

O-206-09

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO 2415477
IN THE NAME OF INTERNATIONAL HAIR STUDIOS LIMITED
OF THE TRADE MARK:**

IHS

IN CLASSES 26 AND 44

AND

**THE APPLICATION FOR A DECLARATION
OF INVALIDITY THERETO
UNDER NO 83053
BY
INTERNATIONAL HAIRSTUDIO M&R AB**

REDACTED VERSION

Trade Marks Act 1994

**In the matter of registration no 2415477
in the name of International Hair Studios Limited
of the trade mark:
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thereto under no 83053
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INTRODUCTION

1) The trade mark **IHS** is the subject of United Kingdom trade mark registration no 2415477. The application to register the trade mark was filed on 2 March 2006. The registration process was completed on 1 June 2007. The trade mark stands in the name of International Hair Studios Limited, which I will refer to as London, of London. It is registered for the following goods and services:

hair pieces and wigs, false hair, hair fasteners, hair nets;

hairdressing and hair styling services, hair replacement services and services in the nature of fixing hair pieces to the heads of human beings; hair weaving; beauty services; hygienic and beauty care for human beings.

2) On 10 October 2007 International Hairstudio M&R AB, which I will refer to as Sweden, of Värnamo, Sweden filed an application for the invalidation of the registration. Sweden claims that London knew of its interest in the names International Hair Studio and IHS at the time that the application to register the trade mark IHS was made. Sweden claims that owing to that knowledge the filing of the application fell short of the standards of acceptable commercial behaviour observed by reasonable men within the relevant trade and, therefore, was an act of bad faith and so was contrary to section 3(6) of the Trade Marks Act 1994 (the Act). Sweden claims that London had no bona fide intention to use the trade mark at the time of the application (whether by itself or with its consent) and so the application was contrary to section 32(3) of the Act. Sweden claims that the application was filed in order to interfere with its legitimate trading activities. Consequently, the application was made in bad faith and contrary to section 3(6) of the Act.

3) London filed a counterstatement in which it denies the grounds of invalidation. It states that it is a private limited company and was incorporated on 31 October 2003, more than two years prior to the filing of the application. London states that the initials of the company are IHS. It is not unreasonable, it claims, that it

should want to protect these initials. London states that it has also sought protection in the United Kingdom for its trade mark INTERNATIONAL HAIR STUDIOS, application no 2415479.

4) Both sides filed evidence, neither side requested a hearing. **Parts of the evidence have been granted confidentiality from third parties and so the public version of this decision will contain redactions in relation to the confidential evidence as per rule 59(4) of The Trade Marks Rules 2008.** London furnished written submissions in support of its case.

FIRST ROUND OF EVIDENCE OF SWEDEN

Witness statement of Richard Rowe (Confidential)

Witness statement of Mark Ireland (Confidential)

Witness Statement of Helen Thomas-Peter

19) Ms Thomas-Peter is a trade mark attorney acting for Sweden in this case.

20) She states that AHS was incorporated in the United Kingdom in 1990 and has its registered office at 65, New Cavendish Street, London, W1G 7LS. AHS registered the trade mark ADVANCED HAIR STUDIO in the United Kingdom under no 2238552, claiming distinctiveness acquired through use since 1985. In October 2003 London was registered as a company in England and Wales under no 04949269, it has the same registered office as AHS. The founders of London were and remain Mr Adrian Dawson (director and company secretary) and Mr Bevan Murray (director). Exhibited at HTP1 are details of personal appointments, as per the records of Companies House, of Mr Dawson and Mr Murray. These show that Mr Murray is a director or general manager of 5 Advanced Hair Studio companies and that Mr Dawson is the secretary of 9 Advanced Hair Studio companies, including AHS. Ms Thomas-Peter states that investigations suggest that London has never traded and has been classified as dormant since its incorporation. Exhibited at HTP2 are details from the records of Companies House, downloaded on 11 January 2008, which show that the last accounts of London were made up to 31 December 2005 on the basis that it was dormant. A copy of the return is included for year ending 31 December 2005 in which London claims that it was entitled to exemption under section 249AA(1) of the Companies Act 1985. Exhibited at HTP3 is a report from Mint UK, an independent company profile provider. This shows that London is dormant and that the owners are Mr Dawson and Mr Murray. The report shows no trading activity.

