

O-342-19

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK REGISTRATION NO 3 124 594: HEISENBERG
IN THE NAME OF FLAVOUR WAREHOUSE HOLDINGS LIMITED

AND

IN THE MATTER OF AN APPLICATION FOR INVALIDATION BY INNEVAPE LLC

Background and pleadings

1. Flavour Warehouse Holdings Limited (FWHL) is the owner of trade mark No 3 124 594 HEISENBERG. It was applied for on 28th August 2015 and registered on 11th December 2015 in respect of electronic cigarette liquid (e-liquid) comprised of flavourings in liquid form used to refill electronic cigarette's in Class 34.

2. Innevape, LLC (the invalidation applicant) attack the registered trade mark on the basis of three grounds:
 - a) Section 5(4) (a) of the Trade Marks Act 1994 ("the Act"). This is on the basis of its alleged earlier rights in Heisenberg. It claims to have been selling e liquids under this sign since June 2013 and has acquired goodwill under the sign. Use of the trade mark applied for would therefore be a misrepresentation to the public and result in damage to the aforementioned goodwill.
 - b) Under Section 3(6) of the Act. This is on the basis that the (previous) owner, Bowman Specialised Liquids Ltd, knew that at the time of filing the application, Innevape was an established brand of e liquid in the US, had made sales in the UK and had a UK following. Further, that the owner took advantage of the desire of UK consumers for the brand HEISENBERG. In addition, the owner filed the application for an identical mark to Innevape in respect of the same category goods as already sold by Innevape (and for which it had a growing reputation and demand). Finally, that it is generally accepted that an example of circumstances where bad faith might be found are where the applicant for registration was aware that someone else intends to use the mark.
 - c) Under Section 56 (in combination with Section 5(1)) that the mark in issue is identical to an earlier well known trade mark and is registered for identical goods. The is on the basis that Innevape had started trading and had established a reputation prior to the filing date of the attacked trade mark.

3. FWHL filed a counterstatement denying the claims made.

4. Both sides filed evidence. This will be summarised to the extent that it is considered necessary. Both sides filed written submissions which will not be summarised but will be referred to as and where appropriate during this decision.
5. A Hearing took place on 9th May 2019, with FWHL represented by Mr Roger Wyand QC, instructed by Wilson Gunn. Innevape did not attend.

Evidence

Innevape's evidence

6. This takes the form of three witness statements. The first is from Jeff Connell and is dated 3rd August 2018. Mr Connell describes himself as the founder of Innevape. Mr Connell explains that in March 2013, Innevape started producing and selling in the US and online an eliquid called (initially) "Heisenberg (The Blue)". It was blue in colour and referred to as a "blue slushie". By June 2013, it was reviewed by two YouTube reviewers based in the UK. A screenshot of this is provided at Annex VI. The 2013 date is noted. However, it is unclear as to whether or not these reviewers are UK based.
7. According to Mr Connell, in June 2013, a number of UK outlets agreed to sell Heisenberg. However there were import difficulties and it was decided to discontinue sales via retail outlets in the UK.
8. By the end of 2013, Heisenberg was well on its way to becoming one of the hottest eliquids in the US and there was much discussion online and in the forums concerning Heisenberg. Mr Connell claims Innevape was receiving numerous requests from UK Vape distributors and retail outlets to import the products bearing this name.

9. In September 2014, a business called Vampire Vapes (a trading name of FWHL) released an eliquid called Heisenberg which at the time was also blue in colour and referred to as a “blue slushie”.
10. Details of levels of sales are provided by Mr Connell. These are provided in units. It is noted that by the third quarter of 2015 (around the relevant date in these proceedings), this was 192,724 units. Mr Connell also states that by the third quarter of 2015, in excess of 25% of these units sold were international in nature (outside of the US). However there is no further detail provided as to the extent of this trade (and its geographical spread). Further, there is no information at all to indicate the position in the UK.
11. The second witness statement is dated 6th August 2018 and is from Mr Michael Ellis, a trade mark attorney, representing Innevape in these proceedings. Some of the information contained within the witness statement goes to the issue of bad faith. In essence, Mr Ellis describes how Innevape decided to register “The Berg” in 2018 as a trade mark in Class 34 (in the UK), only to find that FWHL had got there first by filing an application in the European Union for an identical mark and identical goods. I take this to mean that Innevape is alleging this is a pattern of behaviour on the part of FWHL which proves bad faith in these proceedings.
12. The remainder of the witness statement describes a series of print outs of reviews of Innevape’s products online. These are inevitably contained in blogs or forums for those who vape. There are also print outs of screenshots of YouTube videos. Having perused these printouts, I conclude that though it shows some awareness of the brand from customers based in the UK, this is extremely minimal. It categorically does not demonstrate that the eliquid has been sold in the UK.
13. The third witness statement, is dated 12th September 2018 and from the same Michael Ellis as referred to above. Mr Ellis emphasises the notion that UK vape companies gain inspiration from the US and provides internet evidence in support. I will return to this point later. Further, Mr Ellis is of the view that

