

O-352-13

**TRADE MARKS ACT 1994**

**IN THE MATTER OF REGISTRATION NUMBER  
2587387**

**STANDING IN THE NAME OF  
MR JAMES FOX**

**AND**

**AN APPLICATION  
FOR A DECLARATION OF INVALIDITY THERETO  
UNDER NUMBER 84414**

**BY  
AUTEL INTELLIGENT TECHNOLOGY CO LIMITED**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF  
REGISTRATION NUMBER 2587387  
STANDING IN THE NAME OF  
MR JAMES FOX**

**AND**

**AN APPLICATION FOR A DECLARATION  
OF INVALIDITY THERETO  
UNDER NUMBER 84414  
BY  
AUTEL INTELLIGENT TECHNOLOGY CO LIMITED**

**THE BACKGROUND AND THE PLEADINGS**

1) Mr James Fox is the proprietor of the following series of two trade marks, registered under number 2587387 for the following goods:

**MaxiDiag**

**Maxidiag**

Class 9: Diagnostic computers for diagnosis and maintenance of automotive engine, ABS, SRS airbag and transmission systems.

2) On 10 April 2012 Autel Intelligent Technology Co Ltd (“the Applicant”) filed application no. 84414 for a declaration of invalidity in respect of the above registration, relying on grounds under sections 3(6) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”), which can be summarised as follows:

Mr Fox’s registration of the MaxiDiag mark represents an attempt to control the MAXIDIAG product name in relation to the marketing and sales of the Applicant’s product range, despite the fact that he had previously been an authorised dealer of the Applicant and was aware of the Applicant’s rights associated with the unregistered product brand name MaxiDIAG.

Mr Fox’s registration and use of the MaxiDiag mark is likely to mislead the public into believing that they are purchasing the Applicant’s products when this may not be the case, and causing confusion and deception, particularly as to the nature, quality and origin of the goods. This will lead to damage to the Applicant, its goodwill and reputation, and would entitle it to bring an action for passing-off.

3) On 17 August 2012, having been granted leave to file late, Mr Fox filed a defence and counterstatement. The Tribunal took the view that Mr Fox had not adequately admitted or denied the claims made by the Applicant, and on 21

November 2012, he filed an amended defence and counterstatement, which was accepted into the proceedings. It can be summarised as follows:

The Applicant was not incorporated until 17 January 2011. Mr Fox had been using the word MAXIDIAG to describe many products since before 2006. His website [www.discountdiagnostics.co.uk](http://www.discountdiagnostics.co.uk) was registered on 9 November 2010. His use of the name was before that of the Applicant, and the application should not be allowed.

4) The Applicant filed evidence in the form of a statutory declaration. Mr Fox filed no evidence during the evidence rounds. However, he filed a brief witness statement of 8 September 2012 following the filing of his original defence and counterstatement, and a further brief witness statement of 20 November 2012 was appended to his amended defence and counterstatement. The matter came to be heard before me on 18 July 2013. At the hearing Mr Fox represented himself and the Applicant was represented by Mr Kevin Brown, a director of the Applicant.

## THE EVIDENCE

### The Applicant's evidence

5) The Applicant's evidence consists of a statutory declaration of 21 January 2013 from Mr Kevin Michael Brown. Mr Brown makes the following statements: He is a director of the Applicant. Autel Intelligent Technology Co Ltd of China ("Autel China") is the designer, developer, manufacturer and vendor of the Autel range of vehicle diagnostic products used to diagnose fault codes with vehicle management systems. One of Autel China's ranges of products is identified by the brand name MaxiDIAG. This name was exclusively created and used by Autel China since the beginning of 2006. The MaxiDIAG range has been knowingly sold in the UK since 2008. Mr Brown attaches as Exhibit **KBM1** (undated) catalogue pages, showing vehicle diagnostic products. All are listed under, and bear, both the marks MaxiDiag and Autel.

