

O/042/12

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION No. 2393514
STANDING IN THE NAME OF
RAUTARUUKKI OYJ**

AND

**IN THE MATTER OF A REQUEST FOR A DECLARATION
OF INVALIDITY THERETO UNDER No. 83808
BY CO-APPLICANTS
RUUKKI GROUP OYJ, RUUKKI WOOD OY AND ALAN REILLY LIMITED**

BACKGROUND

1) Rautaruukki Oyj (hereinafter the registered proprietor) has the following trade mark registered in the UK:

Mark	Number	Date Applied for / date registered	Class	Specification
RUUKKI	2393514	13.01.04 / 21.07.06 Converted from E3608098 With an effective date of 13.01.04	6	Common metals and their alloys; metal building materials; transportable buildings of metal; materials of metal for railway tracks; non-electric cables and wires of common metal; ironmongery, small items of metal hardware; pipes and tubes of metal; safes; goods of common metal not included in other classes; ores; metal plates, sheets and coils, metal tubes and profiles; non-coated or coated.
			35	Wholesale and retail services connected with metals and metal goods, metallic and non-metallic building, construction, engineering and installation materials, machines and machine tools and automotive vehicles; franchising services'.
			40	Treatment of materials.

2) By an application dated 10 June 2010 Ruukki Group Oyj, subsequently joined by Ruukki Wood OY and Alan Reilly Limited applied for a declaration of invalidity in respect of this registration. During this decision I shall refer to Ruukki Group Oyj as the applicant and refer to Ruukki Wood OY and Alan Reilly by name. The grounds are, in summary:

- a) Ruukki is the name of a municipality in Finland that is well known for providing metal goods and associated services. Ruukki means "iron works" in Finnish and the name Ruukki serves in trade to designate iron and other metal products and associated services. Further, or alternatively, Ruukki indicates the intended purpose of the goods and services for which the mark is registered and/or the geographical origin of the relevant goods and services. The mark is devoid of distinctive character for the goods and services for which it is registered. As such the mark offends against Sections 3(1)(b) and 3(1)(c) of the Trade marks Act 1994.
- b) The mark RUUKKI has been used by the applicant and its predecessors in business since 1993 and the applicant was publicly listed on the Helsinki Stock Exchange in 2003. The registered proprietor was aware of the business activities of the applicant and its associated companies and sought to register the mark in suit in order to prevent the applicant's use of the mark RUUKKI. As such the mark was applied for in bad faith and offends against Section 3(6) of the Trade Marks Act 1994.
- c) Further, the applicant (and its associated companies) has traded under the mark RUUKKI in the UK since 1997 in relation to the sale of wood products and associated services and has goodwill in the mark. The mark in suit therefore offends against Section 5(4)(a) of the Trade Marks Act 1994.

3) The registered proprietor filed a counterstatement denying the above grounds. It states that it has used the abbreviation of its trade name, RUUKKI, in Finland since the 1970s and in 2004 reformed its brand globally to adopt the RUUKKI name as its main brand. On 28 August 1981 an associated company Rautaruukki (UK) Limited was incorporated in the UK under company number 01583217 and on 5 January 2001 changed its name to Rautaruukki Sales Limited. On the same day a further associated company of the registered proprietor, previously incorporated on 28 December 1984 in the UK under company number 01874681 changed its name to Rautaruukki (UK) Limited. This company remains active and on 10 November 2004 changed its name to its current name Ruukki UK Limited. Since August 1981 the registered proprietor's associated companies have established considerable goodwill in the UK in the mark RUUKKI. The registered proprietor states that the applicant is a Finnish holding company that has recently expanded into wood processing and the minerals business. It states that RUUKKI is an old fashioned historic Finnish term for "iron and steel factory" and is no longer used in the current Finnish language to refer to metal, iron or steel works. They also point out that the word is not likely to be understood by the average consumer in the UK. They further state that the two parties are opposing each others' trade mark applications in OHIM. The registered proprietor states that it has been trading under the mark in suit since 1993 and it denies that the applicant has been trading under RUUKKI since 2000, as it claims. It states that the two parties were engaged in legal action in Finland in which it was found that the applicant did not have the right to stop the registered proprietor from using the mark RUUKKI in Finland. The registered proprietor states that even if the applicant, or Ruukki Wood OY or Alan Reilly has used the mark in suit in the UK, the use by the applicant or by Ruukki Wood OY or Alan Reilly post dates the use by the registered proprietor.

