

O/454/17

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK REGISTRATION NO 3 068 445 FOR THE

TRADE MARK  IN THE NAME OF NEIL MCDONALD

AND

IN THE MATTER OF AN APPLICATION FOR INVALIDITY BY GENERATE
PRODUCTS UK LIMITED

Background and pleadings

1. Neil McDonald was the Registered Proprietor (RP) of the following UK



Registered Trade Mark No 3 068 445 . It was applied for on 13th August 2014 and accepted and published in the Trade Marks Journal on 12th September 2014 in respect of the following goods in Class 32: energy drinks; mineral and aerated waters; non-alcoholic drinks; fruit drinks and fruit juices. It was registered on 21st November 2014. On 1st June 2017, Mr McDonald surrendered the trade mark. However, the applicant indicated that it wished the proceedings to continue.

2. Generate Products UK Limited (GPL) apply for invalidation of the trade mark on the basis of, amongst other grounds, Section 3(6) of the Trade Marks Act 1994 (the Act). It argues that this is on the basis of the content of a prior meeting between the parties, namely an alleged proposal made to GPL by Mr McDonald. Further, the mark applied for is identical to its earlier unregistered trade mark.
3. The RP filed a counterstatement denying the claims made.
4. Only the applicant filed evidence in these proceedings. This will be summarised to the extent that it is considered appropriate. Only the applicant filed written submissions which will not be summarised but will be referred to as and where appropriate during this decision. No hearing was requested and so this decision is taken following a careful perusal of the papers.

Evidence filed

5. There are three witness statements filed by the applicant in these proceedings. However, it is considered that the witness statement of Mr Kieran Lewis, the Director of GPL, and the content within that is pertinent to

the issue to be decided, namely did the RP act in bad faith in applying for the trade mark in question? The witness statement is dated 23rd January 2017.

The relevant points are:

- GPL is a manufacturer and retailer of sports hydration and energy products, including drinks;
- In April 2009, Mr Lewis identified a gap in the drinks market for a healthy grab and go drink, so he created the concept of GENERATE, for energy and hydration products. From April 2009 the product underwent extensive research and development and in June 2009 the final recipe was created.
- In June 2009, Mr Lewis commissioned a communications company to create a logo and label for the first range of products, a citrus flavoured drink. The graphics are shown in Exhibit KL1 and it is noted that it is identical to the Registered trade mark, the subject of these proceedings.
- Exhibit KL2 is a selection of invoices between June 2009 and June 2010 regarding sales of GENERATE drinks;
- A distribution agreement was entered into with a third party, who were also granted a licence to use the brand name GENERATE. This agreement lasted from 2010 to 2015.
- Exhibit KL5 shows photographs of the drinks packaging from 2009 and 2010. Again, it is noted that this is identical to the Registered trade mark in these proceedings;
- Mr Lewis then goes on to describe a meeting with the RP which took place in December 2011. The meeting was in respect of the RP's employer potentially distributing the GENERATE drinks. It is noted that the promotional literature provided to the RP for this meeting displays the GENERATE trade mark in an identical manner to the Registered trade mark in these proceedings. At the meeting, according to Mr Lewis, the RP was provided with samples of the drinks, all of which depicted the GENERATE brand. During the meeting, according to Mr Lewis, the RP made a proposal to Mr Lewis. He proposed arranging for

his employer to list the GENERATE drink if he was provided with a shareholding of GPL and payment of money personally to him. Mr Lewis explains that he rejected this proposal as it would create a conflict of interest and he was concerned that there was potential for the reputation of his GENERATE brand to be damaged. Exhibit KL6 is copies of email correspondence regarding the arranging of this meeting and Exhibit KL7 is the response to the RP regarding this proposal from Mr Lewis (dated February 2012). In it, Mr Lewis rejects the proposal for the reasons already described.

Legislation

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

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

7. Section 47 of the Act states:

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.

Summary of the law

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Finding – Bad Faith

9. It is noted that the Registered Proprietor, apart from a bare denial in the counterstatement, has been entirely silent on the allegation of bad faith made by the applicant. Further, that it has offered no response to the evidence provided by the applicant. In particular the account of the meeting in December 2011, the proposal he allegedly made to the applicant and its subsequent refusal. Bearing in mind the evidence provided, and the lack of any response from the applicant, the following information is accepted as facts:

- The Registered Proprietor was aware of the GENERATE brand, including its get up and that it was to be used in respect of energy drinks prior to the date of application;
- The Registered Proprietor attempted to secure a distribution agreement with the applicant prior to the date of application;
- The Registered Proprietor sought to personally benefit financially from the agreement prior to the date of application.
- The trade mark applied for and registered is an exact copy of the unregistered sign used by the applicant.

10. No distribution deal was forthcoming and so, albeit following a passage of time of 2.5 years, the RP applied for the trade mark. Bearing in mind the previous discussions between the parties and Mr McDonald's attempt to profit personally, it is considered that this is clearly behaviour which falls below the standards of acceptable commercial behaviour. In the absence of any response from the RP, the claim for bad faith is made out and the application for invalidation succeeds.

11. As the bad faith claim succeeds in its entirety, there is no need for me to go on to consider the remaining grounds as they do not materially improve the applicant's position.

COSTS

12. The applicant has been successful and is entitled to a contribution towards its costs. In the circumstances I award the applicant the sum of £1000 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Application and accompanying statement plus official fee - £500

Filing evidence - £500

TOTAL - £1000

13. I therefore order Neil McDonald to pay Generate Products (UK) Limited the sum of £1000. The above sum should be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 21st day of September 2017

Louise White

For the Registrar,

The Comptroller-General