6) Mr Brown continues: In January 2010 Autel China sought partners to assist in setting up an Autel distribution hub in the UK to offer better product availability, service and support. In January 2010 the Applicant was incorporated for this purpose. By an agreement of 17 February 2011, subsequently extended on 17 March 2011, the Applicant was appointed exclusive distributor of all Autel China manufactured products, including the MaxiDIAG range. The agreement provides the express right for the Applicant to manage and protect Autel China's intellectual property rights in the UK. In 2011 the Applicant was requested by Autel China to assist in the removal of counterfeit product often marketed by third parties in the UK, and also to set up an approved dealer network to give customers confidence that they were purchasing genuine Autel products. Autel China supports the present proceedings and requested that they be brought.

7) Mr Brown states that on 16 May 2011 the Applicant signed an authorised dealer agreement ("The Agreement" – **Exhibit KMB2**) with a Mr Sean Ocean,

that the address given by Mr Ocean in an email of 9 May 2011 (**Exhibit KMB3**) is the same as that of Mr Fox, and that the VAT number provided for Mr Ocean is that of Mr Fox. The email of 9 May 2011 gives Mr Ocean's trading names as "discount – diagnostics, Autel-direct (which I will change tonight)". As will be seen, on the basis of these facts, when the Applicant became aware of Mr Fox's registration of the marks in suit, it presumed Sean Ocean to be an assumed name of Mr Fox. In his second witness statement of 20 November 2012 Mr Fox acknowledges that the VAT number is his, and that he used to be called Sean Ocean, and says he changed his name legally. At the hearing he commented that he had had prior dealings with Autel China under his earlier name, that the Chinese found the concept of changing one's name bewildering, and that for this reason he had stuck to his earlier name in his dealings with the Applicant. The emails in **Exhibits KMB4 and KMB5** which I discuss below are in fact addressed to "Sean"; but since it is now clear that their recipient was Mr Fox I shall, for the sake of clarity, refer to him as Mr Fox.

8) Clause 3.1.I of the Agreement reads as follows:

VeRO. AUTEL will manage the VeRO process with eBay. The DEALER is requested to send any potential online eBay seller violations to Autel by 5pm each working day in the format set out in Schedule 5. Autel will then report listings that it considers violations at its sole discretion. For the avoidance of doubt, Autel will regard an eBay listing as a violation where it is being listed by an unauthorised UK dealer, or where Autel reasonably believes the Product to be counterfeit, or be a Product sold without a validate [sic] Autel Serial Number and the seller does not give satisfactory explanations as to the origins of the Product nor access by Autel to inspect the said product within 2 working days from the seller being contacted by Autel.

The products shown in **Exhibit KMB1** as bearing both the Autel and MaxiDIAG marks are, amongst others, specified by their code numbers in a schedule to the agreement listing the products covered by it. The purpose of clause 3.1.I is clearly to enable the Applicant to object to the listing on eBay of products, including the MaxiDIAG product, which do not originate from Autel China.

9) In an email of 12 August 2011, appended as **Exhibit KMB4**, Mr Brown refers to a discussion in which he says Mr Fox said he could not continue to purchase from the Autel hub (the mechanism by which authorised dealers obtain product) unless the minimum order quantities specified in the agreement were removed, since he was only selling one or two Autel units per week. Mr Brown writes that the Applicant had received a support enquiry from a customer of Mr Fox's who had recently been sold an Autel item without an Autel UK warranty label number – i.e. one not purchased through the Autel UK hub, in breach of the dealer agreement. This suggested, continues Mr Brown, that Mr Fox was continuing to purchase grey imports for distribution in the UK market whilst not meeting his minimum order requirements under the agreement. He also complained that Mr Fox continued to sell a download link at £15 from his website "for the '18 in 1' software, where we have already communicated to you that this is an unlawful use of Autel IPR and is expressly prohibited by Autel, a

point you acknowledge on your site”. Mr Fox is then warned that if he has not informed the Applicant within 15 days of the steps he has taken to remedy these breaches, the Applicant will write again, giving 30 days’ notice to terminate the agreement in accordance with its Clause 9. An email of the 1 September 2011 from the Applicant (**Exhibit KMB5**) refers to the earlier email of 12 August 2011 and gives 30 days’ notice to terminate the agreement to the 1 October 2011.