4) Both sides filed evidence. Both ask for an award of costs. The matter came to be heard on 5 December 2011 when the registered proprietor was represented by Mr Malynicz of Counsel instructed by Messrs Rouse & Co. and the applicant, Ruukki Wood OY and Alan Reilly by Mr Saunders of Counsel instructed by Messrs TLT LLP.

APPLICANT'S EVIDENCE

5) The applicant filed two witness statements. The first, dated 19 November 2010, is by Markku Kankaala, who between the years 1994-2007 was the Managing Director of Ruukki Wood OY, he has also been a member of the Board of Directors of Ruukki Group OY since 2003 and held the position of Managing Director of Ruukki Group OY for the years 2003-2004. In these positions he has been involved in the trade of wood products by Ruukki Wood Oy on behalf of Ruukki and its subsidiaries to the UK. His evidence comes from the various company records and also his personal knowledge, and he is authorised to speak on behalf of the applicant in these proceedings.

6) Mr Kankaala states that in 1993 he established a company called Ruukki Eristeteollisuus Oy which changed its name to Ruukki Group Ltd shortly after. In 2003 another change of name saw the company called Ruukki Yhtiöt Oy. In 1994 he set up another company called Ruukki Puunjalostus Oy with Ruukki Group Oy as the parent company. This company was very successful and in 1999 its turnover was 12 million Euros. He states that whilst Ruukki Puunjalostus was trading in the UK it used the name Ruukki Wood Processing, prior to changing its name to Ruukki Wood Oy on 12 December 2000. Use of the name Ruukki Wood Processing ceased at this time. Another

company Ruukki Components Oy was established to make furniture components but was later absorbed into Ruukki Wood Oy. In 2003, the parent company of the Ruukki group was listed on the stock exchange. A company called "A Company Finland Oy" acquired the majority of the stock in Ruukki Group Oy, the parent company of Ruukki Wood Oy and on 9 October 2003 changed its name to Ruukki Group Oyj whilst simultaneously the old Ruukki Group Oy changed its name to Ruukki Yhtiöt Oy.

7) He states that shipments of wood products (edge glued pine boards and pine furniture components) to the UK began in 1995, under the mark RUUKKI WOOD. From 2005 to 2006 sales of wood products under this mark were continued by Hirviset Oy, a subsidiary of Ruukki. He provides turnover figures for the mark RUUKKI WOOD in relation to edge-glued pine boards and components made thereof in the UK as follows:

Year	Euros
1995	50,000
1996	300,000
1997	2.5 million
1998	8 million
1999	11 million
2000	10 million
2001	8 million
2002	7 million
2003	5 million
2004	3.5 million
2005	2 million
2006	650,000

8) He confirms that sales between 1995 and 2004 inclusive were by Ruukki Wood Oy (previously Ruukin Puunjalostus Oy aka Ruukki Wood Processing). The sales for 2005/2006 were made by Hirviset Oy and Woodproc Finland Oy (subsidiaries of Ruukki) and all were made under the mark RUUKKI WOOD.

9) Mr Kankaala states that the registered proprietor was founded in 1960, but there was peaceful co-existence as the registered proprietor traded under RAUTARUUKKI. He states that his company's stock market floatation raised the profile of his company and the registered proprietor was aware of this and deliberately chose to change its trade mark to RUUKKI in 2004, this despite it having no links to the town of Ruukki, unlike his company. Despite his company objecting at the time to this change the registered proprietor did not amend its new trade mark. The Finnish press identified the potential for confusion at the time. He states that the registered proprietor has registered the mark RUUKKI in a number of markets and is now seeking to force the applicant out of these markets.

10) Mr Kankaala provides the following exhibits:

- MK1 & 7: Brochures for the UK showing use of RUUKKI WOOD and RUUKKI WOOD PROCESSING in the years 2000 & 1995 respectively.

- MK2: Copies of a sample of invoices showing wood products being sold under the RUUKKI WOOD PROCESSING and RUUKKI WOOD marks in the UK for the years 1995-2008.
- MK3: Copies of correspondence between the parties where the applicant objects to the registered proprietor appropriating its name.
- MK4: copies of Finnish press articles commenting on the confusion caused by the registered proprietor's change to its trade mark.

