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TRADE MARKS ACT 1994

IN THE MATTER OF THE FOLLOWING CONSOLIDATED OPPOSITIONS:

401422 BY HTC CORPORATION AGAINST APPLICATION NO 3020773 IN
THE NAME OF ONE MAX LTD

401423 BY HTC CORPORATION AGAINST APPLICATION NO 3022976 IN
THE NAME OF ONE MAX LTD

600000034 BY ONE MAX LTD AGAINST APPLICATION NO 3024061 IN THE
NAME OF HTC CORPORATION

DECISION

INTRODUCTION

1. This is an appeal from decisions of the hearing officer, Mrs Ann Corbett, acting on behalf of the Registrar, whereby she upheld two oppositions of HTC Corporation (“HTCC”) under section 3(6) of the Trade Marks Act 1994 (“the Act”) and refused registration of UK trade mark applications numbers 3020773 and 3022976 (referred to as “the One Max applications”) in the name of One Max Ltd (“OML”). In the same decisions, the hearing officer went on to dismiss OML’s opposition under no. 600000034 and allowed HTCC’s UK trade mark application number 3024061 to proceed to registration.
2. OML appeals in respect of the rejection of its registrations which were the basis for its opposition to HTCC’s registration. HTCC resists the appeals and

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contends, additionally, that its mark should proceed to registration regardless of the outcome of the oppositions to the One Max applications. That is the subject of a “fallback” respondent’s notice.

3. Skeleton arguments were submitted on behalf of both sides. OML was represented by its managing director, Mr Paul Constantine. HTCC was represented by solicitors and counsel.

The case in a nutshell

4. In about June 2013, Mr Paul Constantine became aware that the well-known mobile phone company HTCC was planning to launch a phone/tablet computer or “phablet” to be called the HTC ONE MAX. This was to be a further product to add to the preexisting HTC ONE phone but bigger.
5. Armed with that knowledge, OML, of which Mr Constantine is the sole proprietor, and which was for a long period dormant, applied to register the One Max applications of which the dominant linguistic and conceptual feature was “ONE MAX”. The first mark was applied for in logo form (with a stylized numeral 1 above the words “one max”) in respect of various goods in class 9 and services in class 42, not in OML’s field of activity. The second mark, applied for about 2 weeks later, consists of the words ONE MAX in a non-distinctive type face and in red. It included in its broad class 9 specification (among many other goods and services) mobile phones and tablet computers. One Max Limited had never had any business in mobile phones or tablet computers. Nonetheless, it opposed HTCC’s application for registration of HTC ONE MAX for similar goods, including mobile phones.
6. Thus stated, this would appear be a clear case of bad faith, contrary to section 3(6) of the Act. The hearing officer so held, finding both that there was no bona fide intention to use the first mark, given its specification (save in limited respects) and that they were, in essence, intended to act, unjustifiably, as blocking marks. She rejected the contention that the OML marks offended against sections 3(1)(b) and 3(1)(c) of the Act and held that if the latter mark was validly registered, it would be an obstacle to registration of HTCC’s HTC

ONE MAX mark under section 5(1)(b). Although HTCC contends that she was wrong on this, the central issue in the case is whether OML's two registrations can stand.

Grounds of appeal

7. On this appeal, OML contends that the hearing officer erred, in particular in her approach to the law relating to bad faith, the application of the law and the strictness of the requirements of such a finding, including the evidential, requirements.

8. The central arguable points advanced are that the hearing officer failed to take proper account of (a) the fact that the mark ONE MAX was the pre-existing name of OML and was part of a domain name registered since 2008 (b) OML had been trying, albeit unsuccessfully, to establish some sort of telecommunications business under that name for some time (c) there was no "blocking intention" but instead an intention to protect OML's own business and (d) having regard to the strictness of the standard for establishing bad faith (because of the seriousness of such a finding) the applications were not made in bad faith either on the basis of no bona fide intention to use the marks or on the basis that they were directed at HTCC's contemplated products. There is an additional point challenging the hearing officer's factual findings on OML's knowledge which can be dealt with shortly since it is, in my view clearly unsustainable.

9. The grounds of appeal, which appear to have been drafted by Mr Constantine himself, do not put the points in exactly that way. They are rather confused and ill-focused but the above, charitably viewed, is the substance of them. Because he has acted in person, I have considered it appropriate to reformulate the precise manner of his expression of these points, which were developed broadly along these lines in a skeleton argument he submitted before the hearing. However, I have not considered it right or fair to HTCC to go beyond trying to extract the real substance from the diffuse grounds or raise additional issues. The above summary is already at the limit of reasonable reformulation to make this decision coherent.