EVIDENCE OF LONDON

Witness statement of Carl A Howell (Confidential)

Witness statement of Michael Beurermann (Confidential)

Witness statement of Adrian Dawson

27) Mr Dawson is the company secretary for Advanced Hair Studio Group Limited and AHS. He has held these positions for 8 years. He states that AHS is connected to London and he is a director of London, and has been so since the company was formed.

28) AHS is a separate company providing wholesale and supply services to Advanced Hair Studio Group Limited and is the intellectual property owner for the group. AHS is the owner of United Kingdom trade mark registrations for the trade marks ADVANCE HAIR STUDIO and:



(a series of two). London was incorporated as a limited company under the laws of England and Wales on 31 October 2003. London applied for the registration of INTERNATIONAL HAIR STUDIOS and INTERNATIONAL HAIR STUDIOS¹ (a series of two), the application was filed on the same day as that for the trade mark the subject of this application, 2 March 2006.

29) Mr Dawson states that the company name International Hair Studios Limited and the trade marks INTERNATIONAL HAIR STUDIOS and IHS were chosen by London in 2003 as it was planning, as an add-on to the ADVANCED HAIR STUDIO brand, to experiment with a mail order service for a number of hair treatment and restoration products sold at ADVANCED HAIR STUDIO outlets and to provide through the Internet advice and assistance concerning hair replacement, together with directions to the various worldwide Advanced Hair Studios. He states that London chose the name INTERNATIONAL HAIR

¹ The application has now been refused by the Trade Marks Registry.

STUDIOS as it felt that it had an association with ADVANCED HAIR STUDIO; the abbreviation IHS could be associated with the existing AHS abbreviation.

30) Mr Dawson states that ADVANCED HAIR STUDIO salons can be found throughout Australia, Belgium, Honk Kong, India, Ireland, Malaysia, New Zealand, Saudi Arabia, South Africa, the United Kingdom and the United States. Exhibited at AD4 is an ADVANCED HAIR STUDIO brochure, this lists on the reverse salons owned by AHS and Advanced Hair Studio Group Limited. The list shows that the salons are not throughout Ireland, Belgium, Hong Kong, Malaysia and the United States, there is one salon in each of these countries.

31) Mr Dawson states that the services offered under the ADVANCED HAIR STUDIO and AHS trade marks are very specialised. He states that the techniques are unique to Advanced Hair Studio and so when those using the services travel they are able to visit the salons listed in the brochure and receive the same treatment. Mr Dawson states that the staff at the studios can contact the overseas studio to obtain the client's details and requirements. He states that this is particularly important when a customer requires his hairpiece to be serviced. Mr Dawson states that a hairpiece is made up of a transparent membrane with real human hair knotted, woven or bonded within it. It is attached to the scalp by a variety of means. He states that depending on the client the hairpiece needs to be serviced every 4 to 6 weeks. Mr Dawson states that when the client visits the studio the replacement hair will be removed, the client's remaining hair is washed and tidied and the replacement hair is then washed, re-coloured and reattached.

32) Mr Dawson states that by adopting the names INTERNATIONAL HAIR STUDIOS and IHS for the associated company to AHS, London is of the opinion that clients will realise that the two companies and services are economically linked. He states that it is the registered proprietor's intention to use the INTERNATIONAL HAIR STUDIOS and IHS trade marks to provide a mail order service for a number of hair treatment and restoration products, as well as other advice and consultation concerning hair replacement. Mr Dawson states that London did not make the commitment to use the name INTERNATIONAL HAIR STUDIOS lightly, as to enable it to register the company name, given the use of the word international, it was required to take advice from a company formation expert and it was necessary to show that its activities were in fact international.