11) The applicant's second witness statement, dated 18 November 2010, is by Alan Reilly who from 1995 to 2005 was "actively involved in selling Ruukki's [the applicant] products in the UK". He states that he set up his own company, Alan Reilly Ltd, in 1983 and by 1995 was selling approximately £20 million per annum of Finnish and Danish timber products in the UK. He states that he began selling the applicant's products in 1995 and very quickly they were very successful, supplying in particular MFI. He states that despite the various changes of company name his company and the customers always referred to the products and the supplier as RUUKKI. His company was the sole agent for Ruukki in the UK, but they did not use brochures as it was not necessary given that the market for laminated pine panels for furniture manufacture is a niche market unlike that for chipboard. His company worked mostly as commission sales agents not as principals, but their reputation was such that their clients usually agreed for trial shipments from Ruukki and once they saw the product they usually arranged contracts for direct supply.

12) He states that the products to customers such as MFI were shipped in pallets with RUUKKI labels attached. He states that the MFI contract in 1997 was worth approximately £2-3 million to Ruukki and by 2000 this had increased to approximately £6 million. In addition to MFI he also sold Ruukki products to a number of other furniture manufacturers in the UK which he lists in his statement. He provides a summary of UK sales which are evidenced by exhibits. As most of the documents for this period are no longer held this is only a sample of the sales that occurred.

Year	UK sales £
1998	1,1819,482
1999	5,021,100
2001	598,002
2002	3,657,039
2003	516,791
2004	536,987

13) He states that his company took a stand at the Association of Suppliers to the Furniture Industry (ASFI) exhibition held every two years at the NEC. He states that from 1995 Ruukki always attended as one of his company's suppliers and shared in the costs of the stand. Mr Reilly provides the following exhibits:

- AR1: An example of a shipping label dated 6 February 2003 showing use of the mark Ruukki.

- AR2 & 3: photographs of the ASFI exhibition and the Alan Reilly stand. The name Ruukki Wood is clearly visible on the stand.
- AR5-10: examples of invoices relating to the sale of Ruukki products in the UK. These show the producer as “Ruukki”, and are dated from 2 October 1998 to 8 April 2004 and all relate to wood products, mostly glue edged pine boards.

REGISTERED PROPRIETORS’ EVIDENCE

14) The registered proprietor filed two witness statements. The first, dated 18 April 2011, is by Olli Huuskonen the general Counsel to Rautaruukki Oyj, a position he has held since 2007. He bases his comments on his own knowledge and the books and records of the registered proprietor. He states that his company is a metal based construction and engineering solution provider and a leading metal products supplier. He states that the company was set up on 18 March 1960 under the name Rautaruukki Oy. He states that his company’s first UK sales company was established on 28 August 1981 under the name Rautaruukki (UK) Ltd, and changed its name on 5 January 2001 to Rautaruukki Sales Limited. This company acted as agents dealing in a range of metal products with a turnover/commission as follows:

Year	Turnover/commission £
1982	32,349
1983	43,655
1984	54,514
1985	97,671
1986	99,146
1987	105,738
1988	113,431
1989	189,518
1990	292,274
1991	282,806
1992	272,120
1993	246,238
1994	309,534
1995	366,613
1996	389,837
1997	319,737
1998	685,730
1999	766,839
2000	825,035

15) In relation to these figures he states:

“At all material times the name of this entity has incorporated the registered trade mark in full”.

16) Mr Huuskonen states that agreements were in place between the parent company and the UK company regarding use of trade marks, trade names etc and that the right to use the same was controlled by the parent company and so all goodwill generated in the

UK was for the benefit of the parent company. Old records of the earliest sales have not been kept, but he does provide printouts of deliveries to customers in the UK in 1998/1999 which total £17million (exhibit OH6). He also provides a copy of a newsletter "Steel news" that the company produced and sent to all its English language customers including those in the UK (exhibit OH7). Another copy of "steel news" dated 1991 is provided at exhibit OH8. He states that in 1996 his company purchased an existing steel company, Fundia AB, which became a subsidiary of his company, and thus his company controlled the UK arm of Fundia, Fundia Limited. Initially this company worked alongside Rautaruukki (UK) Limited, but in 1998 began using the name "Rautaruukki" in conjunction with the Fundia name, for instance "Fundia, A member of the Rautaruukki Group". He states that on 1 January 2001 Rautaruukki (UK) Limited ceased to trade and passed all its assets over to Fundia Limited which from 5 January 2001 to 10 November 2004 operated under the name Rautaruukki UK Limited, before changing its name again on 10 November 2004 to Ruukki UK Limited. He then states:

"20.Thus, since January 2001, Ruukki's current UK company operated under and by reference to a corporate name which wholly included the Ruukki mark. The company's turnover is set out in Table 2 below:"

17) Mr Huuskonnen then provides a table showing turnover from 1986 which he states relates to "Ruukki UK Limited". Clearly this cannot be the case since this company did not exist until 10 November 2004. He also states:

"31. The change in business model included the decision to harmonise various product and company names under a single unified name. The business chose "Ruukki" as its unified marketing name. This decision was announced in August 2004 and implemented from 1 September 2004 as an integral part of the wider corporate initiative. It was a natural choice which stemmed from how the business was referred to within the organisation, externally by Ruukki's personnel in their dealings with others (from contractors to architects) and from how the organisation had become known for decades within the industry, particularly in Finland. The marketing name is an abbreviation of the business' full corporate name and, although use was not uniform prior to its formal adoption, it was sufficiently widespread to enable its adoption to be made smoothly and without disruption to the business. The press release of 31 August 2004 relating to the adoption of the name is at exhibit OH19."

18) Mr Huuskonnen also provides details of steel sales and also construction projects that his company has carried out. He states that the sales have averaged approximately 20 million Euros per annum since about 1995 whilst turnover on construction projects for the period 2000-2010 has amounted to 70 million Euros. He provides the following exhibits:

- OH7 & 8: Copies of the news letter "steel news" produced by the registered proprietor. These are dated 1989 and 1991 and they show no use of the brand "Ruukki" but do show that the company is highly attuned to its customers' demands.

- OH9 & 10: Examples of the Fundia and Rautaruukki branding manual from 1999 which shows use of a number of different brands, most of which include the name Rautaruukki, but not RUUKKI.
- OH14 & 15: Examples of invoices from 2002-2009. These show use of the name RUUKKI from, 23 February 2006. Prior to this date the name shown was Rautaruukki.
- OH17: A Stock Exchange Release dated 30 July 2003 which would appear to have been subsequently printed on RUUKKI headed paper as the text of the release does not mention Ruukki but refers only to Rautaruukki.
- OH19: a copy of the press release dated 31 August 2004 stating that the name RUUKKI is being adopted for the Rautaruukki Group.
- OH21-22: documents showing the roll out of the new company name, following the press release.
- OH23-47: Leaflets and various documents which show that the company was engaged in the provision of steel but also construction of large structures such as hospitals and airports which included the use of prefabricated metal cladding panels for buildings. They term themselves as offering “metal solutions”. All those which show use of the term Ruukki and are actually dated are after 1 September 2004.
- OH48 & 49: A copy of a court decision, dated 4 July 2005, from the Helsinki District Court relating to a dispute over a trade name between the two parties involved in the instant case. Also shown is the subsequent appeal, dated 24 October 2007.

19) The second witness statement, dated 18 April 2011, is by Ian Carter the Head of Procurement Management for Kalzip Limited for the UK, North America and the Middle East. He states that he has dealt with the registered proprietor since 1994, in relation to structural decking products and has only been aware of the registered proprietor using the name Ruukki. He states that the registered proprietor is known as Ruukki within the industry, but does not specify what industry that is.

APPLICANT’S EVIDENCE IN REPLY

20) The applicant filed a witness statement, dated 20 June 2011, by Andrew Cave their Trade Mark Attorney. He points out that prior to September 2004 the registered proprietor has shown no use of the mark RUUKKI merely Rautaruukki. He states that prior to 2004 the applicant had purchased a number of businesses that were producing metal products including furniture parts. He concludes that in 2004 the applicant’s business was therefore metal products, wood products and healthcare. However, there is no evidence of use of the mark RUUKKI in the UK on metal products or healthcare.

21) That concludes my review of the evidence filed in these proceedings insofar as I consider it necessary.

DECISION

22) At the hearing the applicant withdrew the grounds of invalidity based upon Sections 3(1)(b) and (c).

23) Section 47 of the Trade Marks Act 1994 reads:

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

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) The registration of a trade mark may be declared invalid on the ground -

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

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

- (a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,
- (b) the registration procedure for the earlier trade mark was not completed before that date, or
- (c) the use conditions are met.

(2B) The use conditions are met if -

- (a) within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or
- (b) it has not been so used, but there are proper reasons for non-use.