APPROACH TO APPEAL

10. In *Apple Inc. v Arcadia Trading Ltd* [2017] EWHC 440 (Ch) (10 March 2017), Arnold J said at [11]:

“Standard of review

The principles applicable on an appeal from the Registrar of Trade Mark were recently considered in detail by Daniel Alexander QC sitting as the Appointed Person in *TT Education Ltd v Pie Corbett Consultancy Ltd* (O/017/17) at [14]-[52]. Neither party took issue with his summary at [52], which is equally applicable in this jurisdiction:

"(i) Appeals to the Appointed Person are limited to a review of the decision of Registrar (CPR 52.11). The Appointed Person will overturn a decision of the Registrar if, but only if, it is wrong (Patents Act 1977, CPR 52.11).

(ii) The approach required depends on the nature of decision in question (*REEF*). There is spectrum of appropriate respect for the Registrar's determination depending on the nature of the decision. At one end of the spectrum are decisions of primary fact reached after an evaluation of oral evidence where credibility is in issue and purely discretionary decisions. Further along the spectrum are multi-factorial decisions often dependent on inferences and an analysis of documentary material (*REEF, DuPont*).

(iii) In the case of conclusions on primary facts it is only in a rare case, such as where that conclusion was one for which there was no evidence in support, which was based on a misunderstanding of the evidence, or which no reasonable judge could have reached, that the Appointed Person should interfere with it (*Re: B* and others).

(iv) In the case of a multifactorial assessment or evaluation, the Appointed Person should show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. Special caution is required before overturning such decisions. In particular, where an Appointed Person has doubts as to whether the Registrar was right, he or she should consider with particular care whether the decision really was wrong or whether it is just not one which the appellate court would have made in a situation where reasonable people may differ as to the outcome of such a multifactorial evaluation (*REEF, BUD, Fine & Country* and others).

(v) Situations where the Registrar's decision will be treated as wrong encompass those in which a decision is (a) unsupported, (b) simply wrong (c) where the view expressed by the Registrar is one about which the Appointed Person is doubtful but, on balance, concludes was wrong. It is not necessary for the degree of error to be 'clearly' or 'plainly' wrong

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to warrant appellate interference but mere doubt about the decision will not suffice. However, in the case of a doubtful decision, if and only if, after anxious consideration, the Appointed Person adheres to his or her view that the Registrar's decision was wrong, should the appeal be allowed (*Re: B*).

(vi) The Appointed Person should not treat a decision as containing an error of principle simply because of a belief that the decision could have been better expressed. Appellate courts should not rush to find misdirections warranting reversal simply because they might have reached a different conclusion on the facts or expressed themselves differently. Moreover, in evaluating the evidence the Appointed Person is entitled to assume, absent good reason to the contrary, that the Registrar has taken all of the evidence into account. (*REEF, Henderson and others*)."

11. In my view, there is nothing special about bad faith decisions which leads to a review of them being undertaken in a different way from any other case. The principles set out in *REEF* and other cases are just as appropriate. There may be a modest degree of asymmetry in that, if a lower tribunal charged with the task of primary determination of the issue has held that the conduct of an applicant in applying for a mark was not objectionable, it would be a strong case in which an appellate tribunal (and particular one from which there was no further appeal) nonetheless criticized that conduct as done in bad faith. Moreover, in *Sakura Tea Trade Mark O-131-16* (7 January 2016), Mr Iain Purvis QC sitting as the Appointed Person, said at para. [14]:

“For the Opponent on this Appeal [Counsel] fairly accepted that he faced a heavy burden. Allegations of bad faith are classic instances of the application of (in Lord Hoffmann's words from *Designers Guild v Russell Williams* [2000] FSR 121) a ‘not altogether precise legal standard’ to a set of facts. They require a multi-factorial consideration and an exercise of judgment by the fact-finding tribunal. Where (as here) such a decision has been taken by an experienced Hearing Officer, having correctly directed him or herself as to the law, an appellate tribunal should be extremely unwilling to interfere with the result, unless something has plainly gone wrong in the Hearing Officer's understanding of the facts, or the result is simply irrational.”

12. That represents a sensible approach but it requires an appellate tribunal to examine with some care whether the hearing officer approached the assessment in a manner that was correct in law. I have borne these principles in mind in assessing this appeal.

A. SECTION 3(6)

Law

13. The central principles of the law relating to bad faith were not in dispute and were correctly summarized by the hearing officer who took them from *Red Bull GmbH v. Sun Mark Limited* [2012] EWHC 1929 (see decision at para. [22]). That remains a helpful summary of the principles applicable to EU trade marks and it accords with the more recent formulations by the General Court, by way of example, in *PayPal v EUIPO - Hub Culture (VENMO)* [2017] EUECJ T-132/16 (05 May 2017), as follows which I have also borne in mind:

“31 It should be noted, as a preliminary point, that the EU trade mark registration system is based on the ‘first-to-file’ principle laid down in Article 8(2) of Regulation No 207/2009. In accordance with that principle, a sign may be registered as an EU trade mark only in so far as this is not precluded by an earlier mark, whether an EU trade mark, a trade mark registered in a Member State or by the Benelux Office for Intellectual Property, a trade mark registered under international arrangements which have effect in a Member State or a trade mark registered under international arrangements which have effect in the European Union. On the other hand, without prejudice to the possible application of Article 8(4) of Regulation No 207/2009, the mere use by a third party of a non-registered mark does not preclude an identical or similar mark from being registered as an EU trade mark for identical or similar goods or services (judgment of 14 February 2012, *Peeters Landbouwmachines v OHIM — Fors MW (BIGAB)*, T-33/11, EU:T:2012:77, paragraph 16).

