

O-153-15

**TRADE MARKS ACT 1994
IN THE MATTER OF TRADE MARK REGISTRATION NO. 2655617
IN THE NAME OF AQUA SEALZ LTD
IN RESPECT OF THE TRADE MARK:**

aquasealz

**AND
AN APPLICATION FOR A DECLARATION OF INVALIDITY THERETO
UNDER NO 500349 BY SEALSKINZ LIMITED**

BACKGROUND

1) Trade mark No. 2655617, '**aquasealz**', stands registered in the name of Aqua Sealz Ltd ('the proprietor'). It was applied for on 11 March 2013 and completed its registration procedure on 28 June 2013. It is registered in respect of "Clothing, footwear, headgear, waterproof socks, waterproof gloves, waterproof hats, hats, socks, gloves, scarfs" in class 25.

2) On 01 April 2014, Sealskinz Limited ('the applicant') filed an application to have this trade mark registration declared invalid. Its statement of grounds includes a claim made under section 3(6) (and section 47(1)) of The Trade Marks Act ('the Act'). The claim reads as follows: "At the date of filing for UK Trade Mark Application No.2655617 the undertaking "Aqua Sealz Ltd" did not exist. The provision of a false applicant name constitutes dishonesty or sharp practice, and therefore the application was made in bad faith."

3) The proprietor subsequently filed a counterstatement. In response to the claim made under section 3(6) of the Act, it states:

"The accusation of dishonesty regarding the registration of the 'aquasealz' trademark in a company name which had yet to be formed is without foundation. It was always the intention that the registrant company be formed with the same name as the trade mark. Clearly it was important then that the registration for the trade mark be completed first. Had the application for the trade mark not been successful then no company would have been formed. And although this order of actions may not have appeared satisfactory to the Opponent it was carried out with complete integrity and honesty."

4) At a case management conference ('cmc') held by me on 12 November 2014, the proprietor's representative at the hearing, Mr Everett, confirmed that the proprietor stands by the entirety of the statement above, including its admission that Aqua Sealz Ltd did not exist at the time the trade mark application was filed (the date of incorporation of the company being 25 February 2014).

5) In accordance with the directions I gave at the abovementioned cmc¹ (which neither party objected to) I now make my decision in respect of the claim made under section 3(6) (and 47(1)) of the Act on the basis of the written submissions before me. If the application for invalidity succeeds under that ground, it will dispose of this case, without the requirement to also consider the other pleaded grounds.

DECISION

6) Sections 3(6) and 47(1) of the Act state:

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

¹ These can be found on the official filed in my letter of 14 November 2014.

“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).”

7) Section 32 of the Act is also relevant. It reads as follows:

“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.”

8) The law in relation to section 3(6) of the Act (bad faith) was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

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

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

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. *Case C-259/02 La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and *Case C-192/03 Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

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

Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

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

9) As indicated in paragraph 131 of Arnold J's summary above, the relevant date for assessing a claim of bad faith is the date on which the trade mark application was filed. The relevant date in the instant case is therefore 11 March 2013.

10) It is a requirement of Section 32(3) of the Act that an application be filed by a person who can truthfully claim to have a *bona fide* intention to use the trade mark in relation to the goods/services applied for or that it will be so used with its consent. The application form includes a claim to that effect. The form also requires that the applicant provide its name and address in accordance with Section 32(2)(b) of the Act. It is not in dispute that Aqua Sealz Ltd did not exist on 11 March 2013 when the trade mark application was filed. From the comments made in the counterstatement it appears that the proprietor did not consider there was anything wrong in applying for the trade mark in the company name before it was incorporated. However, as highlighted in paragraph 137 of Arnold J's summary above, the proprietor's "own standards of honesty (or acceptable commercial behaviour) are irrelevant". A non-existent company simply could not have had the requisite intention to use the trade mark nor a name and address at the relevant date. To claim otherwise on the trade mark application form was therefore dishonest and I find that the trade mark application was made in bad faith.

The ground under Section 3(6) of the Act succeeds. The trade mark registration is invalid and will be cancelled.

COSTS

11) As the applicant has been successful, it is entitled to a contribution towards the costs it has incurred in these proceedings. Taking into account the guidance in Tribunal Practice Notice 4/2007- "Costs in proceedings before the Comptroller",² I award costs to the same on the following basis:

Official fee (for filing Form TM26(I))	£200
Preparing Form TM26(I) and consideration of the counterstatement	£200

² This can be found on the Intellectual Property Office website at the following link: <http://webarchive.nationalarchives.gov.uk/tna/20140603093547/http://www.ipo.gov.uk/pro-types/pro-tm/t-law/t-tpn/t-tpn-2007/t-tpn-42007.htm>

Written Submissions	£300
Total:	£700

12) I order Aqua Sealz Ltd to pay Sealskinz Limited the sum of **£700**. This sum is 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 8th day of April 2015

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