33) Mr Dawson states that it is standard practice for all AHS employees to sign competition agreements. He states that he understands that it is not uncommon for any profession to use agreements such as these to protect their rights and goodwill, as well as customer information. AHS has over 30 years built up

substantial goodwill in the ADVANCED HAIR STUDIO name and AHS logo and has invested heavily in both trade marks and patents to protect its intellectual property. AHS introduced an employees' handbook in 1999. Mr Dawson states that all employees were given a copy of the handbook and all have signed that they have received a copy. He states that Mr Rowe and Mr Ireland would also have been given a copy of the handbook despite the fact that they joined Advanced Hair Studio Group Limited/AHS before 1999. The handbook sets out the manner in which employees are expected to behave during employment and shortly after. Mr Dawson states that Mr Rowe and Mr Ireland would have been fully aware of any restrictions placed against them for a period of time after their departure from Advanced Hair Studio Group Limited/AHS.

EVIDENCE IN REPLY OF SWEDEN

Further witness statement of Helen Thomas-Peter

34) Ms Thomas-Peter states that it is clear from the incorporation documentation submitted with her first statement that neither AHS nor any of its associated companies had a shareholding interest in London. She states that this is in contrast to the organisation of the other United Kingdom companies that operate under the ADVANCED HAIR STUDIO name. She exhibits as an example, at HTP1, copies of documents relating to company no 1857314. The first document is an application for the striking off of the company, which has the name Advanced Hair Studios Pty Limited, this document is dated 24 October 2008. The next document is a copy of a resolution, stamped in at Companies House on 6 February 2009, changing the name of the company to Advanced Hair Studios (Stockholm) Limited. A copy of the annual return for the company shows the company secretary as Mr Dawson and the director Mr Howell, the share capital is held by Advanced Hair Studios Group Ltd. Ms Thomas-Peter states that Mr Howell is a director of each United Kingdom company incorporating the name Advanced Hair Studios. Mr Howell is not a director of London. Exhibited at HTP2 is a copy of the personal appointments of Mr Howell, showing his position as a director of various Advance Hair Studio companies. Ms Thomas-Peter submits that if London was a legitimate trading vehicle for the Advanced Hair Studio Group of companies Mr Howell would have been a director and one or other of the Group companies would have had a shareholding.

35) Ms Thomas-Peter submits that given that there are twice as many outlets in Australia as in the United Kingdom it would have been logical to find equivalent applications to register INTERNATIONAL HAIR STUDIOS and IHS in Australia. She exhibits at HTP3 a trade mark search for trade marks owned by companies beginning with advanced hair studio. This search found 33 trade marks in

Australia, 9 in the United Kingdom and 7 at the Community office. Ms Thomas-Peter states that on-line searches of the Australian Trade Mark Registry and the Australian Securities & Investment Commission found no equivalent trade mark applications had been filed and there was no corresponding Australian registered company under the name International Hair Studios. She exhibits at HTP4 copies of the results of the searches.

Witness statement of Johan Norderyd

36) Mr Nordeyrd is a lawyer in Sweden. He exhibits at JN1 an extract from the Swedish Company Register which he states shows the incorporation of Sweden on 2 September 2003. He states that this information would have been available to the public on the same date.

Second witness statement of Mark Ireland

37) Mr Ireland is a director of Sweden, by whom he has been employed for five years; during all that time he has held the position of director. Mr Ireland responds to the statement of Mr Beuermann. At no time were there any conversations or communications in regard to the interest of AHS in Sweden. In their rôles as joint national sales managers with AHS neither Mr Ireland nor Mr Rowe had ever heard or seen any mention of plans concerning Sweden. He states that neither was there any mention of using any other name other than ADVANCED HAIR STUDIO for any business related or unrelated to hair.

38) Mr Ireland states that International Hair Studio was solely his invention. He states that Sweden was chosen as a launching country as it had no links to AHS and so would avoid possible litigation. There were also no similar companies in the Swedish market and there was a network of contacts and friends via Mrs Rowe. Mrs Rowe functioned as the stylist and native speaker. It was also possible for the business to be primarily conducted in English. Mr Ireland states that the company was originally registered on 12 June 2003, however the evidence of Mr Nordeyrd shows that this was under another name and the company name was not changed until 2 September 2003. Sweden registered the domain name internationalhairstudio.com on 21 September 2003, which Mr Ireland states could be seen publicly. He states that on 20 October 2003 Sweden placed front page advertisements in the Swedish national press. A copy of one invoice is exhibited at MI1, so when Mr Ireland uses the term press this could refer to one publication rather than the press in general. He states that Sweden traded in Sweden for two years prior to expanding to the United Kingdom. Mr Ireland states that Sweden has franchises as well as its own branches in Stockholm, Goteborg, Barcelona, Malmo, Skarholmen, Uppsala,

London, Manchester, Oslo and Valletta, all trading under the name INTERNATIONAL HAIR STUDIO.