32 The application of that principle is qualified, inter alia, by Article 52(1)(b) of Regulation No 207/2009, under which, following an application to EUIPO or on the basis of a counterclaim in infringement proceedings, an EU trade mark is to be declared invalid where the applicant for registration was acting in bad faith when it filed the application for registration of the trade mark (judgment of 14 February 2012, *BIGAB*, T-33/11, EU:T:2012:77, paragraph 17).

33 In that regard, where the applicant for a declaration of invalidity seeks to rely on that ground, it is for that party to prove the circumstances which substantiate a finding that the EU trade mark proprietor was acting in bad faith when it filed the application for registration of that mark (judgment of 14 February 2012, *BIGAB*, T-33/11, EU:T:2012:77, paragraph 17).

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34 The concept of ‘bad faith’ referred to in Article 52(1)(b) of Regulation No 207/2009 is not defined, delimited or even described in any way in the legislation of the European Union (judgment of 26 February 2015, *Pangyrus v OHIM — RSVP Design (COLOURBLIND)*, T-257/11, not published, EU:T:2015:115, paragraph 64).

35 It is apparent from Article 52(1)(b) of Regulation No 207/2009 that the relevant time for determining whether there was bad faith on the part of the applicant for registration is the time of filing the application for registration (judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli*, C-529/07, EU:C:2009:361, paragraph 35).

36 Moreover, in order to determine whether the applicant for registration is acting in bad faith, account must be taken of all the relevant factors specific to the particular case which pertained at the time of filing the application for registration of a sign as an EU trade mark and, in particular: (i) the fact that the applicant knows or must know that a third party is using an identical or similar sign for identical or similar goods or services capable of being confused with the sign for which registration is sought; (ii) the applicant’s intention to prevent that third party from continuing to use such a sign; and (iii) the degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought (see, to that effect, judgments of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli*, C - 529/07, EU:C:2009:361, paragraphs 37 and 53, and of 27 June 2013, *Malaysia Dairy Industries*, C-320/12, [EU:C:2013:435](#), paragraphs 36 and 37).

37 As regards the terms ‘must know’, it should be pointed out that a presumption of knowledge, by the applicant, of the use by a third party of an identical or similar sign for identical or similar goods capable of being confused with the sign for which registration is sought may arise, inter alia, from general knowledge in the economic sector concerned of such use, and that knowledge can be inferred, inter alia, from the duration of such use. The more that use is long-standing, the more probable it is that the applicant will, when filing the application for registration, have knowledge of it (judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli*, C-529/07, EU:C:2009:361, paragraph 39).

38 However, the fact that the applicant knows or must know that a third party has long been using an identical or similar sign for identical or similar goods, which could give rise to confusion 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 (see, to that effect, judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli*, C-529/07, EU:C:2009:361, paragraph 40).

39 Therefore, in order to determine whether there was bad faith,

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consideration must also be given to the applicant's intention at the time when he files the application for registration (judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli*, C-529/07, EU:C:2009:361, paragraph 41).

40 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 (judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli*, C-529/07, EU:C:2009:361, paragraph 42).

41 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 applicant (judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli*, C-529/07, EU:C:2009:361, paragraph 43).

42 That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as an EU trade mark without intending to use it, his sole objective being to prevent a third party from entering the market (judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli*, C-529/07, EU:C:2009:361, paragraph 44).

43 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 goods or services concerned by allowing him to distinguish those goods or services from those of different origin, without any confusion (judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli*, C-529/07, EU:C:2009:361, paragraph 45).

44 Moreover, it is apparent from the wording used in the judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli* (C-529/07, EU:C:2009:361), that the three factors listed in paragraph 36 above are only examples drawn from a number of factors which can be taken into account in order to decide whether the applicant was acting in bad faith at the time when the application was filed (judgment of 14 February 2012, *BIGAB*, T-33/11, EU:T:2012:77, paragraph 20).

45 It must therefore be held that, in the context of the overall analysis undertaken pursuant to Article 52(1)(b) of Regulation No 207/2009, account may also be taken of the origin of the contested sign and its use since its creation, the commercial logic underlying the filing of the application for registration of that sign as an EU trade mark, and the chronology of events leading up to that filing (judgment of 26 February 2015, *COLOURBLIND*, T-257/11, not published, EU:T:2015:115, paragraph 68)."

