

O-097-10

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 83304
BY MR JEAN-PIERRE MASTÉY
FOR A DECLARATION OF INVALIDITY IN RESPECT OF
TRADE MARK NO. 2446008 IN THE NAME OF
BAXTER OF CALIFORNIA LTD**

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No. 83304
by Mr Jean-Pierre Mastey
for a Declaration Of Invalidity in respect of
Trade Mark No. 2446008 in the name of
Baxter of California Ltd**

DECISION

1. Trade Mark No. 2446008 is for the following mark:



and is registered in Class 3 in respect of “Skin care (Cosmetic preparations for-).”

2. By an application dated 28 July 2008 Mr Jean-Pierre Mastey applied for the registration to be declared invalid under the provisions of Sections 47(1) citing Section 3(6) and Section 60(3) of the Act. The application is made on the following grounds:

Under Section 3(6) The registrant had ceased to be the UK agent for the brand and furthermore he had/has no intention of using the Trade Mark for trading purposes but merely to try and extort money from the brand proprietor.

Under Section 60(3) Full details of the original (United States) registered Trade Mark have been submitted with our original application for invalidity (#83304) filed on 28 July 2008, along with an overview of the long history of the brand Baxter of California. The proprietor of the mark in the USA (J P Mastey esq.) wishes it to be known that the person who registered this mark in the UK (S Hubbard esq.) was his agent, but that he was not authorised or permitted to register the mark in his own name in the UK.

3. Mr S J Hubbard, Managing Director of Baxter of California Limited filed a Counterstatement on behalf of the registered proprietor. Mr Hubbard states that “Having applied for the trade mark, Baxter of California, wholly in accordance with the United Kingdom Trade Marks Act 1994, and having had the trade mark granted accordingly, I do not believe that the application for invalidity can be granted, and that the trade mark must therefore remain with my UK registered company, Baxter of California Limited.” There is no denial or comment on the allegations on which the application is based.

4. Only the applicants filed evidence in these proceedings, which insofar as it may be relevant I have summarised below. Neither side requested to be heard instead electing to have the matter decided from the papers. No written submissions in lieu of a hearing were filed.

Applicants' evidence

5. This consists of Witness Statements dated 20 March 2009 and 10 January 2010 from Jean-Pierre Mastey, the applicant in these proceedings.

6. Mr Mastey says that the BAXTER OF CALIFORNIA men's skincare brand was founded in the United States in 1965 by Mr Baxter Finlay. Mr Mastey purchased the company and all rights from Mr Finlay in January 2000. On 16 April 2001 an application was made to register the brand in the US, a copy of the record held on the United States Patent and Trademark Office (USPTO) register is shown as Exhibit BOC1. This depicts the mark on three levels, the figurative element placed above the word BAXTER which is on top of the words OF CALIFORNIA. The filing date is 16 April 2001. The associated goods are personal care products for men, some specifically for the care of the skin. The last listed owner is Mr Mastey. The record contains the statement "The name shown in the mark, namely "BAXTER", identifies a particular living individual whose consent is of record."

7. Mr Mastey says that he has used the brand nationally and internationally through distributors, retail outlets, and via the website www.baxterofcalifornia.com which was established in 2000. He says that his predecessor had used and marketed the brand for over 35 years in the US including through the well known retail outlets of Bloomingdales, Marshall Fields, I Maginin Beverly Hills and Robinsons. Mr Mastey says that the brand is well known as one of the first grooming lines dedicated specifically to men. Exhibit BOC2 is introduced as showing many of the products sold, Mr Mastey mentioning the use of the original Baxter of California "Griffin" logo. The exhibit consists of a brochure that Mr Mastey says was printed in 2006. One side lists a range of cleansing, hydrating, shaving and hair products for men. The products depicted bear the words "BAXTER OF CALIFORNIA" in a stylised script with the depiction of a Griffin above. One half of the other side contains a grooming guide with the statement "FOUNDED IN 1965, BAXTER OF CALIFORNIA..." beneath which is the Griffin followed by the web address BAXTEROFCALIFORNIA.COM. The other half depicts the evolution of man beneath the words Baxter of California in stylised script.

8. Mr Mastey says that in 2002 Mr Simon Hubbard, a UK businessman, contacted him seeking to become the exclusive UK distributor for the BAXTER OF CALIFORNIA brand. Exhibit BOC3 consists of a copy of a Distribution Agreement dated 23/01/03 between J75 Inc., DBA Baxter of California (Supplier) and Male Grooming Distribution LLC, a British corporation (Distributor) under which the supplier granted exclusive distribution rights of the supplier's goods within the UK for a period of six months. The specific goods are as set out in an attachment to the agreement noted as Exhibit A and "any other products manufactured or marketed by the supplier." The copy originally provided was signed by S A Hubbard on behalf of the distributors but not signed by the supplier and did not include the Exhibit A attachment. This was remedied in the submission of further copies under cover of the second Witness Statement from Mr Mastey dated 10/01/10. The goods are listed in the categories of "Skin Care", "Shave" and "Anti-Aging".