this is how the original owner (Bowman Specialised Liquids Ltd) of the subject mark of the current proceedings gained inspiration. Again, I will return to this point later. Related to this, Mr Ellis asserts that the previous owner (Mr Bowman of Bowmans Specilaised Liquids Ltd) was unprofessional. To this end, he attaches an exhibit from a vaping website which describes a disagreement between a UK retailer (of eliquid) and the previous owner. I will return to this evidence below.

FWHL's evidence

14. This is a witness statement, dated 19th November 2018, from Mr Andrew Marsden, a trade mark attorney, representing FWHL in these proceedings. At Exhibit AM1 he attaches an investigation report by Cerberus IP, dated 3rd February 2018. The investigation aimed to verify whether or not Innevape are using Heisenberg in the UK in respect of eliquids. The crux of the report is that Innevape's Heisenberg eliquid was not sold in the UK prior to the relevant date in these proceedings. Rather, the earliest evidence of use is dated 19th May 2016.
15. Exhibit AM2 contains images of advertising for FWHL's Heisenberg eliquid launched at Vapefest on 2nd August 2014.
16. Exhibit AM3 are pages from Wikipedia in relation to the Breaking Bad television series. In written submissions, FWHL claim that it was this series which inspired both its use of Heisenberg (in the series it is the nickname of the main character) and its decision to present the eliquid as blue in colour (in the series, the drug produced was blue).

Section 5(4)(a) – Passing Off

17. Section 5(4)(a) states:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) [.....]

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

18. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court, conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether “*a substantial number*” of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

19. Halsbury's Laws of England Vol. 97A (2012 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 309 it is noted (with footnotes omitted) that:

"To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

The relevant date

20. It is noted that FWHL claim to have started to use Heisenberg at a launch at Vapefest on 2nd August 2014. This is prior to the application date of 28th August 2015. The relationship between the applicant of 2015 and FWHL is unclear. However, it for the sake of completeness the claim based upon passing off will take into account the following guidance and assess the position at both the 2014 and 2015 dates.

21. To this end, I note that in *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC as the Appointed Person considered the relevant date for the purposes of s.5(4)(a) of the Act and concluded as follows:

“39. In *Last Minute*, the General Court....said:

‘50. First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51. However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant

seeking a declaration of invalidity has acquired rights over its non-registered national mark before the date of filing, in this case 11 March 2000.’

40. Paragraph 51 of that judgment and the context in which the decision was made on the facts could therefore be interpreted as saying that events prior to the filing date were irrelevant to whether, at that date, the use of the mark applied for was liable to be prevented for the purpose of Article 8(4) of the CTM Regulation. Indeed, in a recent case before the Registrar, *J Sainsbury plc v. Active: 4Life Ltd* O-393-10 [2011] ETMR 36 it was argued that *Last Minute* had effected a fundamental change in the approach required before the Registrar to the date for assessment in a s.5(4)(a) case. In my view, that would be to read too much into paragraph [51] of *Last Minute* and neither party has advanced that radical argument in this case. If the General Court had meant to say that the relevant authority should take no account of well-established principles of English law in deciding whether use of a mark could be prevented at the application date, it would have said so in clear terms. It is unlikely that this is what the General Court can have meant in the light of its observation a few paragraphs earlier at [49] that account had to be taken of national case law and judicial authorities. In my judgment, the better interpretation of *Last Minute*, is that the General Court was doing no more than emphasising that, in an Article 8(4) case, the *prima facie* date for determination of the opponent’s goodwill was the date of the application. Thus interpreted, the approach of the General Court is no different from that of Floyd J in *Minimax*. However, given the consensus between the parties in this case, which I believe to be correct, that a date prior to the application date is relevant, it is not necessary to express a concluded view on that issue here.