14. However, one point that this summary (like the summary in *Red Bull*) does not expressly address except in the general terms of stressing the importance of taking account of the origin of the mark applied for (see *PayPal* at para. [45] above), is how to deal with contentions that an applicant was proposing to use the mark applied for to protect its own business or a legitimate extension of it or that the specification was a reasonable one even if there was no present intention to use the mark over its whole scope. Aspects of that issue were addressed in the *Cipriani* litigation both in the UK and EU courts.

15. In the UK, the approach taken by Arnold J to this point was implicitly approved by the Court of Appeal at *Hotel Cipriani Srl & Ors v Cipriani (Grosvenor Street) Ltd & Ors* [2010] EWCA Civ 110. In that case, *Hotel Cipriani SRL & Ors v Cipriani (Grosvenor Street) Ltd & Ors* [2008] EWHC 3032 (Ch) Arnold J discussed the difficulties in application of the bad faith provisions in EU law in detail, in a section described by the Court of Appeal as “comprehensive and thorough”. Arnold J drew particular attention to the limitations of a bad faith objection in the following terms at [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.”

16. He went on to say at [189]:

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“189. In my judgment it follows from the foregoing considerations that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Article 107 can hardly be said to be abusing the Community trade mark system.”

17. He observed at [194]

“...As counsel for the Claimants pointed out, no case of bad faith has ever been established where the application was made by someone who actually using the mark and had a legitimate interest of his own in protecting it”.

18. Similarly, in *Cipriani v EUIPO - Hotel Cipriani (CIPRIANI)* [2017] EUECJ T-343/14 (29 June 2017), the General Court upheld the decision of the Fourth Board of Appeal of the EUIPO in which it rejected a claim of bad faith in registering the mark *CIPRIANI* partly on the basis that the applicant already had an unchallenged national trade mark and was in fact conducting business under that mark. The General Court drew particular attention to the fact that the applicant’s registration involved a natural development of its activities. It said:

“44 In the first place, it must be observed that, as the Board of Appeal stated, in essence, in paragraph 32 of the contested decision, the applicant does not call into question the fact that, at the relevant date, the intervener’s predecessor in title was already the proprietor of another mark *CIPRIANI*, namely the Italian word mark *CIPRIANI*, filed on 12 December 1969 and registered on 9 December 1971 under number 254410 for, in particular, ‘hotels’, ‘restaurants’, ‘bars’, ‘cafeterias’, ‘snack bars’ and ‘refreshment places’ (see paragraph 4 above). The applicant confirmed at the hearing that he had not challenged either the registration or the use of that mark.

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45 It must be recalled that, according to the case-law, extending the protection of a national mark by registering it as an EU mark is part of an undertaking's normal commercial strategy (see, to that effect, judgments of 1 February 2012, *Pollo Tropical CHICKEN ON THE GRILL*, T-291/09, EU:T:2012:39, paragraph 58, and of 14 February 2012, *Peeters Landbouwmachines v OHIM — Fors MW (BIGAB)*, T-33/11, EU:T:2012:77, paragraph 23). Thus, the application for registration of the contested mark may be regarded as having been part of the commercial strategy of the intervener's predecessor in title.

46 It is true that the applicant submits that the intervener's predecessor in title, which operates only in the hotel sector, acted in bad faith to the extent that it filed the contested mark without intending to use it for services other than hotel services, in particular for independent restaurant services. That argument made by the applicant must however be rejected. It must be observed, as the intervener points out, that it is common ground that, at the relevant date, the intervener's predecessor in title offered restaurant services to residents of the hotel but also to other customers. Consequently, the facts of the case do not show that, at the relevant date, the predecessor in title did not intend to use the contested mark for the restaurant services in respect of which registration was sought. Furthermore, the applicant has not produced any evidence in support of his allegation that the sole intention of the intervener's predecessor in title was to hinder his activity in the independent restaurant sector.

47 Finally it cannot be deduced from the fact that the intervener's predecessor in title applied for registration for the services within Class 42, but also for goods and services covered by Classes 16 and 35 respectively, that it intended to pursue an objective other than that of a commercial and foreseeable development of its activities."

19. That reflects an approach similar to that taken by the English court in other cases. For example, in *Total Ltd v YouView TV Ltd* [2014] EWHC 1963 (Ch), in rejecting an argument of bad faith, Sales J, as he then was, he said at [71]-[73]:

"71. When Total applied to register its trade mark, by virtue of section 32(3) of the Act it had to include in its application form a declaration 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." There is no requirement set out in the Directive to make such a declaration, which is an idiosyncratic feature of the United Kingdom regime. There might be scope for argument in another case whether the requirement in section 32(3) for such a declaration is compatible with the Directive, or should be disapplied; but it is not necessary to examine that issue in this case. If a false

declaration were knowingly made to this effect in the application form, that would be capable of being regarded as evidence of bad faith for the purposes of the Directive and the Act.

