith when it requested protection in the UK for IR 389 or IR 548.