41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs QC sitting as the Appointed Person in *Croom’s TM* [2005] RPC 2 at [46] (omitting case references):

(a) The right to protection conferred upon senior users at common law;

- (b) The common law rule that the legitimacy of the junior user's mark in issue must normally be determined as of the date of its inception;
- (c) The potential for co-existence to be permitted in accordance with equitable principles.

42. As to (b), it is well-established in English law in cases going back 30 years that the date for assessing whether a claimant has sufficient goodwill to maintain an action for passing off is the time of the first actual or threatened act of passing off: *J.C. Penney Inc. v. Penneys Ltd.* [1975] FSR 367; *Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd* [1981] RPC 429 (PC); *Barnsley Brewery Company Ltd. v. RBNB* [1997] FSR 462; *Inter Lotto (UK) Ltd. v. Camelot Group plc* [2003] EWCA Civ 1132 [2004] 1 WLR 955: "date of commencement of the conduct complained of". If there was no right to prevent passing off at that date, ordinarily there will be no right to do so at the later date of application.

43. In *SWORDERS TM O-212-06* Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

'Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.'

Goodwill

22. In *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL), the court said:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

23. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

“27. There is one major problem in assessing a passing of claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark [1969] R.P.C. 472*). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

24. The evidence of Innevape has been described above. There are no turnover figures whatsoever. There is information provided as to levels of sales but these are not UK specific. There are no examples of advertising of the product in the UK. There are instances where Heisenberg is mentioned in blogs and reviews. However again, the origin of this information and so the position in the UK is wholly unclear. At best, it is possible that a handful of UK consumers were aware of Innevape producing an eliquid called Heisenberg, but that the trade of this was overwhelmingly in the United States. There is, in conclusion, nothing in the evidence which establishes that Innevape had a protectable goodwill in the UK under the sign Heisenberg. This is true of both 2014 and 2015. As there is no goodwill, the claim under passing off fails at the first hurdle. The opposition based upon this ground is therefore dismissed.

Section 56(1) – Well known trade mark

25. Section 56(1) of the Act states:

Protection of well-known trade marks: Article 6bis.

(1) References in this Act to a trade mark which is entitled to protection under the Paris Convention (or the WTO agreement as a well known trade mark are to a mark which is well-known in the United Kingdom as being the mark of a person who—

(a) is a national of a Convention country, or

(b) is domiciled in, or has a real and effective industrial or commercial establishment in, a Convention country,

whether or not that person carries on business, or has any goodwill, in the United Kingdom. References to the proprietor of such a mark shall be construed accordingly.

(2). The proprietor of a trade mark which is entitled to protection under the Paris Convention or the WTO agreement as a well known trade mark is entitled to restrain by injunction the use in the United Kingdom of a trade mark which, or the essential part of which, is identical or similar in his

mark, in relation to identical or similar goods or services, where the use is likely to cause confusion. This right is subject to s.48 (effect of acquiescence by proprietor of earlier trade mark).

(3) Nothing in subsection (2) affects the continuation of any *bona fide* use of a trade mark begun before the commencement of this section.”

26. The date of the application to register the contested trade mark is 28th August 2015. This is therefore the relevant date at which to assess whether or not Innevape’s mark was well-known in the UK.

27. In *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd (2009) RPC 9*, Arnold J stated:

“237 Counsel for the claimants and counsel for the defendants agreed that the approach to assessing whether a trade mark is well known was correctly stated in my decision sitting as the Appointed Person in *Le Mans Autoparts Ltd's Trade Mark Application* (BL O/012/05):

“57. In reaching conclusion (b) Mr James referred to para.31 of the Opinion of Advocate General Jacobs in *Case C—375/97 General Motors Corp v Yplon SA [1999] E.C.R. I—5421*. Although it is primarily concerned with Arts.4(4)(a) and 5(2) of the Directive, I think it is worth quoting the relevant section of the Opinion in full:

“30. Both in the proceedings before the Court, and in general debate on the issue, attention has focused on the relationship between ‘marks with a reputation’ in Art.4(4)(a) and Art.5(2) of the Directive and well—known marks in the sense used in Art.6 *bis* of the Paris Convention for the Protection of Industrial Property. Well—known marks in that sense are referred to in Art.4(2)(d) of the Directive.