72. I am satisfied by Ms White's evidence that Total applied for its trade mark for its own entirely legitimate business purposes. There is no basis on which it could be suggested that Total applied in order to obtain registration of a mark which could then be used oppressively against YV, to block YV's business plans or to extract some sort of ransom payment from YV (cf Case C-529/07 *Chocoladenfabriken Lindt & Sprungli AG v Franz Hauswirth GmbH* [2009] ECR I-4893, [2009] ETMR 56, paras. [43]-[45]; *Red Bull GmbH v Sun Mark Ltd* [2012] EWHC 1929 (Ch); [2013] ETMT 53, [130]-[138] and [158]). When it applied for registration of its mark in June 2009, Total had no inkling that YV might be doing something for which it would wish to use "youview" as a brand name or mark.

73. Total intended to provide services under the mark within each of the specifications of goods and services for which it sought registration of the mark. It intended to use the trade mark in the market for which protection was sought: see Case C-569/08 *Internetportal und Marketing GmbH v Schlicht* [2010] ECR I-4871, paras. [45]-[48] and [77]. Total fully intended that the "Your View" mark would be used to indicate the origin of Total's services, which is the essential function of a registered trade mark: cf *Red Bull* at [158]. This is not a case in which a type of goods or services is specified where there is no intention on the part of the applicant to make any use at all of the mark in relation to that type of good or service. In that respect, it is to be contrasted with a case like *DEMON ALE Trade Mark* [2000] RPC 345, in which the applicant applied to register the trade mark for beer, but admitted that he had no intention of selling beer and was therefore found to infringe the good faith requirement in section 3(6) of the Act. Unlike in that case, Total had a legitimate business interest of a kind recognised by the Directive and the Act which it wished to protect by means of applying to register its trade mark. It cannot be said that any part of Total's application was directed to sterilising usage of identical or similar marks in relation to some area of activity or good or service in relation to which Total had no legitimate interest of its own to promote. It cannot begin to be said that Total engaged in dishonest behavior; nor can it begin to be said that its actions "fall short of the standards of acceptable behavior observed by reasonable and experienced men in the particular area being examined" (see *Red Bull* at [134])."

20. Sales J considered the arguments of the undertaking attacking the mark for bad faith and continued at [74]-[75]:

"74. In her evidence, Ms White accepted that in June 2009 Total had no positive intention to use its trade mark for the purpose of broadcasting TV content, providing access to databases of TV content or similar

activities. However, she also made it clear that Total had not taken any kind of decision to exclude moving into these fields and using its trade mark in relation to them, should opportunity arise. In the context of fields of activity which were in the process of significant change and convergence in 2009, this struck me as truthful and credible evidence. In my view, Total adopted a legitimate and sensible commercial position in registering its trade mark in the way it did. It was very far from acting in bad faith, as that concept is used in the Directive and the Act. Part of the value of a trade mark is the protection it provides for an economic operator where the market is developing and it may wish to expand its business into related areas as opportunities arise in future, as well as providing protection against economic operators in related areas deciding to expand their activities into the area in which the trade mark holder is established. Indeed, where areas are converging, as here, it may become increasingly difficult to distinguish between these aspects of protection. The trade mark holder may need to expand its activities into related areas in order to remain competitive in its offering to consumers within its original area of activity. The specification of goods and services adopted by Total was fully in line with the objective of fair protection inherent in the Directive and the Act. I am satisfied that the declaration made by Total in its application form was made in complete good faith.

75. I accept Mr Malynicz's [counsel for the trade mark proprietor] submission that there is no requirement under the Directive and the Act that a person applying to register a trade mark should have a positive intention at the time of application to use that mark across the whole range of activities covered by the specification of goods and services which it applies for. For example, a luxury clothing manufacturer may legitimately use the specification, "clothing", even if at the time of application it has no positive intention to use its trade mark in relation to manufacture and sale of sportswear clothing goods. The specification which it asks for is properly related to the area in which it proposes to use the trade mark and allows legitimate commercial flexibility for future adaptation by the manufacturer to the market and competitive environment in the general area covered by the "clothing" specification. This is the position in relation to Total's application in respect of its "Your View" trade mark."

21. None of these authorities were cited by OML in its argument and they were not debated at the hearing (two of them post-date the hearing). It would not be right, in those circumstances, to discuss them and their consequences in detail. However, the proposition is well-established and is a consequence of the authorities that were cited which are consistent with them that it is necessary to give an applicant for a trade mark very considerable latitude before treating an application as filed in bad faith on the basis that the applicant either did not have

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a sufficiently specific intention at the time of the application to use the mark in respect of all of the goods or services for which application was made or that the applicant was staking a claim contrary to the interests of the opponent and was intended to prevent the opponent from using its own mark. Moreover, in many cases, specifications are drafted by trade mark attorneys who should not have to enquire in meticulous detail about an applicant's precise business plans before putting forward a specification that bears a reasonable relationship to the business the applicant is already in or has some prospect of entering in the future.