(2C) For these purposes -

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(2D) In relation to a Community trade mark, any reference in subsection (2B) or (2C) to the United Kingdom shall be construed as a reference to the European Community.

(2E) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

3) An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court, except that -

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(4) In the case of bad faith in the registration of a trade mark, the registrar himself may apply to the court for a declaration of the invalidity of the registration.

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made:

Provided that this shall not affect transactions past and closed.”

24) I shall first consider the ground of invalidity under Section 5(4)(a) which reads:

“5. (4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented -

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.”

25) In deciding whether the mark in question offends against this section, I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC, in the *WILD CHILD* case [1998] RPC 455. In that decision Mr Hobbs stated that:

“The question raised by the grounds of opposition is whether normal and fair use of the designation WILD CHILD for the purposes of distinguishing the goods of interest to the applicant from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see Article 4(4)(b) of the Directive and section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the applicant in accordance with the law of passing off.

A helpful summary of the elements of an action for passing off can be found in Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731 is (with footnotes omitted) as follows:

‘The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

- (1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and
- (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House’s previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of passing off, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.’

Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

‘To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;
- (d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

26) I also note the comments of Pumfrey J in *South Cone Incorporated v JackBessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* case, in which he said:

“27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under Section 11 of the 1938 Act (See *Smith Hayden (OVAX)* (1946) 63 RPC 97 as qualified by *BALI* [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed at the relevant date. Once raised the applicant must rebut the prima facie case. Obviously he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of possibilities that passing off will occur.”

27) I must also keep in mind the comments of Mr Justice Floyd in *Minimax GMBH & Co KG and Chubb Fire Limited* [2008] EWHC 1960 (Pat) in which he says of the above:

“Those observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

28) First I must determine the date at which the applicant's claim is to be assessed; this is known as the material date. In this regard, I note the judgment of the General Court (GC) in *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Joined Cases T-114/07 and T-115/07. In that judgment the GC said:

“50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non registered national mark before the date of filing, in this case 11 March 2000.”

29) At the hearing it was accepted by both sides that the material date must be the date that the mark in suit was applied for, 13 January 2004. It was accepted by the Registered Proprietor that the applicant had, at the relevant date, a reputation under the mark Ruukki Wood and/or Ruukki Wood Processing in relation to edge glued pine boards used by furniture manufacturers, all of which were sold via a single agent, Alan Reilly Ltd, which also represented other Finnish companies. It is clear from the evidence that the mark was not publicised and that they were only sold to approximately five companies in the UK. The market for edge glued pine boards is, by the applicant's own evidence, a niche market, unlike that for chipboard.

30) Mr Malynicz contended that whilst the applicant has goodwill in the two marks listed in paragraph 29 above they do not have goodwill in Ruukki *solus* and also that the

goodwill and reputation are extremely limited both in terms of goods and the number of those within the UK who would have been aware of the applicant at the relevant date. These he felt were significant factors in considering the issue of misrepresentation. He accepted that the parties do not have to be engaged in the same field of activity (*Harrods v. Harroddian* [1996] RPC 697 at 714-715), but it is a relevant factor. In his skeleton argument he also contended:

“32. Sometimes one can cause misrepresentation in a totally distinct field. But cases where a claimant has been able to show deception in very different fields (e.g. *Lego Systems A/S v Lego M Lemelstrich Ltd* [1983] F.S.R. 155) have generally turned on it being able to establish a very strong reputation in a highly distinctive mark. The applicant is miles from that situation here.

33. Further, because the fields of activity are so different, there is no likelihood of damage either: see *Stringfellow v. McCain* [1984] RPC 501 where the Court of Appeal held that there might be confusion between a TV commercial for oven chips and the well-known “gentleman’s club”, yet, because the fields of activity were so distinct, there was no evidence of damage and the action failed.”