31. General Motors, the Belgian and Netherlands Governments and the Commission submit that the condition in the Directive that a mark should have a 'reputation' is a less stringent requirement than the requirement of being well known. That also appears to be the view taken in the 1995 WIPO Memorandum on well—known marks.

32. In order to understand the relationship between the two terms, it is useful to consider the terms and purpose of the protection afforded to well—known marks under the Paris Convention and the Agreement on Trade—Related Aspects of Intellectual Property Rights (TRIPs). Art.6 *bis* of the Paris Convention provides that well—known marks are to be protected against the registration or use of a 'reproduction, an imitation, or a translation, liable to create confusion' in respect of identical or similar goods. That protection is extended by Art. 16(3) of TRIPs to goods or services which are not similar to those in respect of which the mark is registered, provided that use of the mark would 'indicate a connection between those goods or services and the owners of the registered trade mark and provided that the interests of the owner of the registered trade mark are likely to be damaged by such use'. The purpose of the protection afforded to well—known marks under those provisions appears to have been to provide special protection for well—known marks against exploitation in countries where they are not yet registered.

33. The protection of well—known marks under the Paris Convention and TRIPs is accordingly an exceptional type of protection afforded even to unregistered marks. It would not be surprising therefore if the requirement of being well—known imposed a relatively high standard for a mark to benefit from such exceptional protection. There is no such consideration in the case of marks with a reputation. Indeed as I shall suggest later, there is no need to impose such a high standard to satisfy the requirements of marks with a reputation in Art.5(2) of the Directive.

34. The view is supported by at least some language versions of the Directive. In the German text, for example, the marks referred to in Art.6 *bis* of the Paris are described as 'notorisch bekannt', whereas the marks referred to in Art.4(4)(a) and Art.5(2) are described simply as 'bekannt'. The two terms in Dutch are similarly 'algemeen bekend' and 'bekend' respectively.

35. The French, Spanish, and Italian texts, however, are slightly less clear since they employ respectively the terms 'notoirement connues', 'notoriamente conocidas', and 'notoriamente conosciuti' in relation to marks referred to in Art.6 *bis* of the Paris Convention , and the terms 'jouit d'une renommée', 'goce de renombre', and 'gode di notorietà' in Art.4(4)(a) and Art.5(2) of the Directive.

36. There is also ambiguity in the English version. The term 'well known' in Art.6 *bis* of the Paris Convention has a quantitative connotation (the Concise Oxford Dictionary defines 'well known' as 'known to many') whereas the term 'reputation' in Art.4(4)(a) and Art.5(2) might arguably involve qualitative criteria. The Concise Oxford Dictionary defines reputation as '(1) what is generally said or believed about a person's or thing's character or standing ...; (2) the state of being well thought of; distinction; respectability; ... (3) credit, fame, or notoriety'. Indeed it has been suggested that there is a discrepancy between the German text compared with the English and French texts on the grounds that the 'reputation' of a trade mark is not a quantitative concept but simply the independent attractiveness of a mark which gives it an advertising value.

37. Whether a mark with a reputation is a quantitative or qualitative concept, or both, it is possible to conclude in my view that, although the concept of a well—known mark is itself not clearly defines, a

mark with a 'reputation' need not be as well known as a well—known mark.”

58. The Advocate General refers in one of his footnotes to Mostert [*Famous and Well—Known Marks*]. Mostert at 8–17 suggests the following criteria derived from a number of sources for assessing whether a mark is well—known:

- (i) the degree of recognition of the mark;
- (ii) the extent to which the mark is used and the duration of the use;
- (iii) the extent and duration of advertising and publicity accorded to the mark;
- (iv) the extent to which the mark is recognised, used, advertised, registered and enforced geographically or, if applicable, other relevant factors that may determine the mark's geographical reach locally, regionally and worldwide;
- (v) the degree of inherent or acquired distinctiveness of the mark;
- (vi) the degree of exclusivity of the mark and the nature and extent of use of the same or a similar mark by third parties;
- (vii) the nature of the goods or services and the channels of trade for the goods or services which bear the mark;
- (viii) the degree to which the reputation of the mark symbolises quality goods;
- (ix) the extent of the commercial value attributed to the mark.