10) Rather confusingly, a further email of 2 December 2011 from the Applicant (**Exhibit KMB6**) begins “Dear Paul aka Sean” (at the hearing Mr Brown explained that the name Paul had been used in error). In this email Mr Brown writes, amongst other things, that he has recently been alerted to Mr Fox’s recent registration of the Autel Product name MaxiDIAG and his application to register the Autel product name MaxiSCAN. It is clear that, by this stage, the Applicant has drawn the conclusion that Sean Ocean and the registered proprietor, Mr Fox, are the same person. Mr Fox is invited to “advise the Intellectual Property Office that you are agreeable to the MaxiDIAG trade mark being invalidated before the 01 January 2012 or we will take action to request invalidation.”

11) Mr Brown states that Mr Fox contacted eBay on 1 December 2011 to request the removal of all Autel authorised dealer listings using the Autel product name MaxiDIAG. He says that, following representations, the listings were reinstated, but that in response to the Applicant’s filing of a statutory declaration in its opposition to Mr Fox’s application for registration of the Applicant’s MaxiScan name, on 7 March Mr Fox again requested eBay to remove listings with the MaxiDIAG name, claiming breach of his registration of the mark. **Exhibit 7** consists of an email to the Applicant from one of its authorised dealers, saying he had been told “the violation against us” would be removed on the basis that they remove any reference to MaxiDiag in their listings.

12) Mr Brown says that under his eBay “discountdiagnostics” listing Mr Fox markets third party products under the MaxiDIAG name which have no connection to Autel and are not Autel product.

13) Mr Brown states that Mr Fox registered a company, MAXIDIAG LTD, using the MaxiDIAG name, and submits as **Exhibit KMB7** an excerpt from the companies register showing incorporation of the company on 26 September 2011, during the period in which Mr Fox had been put on notice of the termination of the authorised dealer agreement.

14) Mr Brown says that **Exhibit KMB8** consists of screenshots from the homepage of the discountdiagnostics.co.uk website. “Discount Diagnostics” is given on the webpage as a trading name of MaxiDiag Ltd. The following appears at the bottom of the webpage:

*©MMX DISCOUNT DIAGNOSTICS – AUTEL®, MAXIDAS®, MAXISCAN® & MAXIDIAG® ARE REGISTERED TRADEMARKS OF AUTEL INTELLIGENT TECHNOLOGY CO., LTD. ALL OTHER MARKS*

*AND BRANDS SHOULD BE CONSIDERED THE PROPERTY OF THEIR RESPECTIVE COMPANIES (ALL PRICES E & OE)."*

15) Mr Brown says **Exhibit KMB10** consists of a print-out of the first ten pages of a Google search for the name MaxiDIAG, which he includes to demonstrate the uniqueness of the MaxiDIAG name and its connection to the Autel tool range. All except two of the search results contain a reference to Autel and/or the Autel MaxiDIAG product codes. The first exception – listed under “maxidiag OLX” appears to relate to a vehicle servicing business in South Africa. The second, listed under “MaxiDiag Discount Diagnostics” relates to the Discount Diagnostics website, with the following text: “This MultiDiag piece of kit is remanufactured and programmed in house by us to what we feel is the best value diagnostic machine available today”. I have no evidence as to the algorithms used by Google in compiling these results. Moreover, the search was clearly made at around the time of the preparation of Mr Brown’s witness statement (some items are dated December 2012), whereas the relevant date at which bad faith must be established is the date of application for registration of the marks in suit: 8 July 2011. However, I bear in mind that later evidence may be relevant to the extent that it may cast light backwards on the position as at the application date.