9. Mr Mastey says that in July 2006 he decided to stop doing business with Mr Hubbard and gave the distribution rights to Mr Joe Cotton of Carter and Bond Limited. He says that as can be seen from Exhibit BOC 4 Mr Hubbard was in no doubt that he no longer held the distributor rights. The exhibit consists of an e-mail dated 15 August 2006 sent by Peter McCloskey of Peter Oliver Men's Grooming to International@baxterofcalifornia.com. In this Mr McCloskey says that he runs four exclusive barbershops in N Ireland, stating that "...We sell and use a lot of your product range. Unfortunately we are having problems getting it at the moment as Simon says he does not represent you any more in the U.K."

10. Mr Mastey next recounts that on 26 June 2008 he received a telephone call from Mr Hubbard informing him that he (Mr Hubbard) owned the Baxter of California trade mark in the UK and asking that Mr Mastey cease using it. Exhibit BOC5 consists of an e-mail dated 26 June 2008, from Simon Hubbard (strypzee@btinternet.com) to Mr Jean-Pierre Mastey at baxter@carterandbond.com. The e-mail states:

"Jean-Pierre

I wish to bring to your attention the fact that you are using a trademark in the United Kingdom that is owned by my company without its permission, namely that of Baxter of California, trademark number 2446008. Therefore, you are in breach of the United Kingdom Trade Marks Act 1994. I insist that you immediately stop using our trademark. Please confirm that you have done so by Friday 11th July at the latest to prevent further action being taken.

Should you wish, we may be prepared to discuss the possibility of you using our trademark under licence.

Regards

Simon

Simon Hubbard
BAXTER OF CALIFORNIA LIMITED
47-49 Gillet Street
Hull
East Yorkshire
HU3 4JF
Company No. 06089842"

11. Mr Mastey says research showed that Mr Hubbard had not only obtained the word mark BAXTER OF CALIFORNIA but also his "Griffin" logo mark as well. He concludes his statement by referring to Mr Hubbard's awareness of his (Mr Mastey's) ownership and use of the mark, and to Mr Hubbard not having used the mark or traded under the company name. Exhibit BOC6 consists of an extract from the Companies House website relating to Mr Hubbard's company.

12. That concludes my review of the evidence insofar as it is relevant to these proceedings.

Decision

13. Before going on to give my decision I wish to make something clear. The evidence from the applicants is undoubtedly thin but cases are not won by “never mind the quality-feel the width” evidence. In the case of the registered proprietors the evidence is non-existent which, given the nature of the allegations I find somewhat surprising, but more significantly the evidence provided by the applicants therefore stands unchallenged. In this context I am mindful of the guidance given by Mr Richard Arnold QC sitting as the Appointed Person (as he then was) in the *Extreme* trade mark case, [2008] R.P.C. 24. In the context of a non-use revocation Mr Arnold held that it in the absence of positive evidence of non-use it was not correct to impose a standard of proof requiring the provision of "certainty" and "conclusive evidence".

14. Mr Arnold QC further stated that the standard of proof applied is the ordinary civil standard of proof upon the balance of probabilities. When applying this standard, the less probable the event alleged, the more cogent the evidence had to be to demonstrate that it did indeed occur.

15. Mr Arnold QC also stated that where 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 the rule in *Brown v Dunn* applies. It is not open to the opposing party to invite the tribunal to disbelieve the previously unchallenged evidence; this amounted to cross-examination of the witness in his absence.

16. I turn first to deal with the ground under Section 60(3) which so far as is material reads as follows:

“60(1) The following provisions apply where an application for registration of a trade mark is made by a person who is an agent or representative of a person who is the proprietor of the mark in a Convention country.

..

(3) If the application (not being so opposed) is granted, the proprietor may-

(a) apply for a declaration of the invalidity of the registration, or

(b) apply for the rectification of the register so as to substitute his name as the proprietor of the registered trade mark.”

17. What is meant by “Convention country is set out in Section 55 of the Act, which reads:

“55.- The Paris Convention

(1) In this Act—

(a) “the Paris Convention” means the Paris Convention for the Protection of Industrial Property of March 20th 1883, as revised or amended from time to time, and

(b) a “Convention country” means a country, other than the United Kingdom, which is a party to that Convention.

(2) The Secretary of State may by order make such amendments of this Act, and rules made under this Act, as appear to him appropriate in consequence of any revision or amendment of the Paris Convention after the passing of this Act.

(3) Any such order shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.”