59. In September 1999 the Assembly of the Paris Union for the Protection of Intellectual Property and the General Assembly of the World Intellectual Property Organisation (WIPO) adopted a Joint Recommendation concerning Provision on the Protection of Well—Known Marks. Art.2 of the Joint Recommendation provides:

- (a) In determining whether a mark is a well—known mark, the competent authority shall take into account any circumstances from which it may be inferred that the mark is well known.

(b) In particular, the competent authority shall consider information submitted to it with respect to factors from which it may be inferred that the mark is, or is not, well known, including, but not limited to, information concerning the following:

(1) the degree of knowledge or recognition of the mark in the relevant sector of the public;

(2) the duration, extent and geographical area of any use of the mark;

(3) the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;

(4) the duration and geographical area of any registration, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;

(5) the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;

(6) the value associated with the mark.

(c) The above factors, which are guidelines to assist the competent authority to determine whether the mark is a well-known mark, are not pre-conditions for reaching the determination. Rather, the determination in each case will depend upon the particular circumstances of that case. In some cases all of the factors may be relevant. In other cases some of the factors may be relevant. In still other cases none of the factors may be relevant, and the decision may be based on additional factors that are not listed in subparagraph (b), above. Such additional factors may be relevant, alone, or in combination

with one or more of the factor listed in subparagraph (b), above.

(a) Relevant sectors of the public shall include, but shall not necessarily be limited to:

(i) actual and/or potential consumers of the type of goods and/or services to which the mark applies;

(ii) persons involved in channels of distribution of the type of goods and/or services to which the mark applies;

(iii) business circles dealing with the type of goods and/or services to which the mark applies.

(b) Where a mark is determined to be well known in at least one relevant sector of the public in a Member State, the mark shall be considered by the Member State to be a well—known mark.

(c) Where a mark is determined to be known in at least one relevant sector of the public in a Member State, the mark may be considered by the Member State to be a well—known mark.

(d) A Member State may determine that a mark is a well—known mark, even if the mark is not well—known or, if the Member State applies subparagraph (c), known, in any relevant sector of the public of the Member State.

(a) A Member State shall not require, as a condition for determining whether a mark is a well—known mark:

(i) that the mark has been in, or that the mark has been registered or that an application for registration of the mark has been filed in or in respect of, the Member State;

(ii) that the mark is well known in, or that the mark has been registered or that an application for registration of the mark has

been filed in or in respect of, any jurisdiction other than the Member State; or

(iii) that the mark is well known by the public at large in the Member State.

(b) Notwithstanding subparagraph (a)(ii), a Member State may, for the purpose of applying paragraph (2)(d), require that the mark be well known in one or more jurisdictions other than the Member State.

60. Two points of interest emerge from Art.2 of the Joint Recommendation. The first is that the list of six criteria contained in Art.2(1)(b) is not inflexible, but provides as it were a basic framework for assessment. The second is that *prima facie* the relevant sector of the public consists of consumers of and traders in the goods or services for which the mark is said to be well known.”

238 The relevant sector of the United Kingdom public in the present case comprises patrons of luxury international hotels and their restaurants. Considering the six criteria in the Joint Recommendation, the position is as follows:

- (i) I consider that there was a high degree of recognition of the mark amongst such persons: Hotel Cipriani was famous.
- (ii) The mark had been used for approaching 50 years. The primary use was only in Venice, but many British consumers in the relevant sector had been exposed to it.
- (iii) The mark had been widely promoted by HC and publicised by third parties.
- (iv) The mark was registered as a Community trade mark.
- (v) The mark had not been enforced.
- (vi) The mark was a valuable one: Hotel Cipriani had a prestigious reputation.

239 Accordingly, I find that the mark CIPRIANI was a well-known trade mark for hotel and restaurant services among that sector of the public.”