#### **Mr Fox’s evidence**

16) In his first witness statement of 8 September 2012, submitted after filing his original defence and counterstatement, Mr Fox states: that the trade mark MaxiDiag was first used in the UK in 2006 by himself; that various diagnostic computers for vehicle fault finding are put together by him to cover more than one make of car; that he puts various single pieces of equipment together to extend overall coverage and calls his finished equipment MaxiDiag because of its maximum diagnostic coverage; that he has been doing this since 2006 and selling to DIY mechanics, small garages and on eBay, and that he also used to diagnose car faults as a small hobby business.

17) He continues: that in 2010 he decided to make a full-time business out of sales of diagnostic products and on 9 November 2010 created the web-based business Discount Diagnostics with the website [www.discountdiagnostics.co.uk](http://www.discountdiagnostics.co.uk), where he sells his own custom-made products and other manufacturers’ products; that on 6 January 2011 he registered the web address [www.maxidiag.co.uk](http://www.maxidiag.co.uk) to promote further his custom-made products, and that this site currently re-directs to his discount diagnostics site.

18) Mr Fox states that around April 2011 he became aware of the Applicant as a company trying to control use of the name MaxiDiag on eBay sales, and that this is why he sought to apply for trade mark protection for MaxiDiag to protect his rights to use his name; that the Applicant was only incorporated on 17 January 2011, and did not exist until after he had set up his Discount Diagnostics website and registered his [www.maxidiag.co.uk](http://www.maxidiag.co.uk) domain name. He says he sells, using the name, all over the UK. He states that two of his eBay accounts were shut down by the Applicant, which claimed the right to use Maxidiag. This, he says, has damaged his sales and reputation on eBay.

19) In his second witness statement of 20 November 2012, filed as part of his amended defence and counterstatement, Mr Fox responds more specifically to the statement made by the Applicant in its application to have his mark declared invalid. He confirms that an authorised dealer agreement was concluded on 16 May 2011 under the name Sean Ocean, using his VAT number and address; he says that Sean Ocean used to be his name, and that he changed it legally. He agrees with the Applicant's statement that he failed to comply with the terms of the dealer agreement and that it was terminated on 1 October 2011; he says Autel also failed to comply with their side of the agreement and he told them to tear it up.

20) He agrees with the Applicant's statement that under his eBay "discountdiagnostics" listing he markets third party products under the MaxiDIAG name which have no connection to Autel and are not Autel product. He says he sells many products under the MaxiDIAG name, and that is why he registered the name as trade mark: to protect his right to do this. He agrees with the Applicant's statement that he set up a company using the name MAXIDIAG during the time the Applicant was warning him of the risk of termination of the dealer agreement. He says he had set up his [www.discountdiagnostics.co.uk](http://www.discountdiagnostics.co.uk) and [www.maxidiag.co.uk](http://www.maxidiag.co.uk) websites to sell many diagnostic products, including his MaxiDiag range, at a time before the Applicant was incorporated. On this basis he denies that he was acting in bad faith in registering the mark.

21) Mr Fox appears to deny the Applicant's statement that he contacted eBay and requested removal of all Autel authorised dealer listings using the Autel product name MaxiDIAG. He says that the Applicant tried to stop him trading on eBay and had his products removed, and that he has sorted this with eBay, which now recognises his right to use the name in his listings.

22) Mr Fox says that since it is the Applicant which is bringing these proceedings, the position of Autel China is irrelevant. He disagrees that MaxiDIAG is exclusive to Autel China, claiming that it is a commonly used term in China and that many factories produce "such named products". He denies that the notice at the bottom of the webpage in **Exhibit KMB8**, reproduced in full in paragraph 14, represents an acknowledgement of Autel's ownership of the MaxiDIAG mark. He says that, since he did also sell some of Autel China's products, his web designer just copied text from marketing material from the Chinese company's site, and that the Applicant (i.e. the UK company Autel Intelligent Technology Co Ltd) did not even exist at the time when this was done.