18. So there are two basic requirements of an application under section 60(3) to be substituted as the proprietor of a mark on the Register. They are:

(a) the applicant has to be the proprietor of the trade mark in a Convention country, which by virtue of exclusion in sub-paragraph (b) is a country other than the United Kingdom.

(b) the proprietor of the registered trade mark has to be an agent or representative of the applicant at the time that the application was made,

19. As can be seen from Exhibit BOC1, Mr Mastey is the proprietor of a registered trade mark in the United States, a country that is a party to the Paris Convention, a “Convention country”. The mark registered in the US and the subject mark are, respectively, as follows:



20. Apart from the fact that the graphical element is placed above the words they are clearly all but identical by any standard of comparison. There is also clearly identity in the respective goods in that the “personal care products for men” in Mr Mastey’s mark would encompass the “cosmetic preparations for skin-care” for which the mark in suit is registered.

21. Mr Mastey states that in January 2003 Mr Hubbard had been granted distribution rights in the UK “for an exclusivity of six months.” The Distribution Agreement (BOC3) shows that on 23 January 2003 distribution rights had been granted to Male Grooming Distribution. This was signed by Mr Hubbard as President of the company illustrating that he had responsibility and a controlling force. The agreement shows the agreement to be in relation to a range skin-care, shave and anti-aging products. Mr Mastey then says that he terminated the agreement

with Mr Hubbard in July 2006, some six months prior to the 7 February 2007 when Mr Hubbard, through a newly formed company, made the application to register the mark in suit. So notwithstanding who actually owned the mark, the plain fact is that at the time of making the application Mr Hubbard was not an agent or representative. It seems strange that had Mr Hubbard made the application six-months earlier the provisions of Section 60(3) would have bitten but by delaying he has avoids the sanction. This does nothing to stop distributors on termination of an agreement from taking the mark for themselves, but as stated by Mr Richard Arnold QC (as he then was) sitting as the Appointed Person in the *JACOB* trade mark case BL-O-066-08 this is, in fact the position:

“36. First, in considering an application under section 60(3)(b), the position must be judged as at the date on which the application to register the trade mark was filed. In this respect the position is the same as an application under section 60(3)(a) or an application for a declaration of invalidity on the ground that the mark was applied for in bad faith contrary to section 3(6).”

22. Consequently, the ground under Section 60(3) must fail. This leaves the ground under Section 47(1) and specifically Section 3(6). These sections read as follows:

“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.

and:

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

23. 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.”

24. The Directive gives no more clue as to the meaning of “bad faith” than the Act. Subsequent case law has avoided explicit definition but has not shirked from indicating its characteristics. In *AJIT WEEKLY Trade Mark* [2006] RPC 25, Professor Ruth Annand sitting as the Appointed Person held as follows:

“[35] ... Bad faith is to be judged according to the combined test of dishonesty for accessory liability to breach of trust set out by the majority of the House of Lords in

Twinsectra Ltd v Yardley [2002] 2 AC 164, with *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 providing the appropriate standard, namely acceptable commercial behaviour observed by reasonable and experienced persons in the particular commercial area being examined.....

[41] ... the upshot of the Privy Council decision in *Barlow Clowes* is: (a) to confirm the House of Lords' test for dishonesty applied in *Twinsectra*, i.e. the combined test [footnote omitted]; and (b) to resolve any ambiguity in the majority of their Lordships' statement of that test by making it clear that an enquiry into a defendant's views as regards normal standard of honesty is not part of the test. The subjective element of the test means that the tribunal must ascertain what the defendant knew about the transaction or other matters in question. It must then be decided whether in the light of that knowledge, the defendant's conduct is dishonest judged by ordinary standard of honest people, the defendant's own standards of honesty being irrelevant to the objective element....

[44] In view of the above and in particular the further clarification of the combined test given by the Privy Council in *Barlow Clowes*, I reject Mr Malynicz's contention that the Hearing Officer erred in failing to consider the registered proprietor's opinions on whether its conduct in applying for the mark fell below ordinary standard of acceptable commercial behaviour."

25. In an allegation that an application was made in bad faith the onus rests with the applicants to make a prima facie case. It implies some deliberate action by the applicant (now proprietor) that a reasonable person would consider to be unacceptable behaviour or, as put by Lindsay in the *Gromax* trade mark case [1999] RPC 10: "includes some dealings which fall short of the standards of acceptable commercial behaviour". The issue must be determined on the balance of probabilities and may be made out in circumstances which do not involve actual dishonesty. It is not necessary to reach a view on the applicant's state of mind regarding the transaction if, in all the surrounding circumstances, making the application would have been considered contrary to normally accepted standards of honest conduct.