39) Mr Ireland states that by starting its business in Sweden it was possible to avoid “unnecessary” litigation from AHS, which would “bleed” Sweden’s financial resources. He states that he believes that this is the sole purpose of the current proceedings.

40) Mr Ireland states that because of his and Mr Rowe’s responsibilities, they regularly worked past client opening hours. He states that this can be confirmed by AHS staff. In relation to the stolen laptop, Mr Ireland states that the information and phone numbers used to locate himself to Europe could only be attained from accessing the e-mail account. He states that these details were not of Australian origin and would not appear on any telephone records known by other persons in the United Kingdom or Australia. The e-mail, he states, was “specific to dates and contact numbers regarding” his “movements sent to him whilst travelling”.

41) Mr Ireland states that when he spoke to Mr Lowe he told him that the theft claim was completely fabricated. He states that AHS often used similar strategies to pressure or investigate ex-employees.

DECISION

42) Section 3(6) of the Act states:

“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

Part of the bad faith case derives from the effects of section 32(3) of the Act, which states:

“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.”

43) Bad faith includes dishonesty and “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular field being examined²”. Certain behaviour might have become prevalent but this does not mean that it can be deemed to be acceptable³. It is necessary to apply what is referred to as the “combined test”.

² *Gromax Plastics Limited v. Don and Low Nonwovens Ltd* [1999] RPC 367.

³ *Harrison v Teton Valley Trading Co* [2005] FSR 10.

This requires me to decide what London knew at the time of making the application and then, in the light of that knowledge, whether this behaviour fell short of acceptable commercial behaviour⁴. Bad faith impugns the character of an individual or collective character of a business, as such it is a serious allegation⁵. The more serious the allegation the more cogent must be the evidence to support it⁶. However, the matter still has to be decided upon the balance of probabilities. The issue has to be considered as at the date of application for registration⁷. An act of bad faith cannot be cured by an action after the date of application⁸.

44) In *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* Case C-529/07 the European Court of Justice (ECJ) considered the concept of bad faith.

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

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

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

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

⁴ (1) *Barlow Clowes International Ltd. (in liquidation)* (2) *Nigel James Hamilton and (3) Michael Anthony Jordon v (1) Eurotrust International Limited (2) Peter Stephen William Henwood and (3) Andrew George Sebastian* Privy Council Appeal No. 38 of 2004 and *Ajit Weekly Trade Mark* [2006] RPC 25.

⁵ See *Royal Enfield Trade Marks* [2002] RPC 24.

⁶ *Re H (minors)* [1996] AC 563.

⁷ *Hotpicks Trade Mark* [2004] RPC 42 and *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* Case C-529/07 paragraph 35.

⁸ *Nonogram Trade Mark* [2001] RPC 21.

the applicant's registration of the sign may be in pursuit of a legitimate objective.

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

50 Moreover, as the Advocate General states in point 66 of her Opinion, the nature of the mark applied for may also be relevant to determining whether the applicant is acting in bad faith. In a case where the sign for which registration is sought consists of the entire shape and presentation of a product, the fact that the applicant is acting in bad faith might more readily be established where the competitors' freedom to choose the shape of a product and its presentation is restricted by technical or commercial factors, so that the trade mark proprietor is able to prevent his competitors not merely from using an identical or similar sign, but also from marketing comparable products.

51 Furthermore, in order to determine whether the applicant is acting in bad faith, consideration may be given to the extent of the reputation enjoyed by a sign at the time when the application for its registration as a Community trade mark is filed."