28. The relevant public for the goods in question are the general public who vape. I therefore must assess the degree of recognition of Innevape’s HEISENBERG for this public. There is (limited) evidence of trade in the US, though the extent of this is unclear. There is no direct evidence that HEISENBERG is known internationally (the evidence states that 25% of sales are outside the US but no other details are provided). There is no indication of the value associated with the sign. It is concluded that there is no (direct) evidence at all which helps me assess the degree of recognition of Innevape’s sign in the UK. As such, it cannot be concluded that this is a well-known mark and so this ground also fails.

29. This leaves the bad faith ground, that is, Section 3(6) of the Act.

Section 3(6) – Bad Faith

30. 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.”

Summary of the law

31. 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), as follows:

“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)."

32. In *Malaysia Dairy Industries Pte Ltd v Ankenævnet for Patenter og*

Varemærker Case C-320/12, the CJEU held that merely knowing that a trade mark was in use by another in another jurisdiction did not amount to bad faith under Article 4(4)(g) of the Directive (s.3(6) of the Act). The court found that:

"2. Article 4(4)(g) of Directive 2008/95 must be interpreted as meaning that, in order to permit the conclusion that the person making the application for registration of a trade mark is acting in bad faith within the meaning of that provision, it is necessary to take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration. The fact that the person making that application knows or should know that a third party is using a mark abroad at the time of

filing his application which is liable to be confused with the mark whose registration has been applied for is not sufficient, in itself, to permit the conclusion that the person making that application is acting in bad faith within the meaning of that provision.

3. Article 4(4)(g) of Directive 2008/95 must be interpreted as meaning that it does not allow Member States to introduce a system of specific protection of foreign marks which differs from the system established by that provision and which is based on the fact that the person making the application for registration of a mark knew or should have known of a foreign mark.”

33. In *Daawat Trade Mark* [2003] RPC 11, Mr Geoffrey Hobbs QC, as the Appointed Person, upheld a decision to invalidate a registration under s.47 and s.3(6) of the Act. He did so on the basis that it had been established that the application for registration was:

- made in the knowledge of the applicant’s trade in identical goods under an identical mark in other markets, and
- motivated by a desire to pre-empt the applicant’s entry into the UK market in order to secure a commercial advantage in negotiations with the trade mark holder.

34. By contrast, in *Wright v Dell Enterprises Inc.* (HOGS AND HEFFERS), BL O/580/16, Professor Ruth Annand, as the Appointed Person, upheld the registrar’s decision to reject an opposition on the ground that the applicant had copied a trade mark with a reputation the USA (but not in the UK) and applied to register it in relation to the same services. Professor Annand ruled that, given the territorial nature of IP rights, the mere appropriation of a name registered/used abroad was not enough under UK law: there must be something else involved before this can justify a finding of bad faith.

35. I have noted the submissions and evidence of Innevape regarding the inspiration the UK vaping market gains from that in the US. I have also taken into account the alleged “filing behaviour” of FWHL. I also note the explanation provided by FWHL as to the choice of Heisenberg as a name. Although nothing turns on this point (as it is the behaviour of its predecessor that is key here), it is considered that this explanation is not fanciful. There is no evidence that FWHL is attempting to gain a commercial advantage in negotiations as per the Daawat case. Indeed, it is considered that the facts of these proceedings have no aggravating features. Minus this, the case law is clear that mere knowledge of the use of a trade mark jurisdiction is not enough to justify a finding of bad faith. As such, there is nothing here which, in my view, indicates a pattern which falls below the acceptable standards of commercial behaviour.

36. I also take a dim view of the evidence filed in relation to the alleged behaviour of FWHL’s predecessor. By this I refer to the commercial disagreement which appears to have taken place between this predecessor and a third party. It is considered that this has no relevance to the issues in question in the current proceedings.

37. The claim under Section 3(6) therefore also fails.

38. The net result of all this is that the invalidation action fails in its entirety.

COSTS

39. FWHL has been successful and is entitled to a contribution towards its costs. In the circumstances I award FWHL the sum of £1900 as a contribution towards the cost of the proceedings. The sum is calculated as follows:
Preparing a statement and considering the other side’s statement - £400
Preparing evidence and considering and commenting on the other side’s evidence - £750

Preparing for and attending a hearing - £750

TOTAL - £1900

40. I therefore order Innevape Inc to pay Flavour Warehouse Holdings Limited the sum of £1900. 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 18th day of June 2019

Louise White
For the Registrar