22. In applying the guidance given by Arnold J in *Red Bull*, in the light of these authorities, it is therefore appropriate for the relevant tribunal to consider, in particular, in any case where bad faith is alleged whether, at the date of the application, having regard to the chronology and all the circumstances, the applicant had commercial reason to register the mark at all or to register it for the goods or services applied for on the basis of an arguable claim to legitimate protection of its actual or potentially extended future business under the mark.
23. In a section 3(6) case, the parties' respective positions on these matters should be specifically developed in the pleadings and evaluated individually by those making primary determinations, so that the thinking behind them is transparent, in the context of the multifactorial assessment of bad faith. There is a risk that, if that is not done, the bad faith provisions can be inadvertently applied by the Registrar's hearing officers, contrary to their purpose, to deprive an applicant of legitimate protection against encroachment by third parties or remove its ability to take advantage of the first to file system, in cases where it appears that the opponent may have a "morally" superior claim to the mark. That risks prejudging matters such as which undertaking has a better, or at least no less valid, right to the mark. It is not the purpose of cases under section 3(6) to resolve those issues, expressly or implicitly. It is important to distinguish between a situation where an applicant has no real basis for being entitled to protection for the mark and situations where it has an arguable basis, albeit one which may be unjustified. It is not, of itself, bad faith or a mark of dishonesty in general to make a claim of entitlement in law which is, in the event, not supportable.

24. More generally, registered trade marks are important commercial weapons, which can be illegitimately asserted. Section 3(6) provides a form of “trade mark gun control” to stop them falling into the hands of those who have no legitimate basis to own them in the first place for the protection of their own interests. Courts in some other EU countries take stricter approaches to injunctive relief. Because of that, restricting ownership of trade marks which are intended to be used as offensive weapons to those with a legitimate interest in possessing them at the time of acquisition, is especially important, since the courts may be powerless to prevent later abuses should they occur. However, it is necessary to exercise caution with application of these provisions, not least because there are other ways in which a properly functioning trade mark system may operate to stop rights being oppressively asserted. These include refusing injunctions and declining to award “ransom” damages. It is tempting to try to nip potential abuse in the bud at the outset by preventing allegedly “rouge” proprietors from getting their hands on these weapons in the first place. The English courts, at least, are not powerless to prevent them being irresponsibly used later. The bad faith provisions should be applied with that in mind, so as to ensure that they bite only on situations where the mark in question has clearly been illegitimately applied for and that they are not deployed as a proxy for addressing a fear that they *may* later be illegitimately used.

25. However, the following points are equally important.

26. First, the case law makes it clear that bad faith involves making an overall assessment of the situation and the applicant’s conduct and intentions in applying for the mark. *Lindt* refers to taking account of “all the relevant factors specific to the particular case”. In making such evaluations, it should be borne in mind that trade mark applicants who act in bad faith are unlikely to come out and say that they are. Tribunals must act on the basis of the evidence taken as a whole, including the nuances and taking account of what is not said as much as what is said. It is not enough for a tribunal merely to think that there may be something a bit fishy about an applicant’s conduct to declare it invalid for want

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of bad faith. Tribunals have to operate on solid evidence. But that evidence may come from the circumstances, taken as a whole.

27. Second, the mere fact that an applicant may be able to put forward an exiguous basis for having made the application in the form of some activity does not mean that it will automatically be invulnerable to a bad faith attack. That is one of the points to be confirmed by the decision in May this year of the General Court in the *PayPal* litigation. In that case, the General Court annulled the decision of the Fifth Board of Appeal of the EUIPO saying, *inter alia* at [51]-[52]:

“51 In the first place, despite its findings that the intervener was clearly aware, at the time of filing the application for registration of the mark at issue, that Venmo was using an identical sign to the mark at issue and that the intervener had not used that sign before the filing of the application for registration of the mark at issue, the Board of Appeal concluded that the registration, by the intervener, of the mark at issue could follow a logical commercial trajectory. That conclusion was based, *inter alia*, on the registrations, in the United States and within the European Union, of the VEN trade mark and on the use of the sign VEN MONEY and the domain name ‘venmoney.net’.

52 However, with the exception of the registration of the domain name ‘venmoney.net’, the use of the sign VEN MONEY, in itself or as an integral part of that internet domain name, has not been established. As was apparent at the hearing, nothing supports the conclusion that the photo submitted by the intervener before the Board of Appeal in order to substantiate the use of the sign VEN MONEY had actually been taken in Davos (Switzerland) in 2013. Even if that were the case, it is in any event an isolated factor insufficient to establish active and genuine use of the sign VEN MONEY. Moreover, it should be recalled that the relevant time for determining whether there was bad faith on the part of the applicant is the time of filing the application for registration, here 9 November 2010. Furthermore, as was also apparent at the hearing, nothing supports the conclusion that the promotional material submitted by the intervener before the Board of Appeal had actually been used in commercial relations.” (and see also the following paragraphs of that decision)

28. It is therefore clear that, notwithstanding the use of the words “the *sole* objective being to prevent a third party from entering the market” in *Lindt*, a bad faith objection cannot invariably be defeated by an applicant pointing to some justification, however tenuous and weakly substantiated, to a prior claim to the mark in question, still less if it is not a claim in respect of trade or goods or

services in respect of which the application is made. The EU case law suggests that a tribunal is entitled, indeed bound, to take the whole picture into account. If it is plain that an applicant has, in substance, no legitimate basis for acquiring the weapon or that it is illegitimately directed at a third party, the fact that it can point to a fig-leaf reason for saying that it wants it to defend its own patch and not to embark on an unjustified raid on the business of others, is not enough to defeat a section 3(6) objection.