26. Mr Mastey has the mark in suit (or one all but identical to it) registered in the United States, and for the self-same goods for which the subject mark has been registered. However, trade mark rights, including registrations, are territorial so this fact of itself does not mean that making the application is an act of bad faith. In the *Hankook* trade mark case (BL O/521/01) the Hearing Officer put the position as follows:

"In considering the issue of ownership of a trade mark in a third country it is necessary to be circumspect. If any person in a third country could claim successfully that an application was made in bad faith simply because it consisted of his trade mark or was similar to his trade mark the long established geographical limitations of trade mark rights would be thrown into confusion.

27. A similar issue was considered in the *DAWAAT* trade mark case BL O-227-01. In that case an application for a declaration of invalidity was filed on the ground that the *DAWAAT* registration was contrary to Section 3(6) in that at the time of making the application the registered proprietor was aware that the applicant intended to use or register the mark in the

United Kingdom, the applicant was using the mark abroad and had made the application without any bona fide intention of using the mark. In considering the issue of bad faith the Hearing Officer posed three questions:

“21. In order to make out a prima facie case of bad faith in this case the applicant must show that the registered proprietor:

a) had knowledge of the applicant’s use of the mark DAAWAT in India prior to the date of its application for the registration of the same mark in the UK;

b) had reasonable grounds to believe that the applicant intended to enter the UK market for rice under that DAAWAT mark;

c) applied to register the mark DAAWAT in order to take unfair advantage of the applicant’s knowledge of the registered proprietor’s plans.”

28. The Hearing Officer stated that a vague suspicion that a foreign proprietor might wish to extend its trade to the United Kingdom was insufficient to found such an objection. The decision was upheld on appeal to the Appointed Person ([2003] R.P.C. 11).

29. Mr Hubbard does not deny that he had been aware of Mr Massey’s use of the BAXTER OF CALIFORNIA logo at the time of making the application. In fact he does not say anything beyond stating that having had the trade mark registered, he does not believe that the application for invalidity can be granted.

30. Mr Hubbard’s awareness is not just a matter of assertion. There is clear evidence that some four years prior to making the application Mr Hubbard signed a Distribution Agreement to distribute BAXTER OF CALIFORNIA goods, including those for skin-care, supplied by Mr Massey’s company. So this is not a case where Mr Hubbard could have cause to doubt whether a foreign proprietor “might” enter the UK market; he was fully aware that they had actually done so. Exhibit BOC 4 reinforces the evidence that Mr Hubbard had been an active distributor for BAXTER OF CALIFORNIA, and that he cannot have been in any doubt that he no longer held the distributor rights. Mr Hubbard cannot have been under the impression that Mr Mastey’s had no intention of continuing to trade in the UK. As can be seen from the e-mail he sent to Mr Mastey (BOC5) at the address baxter@carterandbond.com, Mr Hubbard was aware of the continuation of the business through a new distributor, Carter and Bond Limited.

31. The applicants assert that Mr Hubbard has no intention in using the mark for trading purposes but has registered it merely to gain financial advantage. Mr Massey mentions the fact that since registering the BAXTER OF CALIFORNIA trade mark (and the company Baxter of California Limited) there has been no use, from which I am seemingly invited to infer the lack of intention. There is no requirement that a mark be in use at the time of application, Section 32(2) only requiring that there be an intention to put it into use for the goods/services for which it is applied. The fact that a registration becomes vulnerable for revocation after a period of non use (absent proper reasons) of five years post registration clearly illustrates this futurity.

32. I am mindful that the allegation is not just one of lack of intent to use the mark, but also

that Mr Hubbard's raison d'être in registering the mark was merely to extort money. Surprisingly Mr Hubbard does not even refute this allegation which in itself could be inferred as proof enough. Mr Hubbard clearly understood the BAXTER OF CALIFORNIA logo belonged to Mr Mastey for if he believed otherwise why would he have made the approach and become a distributor? He seems to have been satisfied to trade as such, distributing BAXTER OF CALIFORNIA goods supplied by Mr Mastey, and only after this was terminated did Mr Hubbard apply for and register the mark. There is no information that explains how or why the arrangement was ended but given Mr Hubbard's subsequent actions it would seem that it may not have been by mutual agreement. After obtaining registration Mr Hubbard sought to prevent Mr Mastey from continuing to use the BAXTER OF CALIFORNIA mark, dangling the possibility of a licence (BOC5). This action is a clear illustration of Mr Hubbard's understanding that there was a potential for financial gain from his actions. Whether he believed that by not having a registration of the mark in the UK the mark was his for the taking is immaterial.

33. In all of these circumstances I find that the allegation of bad faith to be established and the ground succeeds. The application for a declaration of invalidity is therefore successful which means that subject to appeal, if any, the application in suit will be deemed never to have been made. Having been successful Mr Mastey is entitled to a contribution towards his costs. I therefore order that the registered proprietor pay the applicant the sum of £1,950. 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 30 day of March 2010

**Mike Foley
for the Registrar
the Comptroller-General**