31) I do not accept the first contention that the applicant does not have goodwill in *Ruukki solus*. The applicant has used the marks *Ruukki Wood* and/or *Ruukki Wood Processing*. Mr Malynicz suggests that they have only used these marks upon edge glued pine boards, whereas Mr Saunders contends that the evidence suggests that they were also used upon wooden furniture components. In either case the words “wood” and/ or “wood processing” are going to be seen as descriptive of the product which, it is not disputed, was wood which had been cut to form boards, sanded and edge glued and so “processed”. The badge of origin for any customer would therefore be “Ruukki”, and it is clearly in this single word that the applicant has its goodwill and reputation. I also note that the boards are used in furniture manufacture. Furniture includes items such as tables, chairs, wardrobes, kitchen and bathroom cabinets as well as general cabinets and can also include office equipment such as desks and cupboards. Therefore, whilst the applicant sold, via its agent, to only a handful of companies its products could have been widespread and include areas such as office, kitchen and bathroom items which might require the end user to be aware of the manufacturing chain in order to satisfy itself on issues such as sustainability (a major issue when using wood of any description in any manner) and quality for various standards such as ISO. Knowledge of the *Ruukki* mark would therefore be considerably wider than the registered proprietor sought to suggest. I also note that the applicant attended a number of exhibitions for furniture manufacturers and its brand was shown to have been used upon Mr Reilly’s stand, thereby exposing itself to all attendees not just its small band of select customers.

32) I now turn to the issue of the field/s of activity. The registered proprietor’s mark is registered for:

- In Class 6: Common metals and their alloys; metal building materials; transportable buildings of metal; materials of metal for railway tracks; non-electric cables and wires of common metal; ironmongery, small items of metal hardware; pipes and tubes of metal; safes; goods of common metal not included in other classes; ores; metal plates, sheets and coils, metal tubes and profiles; non-coated or coated.

- In Class 35: Wholesale and retail services connected with metals and metal goods, metallic and non-metallic building, construction, engineering and installation materials, machines and machine tools and automotive vehicles; franchising services'.
- In Class 40: Treatment of materials.

33) I fully accept that the goods and services do not need to be similar or even complementary. However, in the instant case there is clearly a potential overlap in that the registered proprietor could be supplying metals parts to furniture manufacturers, or that the edge glued pine boards could be used for purposes other than furniture manufacturing such as construction where it could easily be used as internal or external cladding. I also take judicial note that architects and consultants will often be involved in all aspects of a project and so could easily be specifying both metal and wooden items for a project be they as part of the construction or the internal fixtures and fittings. To my mind the applicant's mark is highly distinctive and is very unusual in the UK. I believe that it is reasonable to suppose that even if the parties were engaged in completely distinct activities that there would be misrepresentation.

34) The registered proprietor has accepted that it had not used the mark in suit in the UK at the relevant date. In a *quia timet* action it is clearly not possible to show that damage has been suffered. In *Draper v Trist and Trisbestos Brake Linings Ltd* 56 RPC 429 Goddard L.J. stated:

"But in passing-off cases, the true basis of the action is that the passing-off by the defendant of his goods as the goods of the plaintiff injures the right of property in the plaintiff, that right of property being his right to the goodwill of his business. The law assumes, or presumes, that if the goodwill of a man's business has been interfered with by the passing-off of goods, damage results therefrom. He need not wait to show that damage has resulted, he can bring his action as soon as he can prove passing-off; because it is one of the class of cases in which the law presumes that the Plaintiff has suffered damage. It is in fact, I think, in the same category in this respect as an action for libel. We know that for written defamation a plaintiff need prove no actual damage. He proves his defamation. So, with a trader; the law has always been particularly tender to the reputation and goodwill of traders. If a trader is slandered in the way of his business, an action lies without proof of damage."

35) Consequently in the instant case as the applicant has established a goodwill and shown misrepresentation then damage can be considered as the automatic sequitur and the three elements of the classic trinity of passing-off will have been established. The ground of invalidity under Section 5(4)(a) succeeds.

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

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

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

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

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

38) In case BL/094/11 [*Ian Adam*] Mr Hobbs Q.C. acting as the Appointed Person summed up the bad faith test in the following manner:

“31. The basic proposition is that the right to apply for registration of a trade mark cannot validly be exercised in bad faith. The invalidity of the application is not conditional upon the trade mark itself being either registrable or unregistrable in relation to any goods or services of the kind specified. The objection is absolute in the sense that it is intended to prevent abusive use of the system for acquiring title to a trade mark by registration. Any natural or legal person with the capacity to sue and be sued may pursue an objection on this ground: see the Judgment of the Court of Justice in Case C-408/08P Lancôme parfums et beauté & Cie SNC v. OHIM [2010] ECR I-00000 at paragraph [39] and the Opinion of Advocate General Ruiz-Jarabo Colomer at paragraphs [63] and [64]. Since there is no requirement for the objector to be personally aggrieved by the filing of the application in question, it is possible for an objection to be upheld upon the basis of improper behaviour by the applicant towards persons who are not parties to the proceedings provided that their position is established with enough clarity to show that the objection is well-founded.