45) Mr David Kitchin QC, sitting as the appointed person, in *Ferrero SpA's Trade Marks* [2004] RPC 29:

"12 Section 3(6) of the Act states that:

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

Bad faith must therefore be established as at the date of the application. Nevertheless I do not believe this excludes from consideration matters which have occurred after the date of the application. They may well assist in determining the state of mind of the applicant at the date of the application. In the present case the hearing officer certainly did take into consideration matters which fell after the relevant filing dates. In particular he took into account the extent to which the registered proprietors had filed applications for trade marks comprising the word KINDER, the period of time over which the applications had been filed and the extent to which they had been put into actual use. I believe those were all relevant matters to consider in assessing the state of mind of the registered proprietors at the dates of the applications in issue. It is also true that the hearing officer

did not consider each of the applications separately. Nevertheless I think it is clear that he did consider the state of mind of the registered proprietors over the whole period (1990 to 1994) that the applications were made. Accordingly I do not accept that the hearing officer fell into error in the manner suggested.....

20 In *DEMON ALE Trade Mark* [2000] R.P.C. 345 Mr Hobbs Q.C., sitting as the Appointed Person, considered s.3(6) in the context of a lack of a bona fide intention to use a mark. He cited the passage from the judgment of Lindsay J. and continued (at p.356):

"These observations recognise that the expression 'bad faith' has moral overtones which appear to make it possible for an application for registration to be rendered invalid under section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant. Quite how far the concept of 'bad faith' can or should be taken consistently with its Community origins in Article 3(2)(d) of the Directive is a matter upon which the guidance of the European Court of Justice seems likely to be required: *Roadtech Computer Systems Ltd v Unison Software (UK) Ltd* [1996] F.S.R. 805 at pages 817, 818 *per* Robert Walker J. 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 392)(d) of the Directive) from the point of view of Community law."

21 More recently, in *LABORATOIRE DE LA MER Trade Marks* [2002] F.S.R. 51, Jacob J. said, at para.[19], in considering the meaning of "genuine use":

"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."

22 It was submitted on behalf of the registered proprietors that it is a nonsense to differentiate between the Directive and the Regulation, because they are both part of a scheme to harmonise trade mark law throughout the Community and that what applies under the Regulation ought to apply equally under the Act. I was therefore invited to follow *TRILLIUM* and to conclude that bad faith requires actual dishonesty.

23 I am unable to accept these submissions. 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."

46) The claim of Sweden is that London at the date of application had no intention to use the trade mark, its aim was to interfere with Sweden's legitimate trading activities. Sweden also claims that the application was made in bad faith because at the date of application London knew of Sweden's interest in the trade mark.

47) There is a link between AHS and London, AHS is open about this; officers of AHS argue that London is a vehicle for the supply of a range of goods and services; this link is a matter to which I return below. Sweden considers that senior figures in AHS have an animus towards Mr Rowe and Mr Ireland, founders of the undertaking. Sweden claims that AHS has a history of intimidating former employees. Sweden considers it of note that neither AHS nor any of its associated companies had a shareholding interest in London; this being in contrast to the organisation of United Kingdom companies that operate under the ADVANCED HAIR STUDIO name. It also considers that it is of note that Mr Howell is a director of each United Kingdom company incorporating the name Advanced Hair Studios but not of London.

48)

49) Sweden's company name was registered on 2 September 2003, its domain name on 21 September 2003 and an advertisement for the new business was placed in a Swedish publication on 20 October 2003. London was incorporated on 31 October 2003. Sweden argues that AHS got to know of its business name through these actions and so registered the company name to thwart it. So the premise is that London would have been aware by the time it was incorporated, on 31 October 2003, of the company name registration on 2 September 2003, and/or the registration of the domain name on 21 September 2003 and/or an advertisement in a Swedish publication on 20 October 2003 and as a result applied for its company name; which would give it no infringement rights in the United Kingdom and would have no effect whatsoever in Sweden. There is no reason, at the time of incorporation, that London would have known of the name of Sweden. Even if London had known of the incorporation of Sweden, it would have been an odd way to try to thwart Sweden as it would give rights neither in the United Kingdom nor Sweden. The actual name chosen by London is hardly inventive, it is descriptive and so the choice of the name would lend itself to being chosen by coincidence; this might give rise to suspicion in the minds of Mr Rowe and Mr Ireland, owing to their perception of AHS and its employees. The nature of the company officers and share holding does not alter this position. As a means of damaging the interests of Sweden it would be without effect.