Facts and the hearing officer's decision

29. The hearing officer considered the evidence at length and summarized the facts and her conclusions from them as follows:

“46. There is no dispute that OML was incorporated in 2008. HTCC have filed evidence, which has not been challenged, showing OML was a dormant company until at least the year ending 31 August 2012. Mr Constantine states that he registered the domain name onemax.co.uk in 2007. Given its content, the page taken from this website and shown at exhibit PAS-6 does not appear to show professionally prepared text intended to promote a particular product or service-it merely refers to “a business model that will empower the consumer and will reshape the mobile communications”. There is no evidence to show the name in which that registration of the domain was made or stands nor is there any evidence that there has been any trade carried out via the website (whether by OML or anyone else). Even if it is registered in OML or Mr Constantine's name, I agree with HTCC that it appears to be nothing more than a holding page. It is not possible to determine from the evidence when the page was uploaded. In any event, registration of a company name or domain name are not the same as registration of a trade mark nor do they give any automatic right to such a registration. Mr Constantine makes various references in his evidence to his business model and the fact it has had to change over the years. There is no evidence of what the position was at the relevant dates. He has filed mind maps intended to show the nature of OML's business but they are, by the nature, no more than a record of the thought processes of those who compiled it. As Mr Stevens submits, they are not explained and, in any event, are not dated, are partly illegible and do not appear to refer to OML in any way. Despite Mr Constantine's claims his “brand, One Max, has been around in the telecoms industry for years and much earlier than HTCC's brand” his evidence does not support this claim. There is no evidence of any trade under the “brand” in relation to any particular goods or services or preparations for trade before the relevant dates.

47. Application 3020773 seeks registration for a range of goods and services in classes 9 and 42 with only some of them directed to those of a computerised or technical nature. Application 3022976, filed a few weeks

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later, seeks registration for a more specific range of goods and services, the majority directed to telecommunications.

48. Whilst the applicant company had been in existence for several years, there is no evidence it has even been anything other than a dormant company. Whilst that does not mean of itself that any applications it may have filed were applied for in bad faith, Mr Constantine's own evidence is that OML's interests, whilst not fully developed, lie only in the telecommunications industry. On this basis, I find that OML had no intention to trade in other goods and services and that application 3020773 was filed in bad faith in relation to goods and services other than those related to telecommunications.

49. I go on to consider the position regarding the remaining goods and services of application no 3020773 and those of application no 3022926. The applications were filed very shortly after Mr Constantine entered into correspondence or discussions with HTCC and was told of its future plans. Despite his denials in his evidence, it is clear that Mr Constantine did know of HTCC's intention to launch its HTC One Max product in June 2013; the letter from his legal representatives exhibited at PAS-7, a letter which would have been written on his and OML's instructions, confirms this.

50. The letter also indicates that OML/Mr Constantine was expected to enter into contracts "soon" and that 1000-3000 people "will be signed up... [to a pilot scheme]... in the next 60 days". Mr Constantine refers in his evidence to other preparations OML (or he on its behalf) has made to trade, however, that evidence has been challenged by HTCC. There is no evidence that any such contracts were forthcoming nor is there any evidence of any pilot having commenced. In fact, there is no evidence of any trade, nor of any preparations for trade, in any goods or services by OML or Mr Constantine before the relevant dates. Mr Constantine states he has been in discussions with various operators and funders in the past but gives no details of when or where these discussions may have taken place or what was discussed or the role he might have had in any such discussions. The claimed meeting with Deutsche Telekom is said to have been in 2013, but the date is not further defined and it is not possible to say whether it was before the relevant dates. Mr Constantine has provided evidence, at PC1, which, he states, shows he had contact with a number of companies. No mention is made of OML in the emails. These emails date from after the relevant dates and the contents make it clear that the writers are responding to Mr Constantine's contact with them with a view to having "initial" chats or discussions with him. This is strongly indicative that any action taken by Mr Constantine to approach third parties was done in the knowledge of HTCC's plans, after the relevant dates and following direct discussions or correspondence with HTCC.

51. I consider that the timing of the applications, and the more specific coverage of the latter filed application, is more than co-incidental to the fact that OML through Mr Constantine became aware of HTCC's intentions to launch its new range of products using the words One Max. Taking the

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evidence as a whole, I find the applications were filed in bad faith in an attempt to block HTCC's own route to market and the oppositions to them under section 3(6) of the Act succeed."