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

... that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who

proceeds on the basis explicitly provided for in Art. 107 can hardly be said to be abusing the Community trade mark system.

These observations were not called into question in the judgment of the Court of Appeal in that case: [2010] EWCA Civ 110; [2010] RPC 16. They were re-affirmed by Arnold J. in Och-Ziff Management Europe Ltd v. Och Capital LLP [2011] ETMR 1 at paragraph [37].

33. The line which separates legitimate self-interest from bad faith can only be crossed if the applicant has sought to acquire rights of control over the use of the sign graphically represented in his application for registration in an improper manner or for an improper purpose. The appropriate remedy will in that case be rejection of the offending application for registration to the extent necessary to render it ineffective for the purpose which made it objectionable in the first place.

34. In a case where the relevant application fulfils the requirements for obtaining a filing date, the key questions are: (1) what, in concrete terms, is the objective that the applicant has been accused of pursuing? (2) is that an objective for the purposes of which the application could not properly be filed? (3) is it established that the application was filed in pursuit of that objective? The first question serves to ensure procedural fairness and clarity of analysis. The second question requires the decision taker to apply a moral standard which, in the absence of any direct ruling on the point from the Court of Justice, is taken to condemn not only dishonesty but also *'some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined'*: Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd [1999] RPC 367 at 379 (Lindsay J). The third question requires the decision taker to give effect to the principle that innocence must be presumed in the absence of evidence sufficient to show that the applicant has acted improperly as alleged.

35. In assessing the evidence, the decision taker is entitled to draw inferences from proven facts provided that he or she does so rationally and without allowing the assessment to degenerate into an exercise in speculation. The Court of Justice has confirmed that there must be an overall assessment which takes into account all factors relevant to the particular case: Case C-529/07 Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH [2009] ECR I-4893 at paragraph [37]; Case C-569/08 Internetportal und Marketing GmbH v. Richard Schlicht [2010] ECR I-00000 at paragraph [42]. As part of that assessment it is necessary as part of that approach to consider the intention of the applicant at the time when the application was filed, with intention being regarded as a subjective factor to be determined by reference to the objective circumstances of the particular case: Chocoladefabriken Lindt & Sprüngli GmbH (above) at paragraphs [41], [42]; Internetportal und Marketing GmbH (above) at paragraph [45]. This accords with the well-established principle that 'national courts may, case by case, take account -on the basis of objective evidence -of abuse or fraudulent conduct on the part of the persons concerned in order, where appropriate, to deny them the benefit of the provisions of Community law on which they seek to rely': Case C16/05 The Queen (on the applications of Veli Tum and Mehmet Dari) v. Secretary of State for the Home Department [2007] ECR I-7415 at paragraph [64].

36. The concept of assessing subjective intention objectively has recently been examined by the Court of Appeal in the context of civil proceedings where the defendant was alleged to have acted dishonestly: Starglade Properties Ltd v. Roland Nash [2010] EWCA Civ 1314 (19 November 2010). The Court considered the law as stated in Royal Brunei Airlines v. Tan [1995] 2 AC 378 (PC), Twinsectra Ltd v Yardley [2002] 2 AC 164 (HL), Barlow Clowes International Ltd v. Eurotrust International Ltd [2006] 1 WLR 1476 (PC) and Abu Rahman v. Abacha [2007] 1 LL Rep 115 (CA). These cases were taken to have decided that there is a single standard of honesty, objectively determined by the court and applied to the specific conduct of a specific individual possessing the knowledge and qualities that he or she actually possessed: see paragraphs [25], [28], [29] and [32]. This appears to me to accord with treating intention as a subjective factor to be determined by reference to the objective circumstances of the particular case, as envisaged by the judgments of the Court of Justice relating to the assessment of objections to registration on the ground of bad faith.”

39) In terms of the date at which the matter falls to be considered, it is well established that the relevant date for consideration of a bad faith claim is the application filing date or at least a date no later than that (*Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH* [2009] ECR I-4893; *Hotpicks Trade Mark*, [2004] RPC 42 and *Nonogram Trade Mark*, [2001] RPC 21).