50) It seems to me that Sweden has created its own red herring as the key question is what London knew when it filed its application for registration on 2 March 2006. London itself states that IHS was chosen for the obvious reason that it was an acronym for INTERNATIONAL HAIR STUDIOS. The AHS brochure shows that it now trades in Sweden, there is no indication as to when this trade first began. Mr Ireland states that it was more than two years after Sweden had started trading that it expanded to the United Kingdom. As this is a United Kingdom case it is necessary to establish what AHS knew of Sweden's business in this jurisdiction at the date of the filing of its applications; the premise of Sweden's argument being that AHS through London was trying to interfere with its legitimate trading activities. Sweden has made no claim under section 5(4)(a) of the Act and so it would seem does not consider that at the date of the application that it had a goodwill in a business by reference to the sign IHS.

51) Sweden considers it of significance that London has never traded and that it is differently constituted to other AHS companies in the United Kingdom. The trade mark the subject of this application is not, as far as the company structure is concerned, in the control of AHS or its sister companies. Its only officers are Mr Dawson and Mr Murray who are also the only shareholders. Mr Howell describes himself as the CEO of London. As the company has never traded it is

difficult to see what this position involves. Mr Dawson states that the name of the company was chosen by London as it was planning to experiment with a mail order type service for a number of hair treatment and restoration products sold at AHS outlets. This was, therefore, an expansion to the AHS business but AHS has no claim on any intellectual property that London owns. It seems odd for AHS set up a vehicle for a new, if linked, brand that is not in its control, in which it does not have any control as a corporate body. From the number of companies owned by AHS or its sister businesses and its desire to enforce its intellectual property rights it is difficult to conceive that they would not have seen the potential problems of a company owing trade marks related to their businesses over which they did not have clear legal control. Mr Dawson states that he believes that customers would consider that the use of the two brands would lead customers to believe that the undertakings were economically linked. His and Mr Murray's position in the company and in other AHS companies does not create an economic link in law; they are not economically linked, they have a coincidence in their officers.

52) To establish that there has been no intention to use is difficult, it is trying to prove a negative. A witness could be called for cross-examination but without supporting documentation one way or the other this likely to be a pointless exercise. Sweden could have requested disclosure of documents relating to the intention to use the trade mark. One might expect to see minutes of meetings, enquiries with marketing companies, discussions with brand developers and graphic artists and the like. Sweden has not requested disclosure. In bringing this application the evidential burden is, at least initially, upon Sweden. If it appears to establish a case through evidence that there was no intention to use the trade mark then the evidential burden will transfer to London to rebut the case. The case of London turns upon the statement of Mr Dawson. The case of Sweden rests, ultimately, on speculation as to the intent of London. The evidence does not establish what London knew of the business of Sweden at the date of application, it does not establish what the position of Sweden was in the United Kingdom at the date of application; the latter was at least in the hands of Sweden.

53) In *Compagnie Gervais Danone v Glanbia Foods Society Limited* [2007] IEHC 126 Geoghegan J held

“As appears from the above where an allegation is made that an application to register was made in bad faith all the circumstances of the application will be relevant. Whereas on the facts of this case the allegation is a dishonest intention or lack of any honest intention to use the trademark for the goods for which registration was sought this would

require at minimum evidence to be adduced of the application made; the stated intention of the applicant as disclosed in the application and/or other relevant contemporaneous evidence as to the probable intention of the applicant at the time of application. Glanbia has adduced no evidence in this case in relation to the application made; the nature of the declaration of intention of use included in the application or any contemporaneous evidence in support of an alleged dishonest intention or lack of honest intention in the application made for registration of the trademark ESSENSIS. In the absence of any such evidence Glanbia cannot be considered to have discharged the onus of establishing bad faith by Danone in its application for registration when determined in accordance with the above principles.”

As an Irish judgment this is clearly not binding, however, I cannot see that the principle can be any different in the United Kingdom. The structure of London raises questions but questions do not establish the evidential burden. Sweden has to do more than raise questions, it needs to supply answers. Its claim that there was no intention to use it speculative; it is based on its perception of AHS and its relationship with AHS rather than any evidence.