## **BAD FAITH**

### **Section 3(6) of the Act**

23) Section 3(6) of the Act reads as follows:

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

24) In *Red Bull GmbH v Sun Mark Ltd & Anr* [2012] EWHC 1929 and [2012] EWHC 2046 (Ch) ("*Sun Mark*") Arnold J summarised the general principles underpinning section 3(6) as follows:

*"Bad faith: general principles*

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

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

132 Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2009] 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).”

### **Findings in relation to bad faith**

25) Mr Fox's statement that he has been selling a product called MaxiDiag since 2006 is not supported by a single shred of corroborative evidence. Nor is there any evidence that the term is commonly used in China and that many

factories produce “such named products”. On the contrary, Mr Fox conceded at the hearing that before entering the Agreement he had been purchasing MaxiDIAG branded products for some time, through various sources, and that at the time when he entered into the Agreement he was aware that Autel China manufactured and distributed a range of vehicle diagnostic products under the brand MaxiDIAG.

26) In his first witness statement of 8 September 2011 Mr Fox says “Around about April 2011 I became aware of a company Autel Intelligent Technology Co Ltd trying to control use of the name MaxiDiag on eBay sales. This is why I sought to apply for the trademark [sic] protection of MaxiDiag to protect my interests and right to use my name”. Yet, when the chronology is examined, this claimed awareness did not lead to the trade mark application, but in fact led, on 16 May 2011, to Mr Fox entering into the Agreement to become an authorised Autel dealer (which, as I have said, included being a dealer of the MaxiDIAG product), clause 3.1.I of which required him to notify any potential online eBay violations to the Applicant.

27) Then, during the currency of the Agreement, Mr Fox filed his application for registration of the marks in suit. In my view, to apply for a trade mark corresponding to the name of a product which he has knowingly entered into an agreement to be an official dealer of – a trade mark which, once registered, would give him the exclusive right to prevent use by others, including other authorised dealers, and by Autel itself – would be regarded by reasonable and experienced men in the field as a form of conduct that falls below the standards of acceptable commercial behaviour. Having considered the evidence before the Tribunal, the most likely motive behind the application for registration was that Mr Fox wished to sell the MaxiDIAG product without always going through the Autel hub; this was in circumstances when Mr Fox was an authorised dealer, when he was aware of the requirement to notify potential violations of use, when he was only meant to sell products obtained through the Autel hub (or pre-agreement stock obtained through other means which have been verified as authentic – paragraph 3.1x of the Agreement refers), and when he would have been aware that upon termination of the agreement he ought not to use any trade mark, trade name or other designation of Autel (paragraph 10.4 refers), all of which reinforces my view. I am not satisfied that Mr Fox was attempting to protect his “rights to use the name”; no such rights have been established. My finding is that Mr Fox acted in bad faith, and the opposition under section 3(6) succeeds).

**28) Accordingly, the request for invalidation on the basis of section 3(6) of the Act succeeds.** It is therefore unnecessary for me to make a finding on the Applicant’s request under section 5(4)(a) of the Act

## **OUTCOME**

29) For the reasons given above **I find that registration no. 2587387 is invalid, in accordance with section 47(2) of the Act, and is deemed never to have been made.**

## **COSTS**

30) The Applicant has been successful, and is entitled to a contribution towards its costs. I bear in mind that the Applicant was not legally represented and will not have incurred any legal costs; I have taken this into account when making my assessment on costs. I hereby order Mr James Fox to pay Autel Intelligent Technology Co Ltd the sum of £850. This sum is calculated as follows:

*Preparing a statement and considering the other side's statement* £150

*Preparing evidence and considering and commenting on the other side's evidence –* £250

*Preparing for and attending a hearing –* £250

*Invalidation application fee* £200

31) The above sum should 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 September 2013**

**Martin Boyle  
For the Registrar,  
The Comptroller-General**