Discussion of the grounds of appeal

30. In the light of that summary of the law and the hearing officer's evaluation of the facts, it is necessary to consider whether the hearing officer made the errors alleged by OML which I have distilled from the grounds of appeal, skeleton and oral submissions above. In my judgment, taking her evaluation as a whole, she did not.
31. First, she took into account the facts and the evidence relating to OML's existing business (or more strictly absence of it, since OML had done no business at the date of the application). She also took account of the (unused) web address and the presence of One Max in OML's name.
32. Second, she took account of the very considerable mismatch between the goods and services in respect of which the first of the marks was registered and anything that OML had done (or said it was proposing to do). She evaluated the fact that OML had been engaging in some activities to try to interest people in its services related to telecommunications but also considered that, given the scope of the first registration, that was of limited assistance since it went well beyond this in scope.
33. Third, she was, in my view, entitled to give considerable weight, as she did in the passage cited, to the fact that the second mark applied for by OML was directly targeted at goods of exactly the same kind as HTCC was proposing to sell. OML had never sold (or said that it was proposing to sell) a tablet computer and its evidence as to what it was proposing to do as regards telecommunications was limited and unclear. The exhibits to the main evidence (including the absence of any outward-facing material prior to the middle of 2013) were striking for what they did not contain. Although the burden lay on HTCC to establish bad faith, one matter that the hearing officer was entitled to

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take into account was the thinness of the answer to the challenges laid down by HTCC when they sought information about OML's previous activities.

34. Fourth, although it is said that there was no blocking intention, I find that difficult to reconcile with the overall chronology and OML's actions as recorded in the decision, including the nature of the registrations, targeted as they were (in the case of the second application) at tablet computers and mobile phones and their timing/scope. That included the solicitors' letters written to HTCC relating to OML's alleged rights in September 2013. In my judgment, in making the overall assessment called for by the section, the hearing officer was not wrong in the conclusion she reached on this issue.
35. Fifth, since the hearing, I have reviewed all of the evidence again, including the limited exhibits to OML's evidence and the evidence of HTCC, where some unanswered challenges are posed. It seems to me that, while the matter is not free from some doubt in the light of OML's points relating to its claims of entitlement, there was sufficient basis in the evidence for the hearing officer's conclusions on section 3(6), even having regard to the high legal and evidential standards required. The doubts are not sufficient in this case to say that the hearing officer was wrong, given the standards of appellate review in a case of this kind.
36. This situation is, in some respects, similar to the *PayPal* case, discussed above, where the purported justifications for registration of the marks in the particular way it was applied for, both as regards timing and as regards scope, were flimsy. It is of some significance that, in that case, different tribunals in the appellate hierarchy reached different views, reflecting the difficulties involved in cases of this kind touched on above. However, I am satisfied that the hearing officer's conclusion and reasoning was in line with the EU and UK case law in this area which applies the general guidance of *Lindt*.
37. I have dealt with the reasonably arguable points of appeal above. There is also a challenge to the hearing officer's finding that the OML knew of HTCC's plans with respect to the HTC ONE MAX when it applied to register the marks. OML

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puts that point high in its submissions but it seems misconceived, since it is based on the assumption that bad faith can only be shown if an applicant definitively knew that a product with a mark had been launched using the mark in question rather than believed that it might be on the basis of trade reports. On 12 September 2013 presumably on OML's instructions, a letter was written to HTCC by Kingsley Napley saying, among other things:

"In June of this year it came to our client's attention that your client had the intention of launching a 6 inch phablet to be known as the HTC One Max"

38. June 2013 was well before the application for registration of either of the One Max applications. In those circumstances, the suggestion that OML did not have the requisite knowledge of the proposed use by HTCC of HTC ONE MAX for a tablet or mobile phone at the date of application is clearly wrong.

39. For these reasons, OML's appeal will be dismissed.

B. SECTION 5(2)(b)

40. HTCC relies on a fallback contention namely that, even if the second OML mark is validly registered and not vulnerable to challenge on the basis of sections 3(1) (b),(c) or 3(6) of the Act, it does not afford a basis for opposing HTCC's HTC ONE MAX mark. In the light of my conclusions on section 3(6) it is not necessary to address this issue and I was not invited to deal with it as a free-standing issue. It therefore suffices to say that, having considered the hearing officer's decision on this point, it is hard to see that she was wrong.

OVERALL CONCLUSION

41. The appeal will be dismissed.

Costs

42. The hearing officer awarded costs in the sum of £2800 including costs of £300 in respect of preparing written submissions. In the circumstances, given that there was a hearing and a fairly substantial skeleton argument prepared on

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behalf of HTCC albeit not one on which all of the arguments have succeeded, I will make an award of an additional £600 in respect of the costs of the appeal making a total of £3400.

DANIEL ALEXANDER QC

Appointed Person

6 October 2017

Representation

Mr Paul Constantine, Director of the applicant for One Max Limited

Mr Philip Roberts instructed by Olswang for HTC Corporation