54) Sweden also claims under section 3(6) of the Act that London knew of its interest in the names INTERNATIONAL HAIR STUDIOS and IHS and that this was an act of bad faith. Knowing of an interest is a somewhat vague, an interest is not a right. Sweden does not claim that it has any goodwill in the United Kingdom. In its submissions London refers to the judgment of Arnold J in *Hotel Cipriani SRL, Hotelapa Investimento Hoteleiro SA, Island Hotel (Madeira) Limited v. Cipriani (Grosvenor Street) Limited, Giuseppe Cipriani, Cipriani International SA* [2009] RPC 9 at paragraph 175 et seq and in particular paragraph 186:

“186. It is clear that an application can be made in bad faith vis-à-vis a third party in circumstances where the third party cannot maintain a relative ground of objection to the registration of the Community trade mark under Articles 8 and 52 . Generally speaking, bad faith in such a case will involve some breach of a legal or moral obligation on part of the applicant towards the third party. The classic instance of this is where the applicant has been in discussions with a foreign manufacturer about distributing the latter's goods in the Community, and then applies to register the trade mark under which the goods are marketed in the country of origin and under which the manufacturer proposes to market them in the Community. It is not necessary, however, for there to have been contractual or pre-contractual relations between the parties in order for an application to be made in bad faith. Thus bad faith may exist where the

applicant has sought or obtained registration of a trade mark for use as an instrument of extortion, as in the Melly case. Nevertheless, I consider that Article 51(1)(b) has no application to situations involving a *bona fide* conflict between the trade mark rights, or perceived rights, of different traders.”

London submits that there was no legal or moral obligation on it not to apply to register the trade mark in the United Kingdom.

55) In *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* the ECJ held that an application for registration need not be made in bad faith even where “the applicant knows or must know that a third party has long been using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought”. That is a case that deals with a Community trade mark registration and so the use by the third party is effectively within the same jurisdiction. This is not the case here. Sweden has not put any evidence in to show what it was doing in the United Kingdom at the time of the application so as to clarify what this “interest” was. A business in Sweden is a business in Sweden, it does not give of itself protection in the United Kingdom. Even if London had discovered that Sweden intended to open in London, of which there is no evidence, and taking into account the purpose for which London was set up (according to Mr Dawson), it would have been commercially prudent to protect its position by making an application to register the trade mark⁹. A commercial prudence that might be disadvantageous to Sweden but that is not a basis for a claim of bad faith.

56) As has been stated above a claim to bad faith is a serious claim, it is a claim that must have clear evidential support. In this case ultimately the basis for the claim is speculative, Sweden has failed to satisfy the evidential burden upon it in relation to the absence of an intention to use. I cannot see that the claim that the

⁹ See the judgment of Walton J in *The Athletes Foot Marketing Associates Inc v Cobra Sports Ltd. and Another* [1980] RPC 343:

“However, even if, contrary to the defendants' evidence and the probabilities of the case, the defendants did indeed choose the name because they were aware of the existence of the plaintiff corporation and its activities in the U.S.A., as will appear from the analysis of the cases which I shall make later in this judgment, this would still be, having regard to all the circumstances present in this action, *nihil ad rem*.

Of course, again, it may very well have been that the defendants advanced their own use of the name when they realised, as a result of Mr. Parkin's "cautious conversation" that someone else was about to use their chosen name first. This would be ordinary commercial prudence. All this means legally is that they got their foot in the door first.”

application was made in bad faith because Sweden had an “interest” in the trade mark has any basis in law; such a basis would drive a coach and horses through the jurisdictional nature of trade mark law. If London had been an agent or a prospective agent for Sweden that would form the basis of a claim, that is not the case here. In relation to the “interest” Sweden is attempting to dress relative grounds in the clothing of absolute grounds. An “interest” would be a goodwill by reference to the sign, there is no evidence of this and no claim on the basis of passing-off.

57) Sweden has not established that the application was made in bad faith on either basis that it claims and the application is dismissed.

COSTS

58) International Hair Studios Limited having been successful is entitled to a contribution towards its costs. I order costs upon the following basis:

Considering application:	£200
Counterstatement:	£300
Preparing and filing of evidence:	£500
Considering evidence of applicant:	£250
Written submissions:	£250
Total:	£1,500

I order International Hairstudio M&R AB to pay International Hair Studios Limited the sum of £1,500. 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 16th day of July 2009

**David Landau
For the Registrar
the Comptroller-General**