40) The registered proprietor has denied in its evidence that it knew of the applicant’s activities in the UK, and even if it had been aware of them they were engaged in different fields of activity. Further, it claimed that it was known as “Ruukki” amongst its clients, hardly surprising given its full name of Rautaruukki Oyj. This evidence has not been challenged by the applicant in its evidence nor did they seek to cross examine any of the registered proprietor’s witnesses. I take into account the comments of Mr Arnold Q.C (as he was) when acting as the Appointed Person in *Extreme O/161/07* where he commented on the issue of unchallenged evidence and cross examination:

“Unchallenged evidence

33. *Phipson on Evidence* (16th ed) states at paragraph 12-12:

In general a party is required to challenge in cross-examination the evidence of any witness of the opposing party if he wishes to submit to the court that the evidence should not be accepted on that point. The rule applies in civil cases as it does in criminal. In general the CPR does not alter that position.

This rules [sic] serves the important function of giving the witness the opportunity of explaining any contradiction or alleged problem with his evidence. If a party has decided not to cross-examine on a particular important point, he will be in difficult in submitting that the evidence should be rejected.

However the rule is not an inflexible one...

34. The authority cited in support of this statement of the law is the decision of the House of Lords in *Browne v Dunn* (1894) 6 R 67. The relevant passages from the speeches are set out in the judgment of Hunt J in *Allied Pastoral Holdings v Federal*

Commissioner of Taxation (1983) 44 ALR 607, the material parts of which are quoted in the judgment of the Court of Appeal in *Markem Corp v Zipher Ltd* [2005] EWCA Civ 267, [2005] RPC 31 at [59]-[60].

35. In my judgment the learned editors of *Phipson* are correct to say that the rule is not an inflexible one. There are at least two well-established exceptions to it. The first is that, as the speech of Lord Herschell LC in *Browne v Dunn* makes clear, it may not be necessary to cross-examine on a point if the witness has been given full notice of it before making his statement. As I pointed out in *BRUTT Trade Marks* [2007] RPC 19 at [23], this may be significant in registry proceedings where evidence is given sequentially. The second is that a court is not obliged to accept a witness's evidence in the absence of cross-examination if it is obviously incredible: see *National Westminster Bank plc v Daniel* [1993] 1 WLR 1453.

36. Where, however, evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced evidence to contradict the witness's evidence despite having had the opportunity to do so, then I consider that the rule in *Brown v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness's evidence.

37. Despite this, it is not an uncommon experience to find parties in registry hearings making submissions about such unchallenged evidence which amount to cross-examination of the witness in his absence and an invitation to the hearing officer to disbelieve or discount his evidence. There have been a number of cases in which appeals have been allowed against the decisions of hearing officers who have accepted such submissions. Two recent examples where this appears to have happened which were cited by counsel for the proprietor are *Score Draw Ltd v Finch* [2007] EWHC 462 (Ch), [2007] *BusLR* 864 and *EINSTEIN Trade Mark* (O/068/07). Another recent example is *Scholl Ltd's Application* (O/199/06). I consider that hearing officers should guard themselves against being beguiled by such submissions (which is not, of course, to say that they should assess evidence uncritically)."

41) The applicant's case appears to be that the registered proprietor is aware of the existence of the applicant and that they have clashed legally over the use of "Ruukki" in a number of jurisdictions. I accept that these points are quite true and the registered proprietor did not seek to imply otherwise, indeed they fully acknowledged the situation. However, to my mind this does not equate to this application being made in bad faith. The claim by the registered proprietor, that they were known by clients as "ruukki" prior to their submitting the instant application is perfectly believable, particularly in the light of the worldwide rebranding exercise it undertook. It might have been that it was seeking to protect its commercial interests and that it felt that its activities did not impinge on the core activity of the applicant and that, in any event, it would be first to use the mark in the UK. This does not constitute bad faith, merely good business practice. The ground of opposition under Section 3(6) fails.

COSTS

42) The applicant has only been successful under one ground and failed in another, whilst it also withdrew two grounds at the hearing. The registered proprietor did not seek costs off the normal Registry scale but did ask that the costs it incurred in translating documents from Finnish into English which related solely to the grounds that the applicant withdrew at the hearing be taken into account. I believe that this request is perfectly reasonable in the circumstances. In a case such as this I would normally have stated that both sides should meet their own costs. However, in this instance the registered proprietor was put to the cost of translations which were not required as the grounds were dropped by the applicant. I order the applicant, Ruukki Wood OY and Alan Reilly to pay the registered proprietor the sum of £3,233 in relation to the costs of the translations. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 2nd day of February 2012

**G W Salthouse
For the Registrar
the Comptroller-General**