

Neutral Citation Number: [2021] EWHC 719 (Ch)

**Appeal no CH-2017-000272**

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY LIST (ChD)**  
**ON APPEAL FROM THE REGISTRAR OF TRADE MARKS**

Rolls Building  
Fetter Lane  
London, EC4A 1NL

29 March 2021

**Before :**

**MR IAIN PURVIS QC**  
**Sitting as a Deputy Judge of the High Court**

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**Between :**

**SWATCH AG**

**Appellant**

**- and -**

**APPLE INC**

**Respondent**

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Jonathan Moss (instructed by Haseltine Lake Kempner LLP) for the **Appellant**  
Charlotte May QC and Jaani Riordan (instructed by Locke Lord LLP) for the **Respondent**

Hearing date: 12 March 2021  
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**JUDGMENT**

**Iain Purvis QC, sitting as a Deputy Judge of the High Court:**

**INTRODUCTION**

1. This is an Appeal from a decision of the Hearing Officer, Oliver Morris, acting on behalf of the Registrar of Trade Marks ('the Decision') in Oppositions brought by the Respondent ('Apple') under numbers 406449 and 406479. The Decision was made on 19 October 2017. The remarkable delay between the Decision and the hearing of this Appeal is partially due to a protracted application for an extension of time for permission to Appeal, initially refused in the High Court and then permitted by consent in the Court of Appeal. This process took around a year. The remainder of the delay seems to have been due to stays agreed between the parties for the purpose of settlement. A further stay for the same purpose was sought from me on the eve of the date fixed for this Appeal, at which time I was told that the matter was near to settlement. Given the history of the matter, and the previous lack of success of settlement discussions, I granted an adjournment of 48 hours (to the end of the 3-day window fixed for the Appeal) to enable the parties to finalise their settlement. No settlement was reached in time (nor has yet been reached) and the Appeal therefore went ahead.

**THE TRADE MARK APPLICATIONS AND THE GROUNDS OF OPPOSITION**

2. The Trade Mark Applications in suit are International Registrations which designated the UK, made by the Appellant ('Swatch'). They are numbered 1281231 and 1281232 and are for the following signs, respectively:

**SWATCH ONE MORE THING**

**ONE MORE THING**

3. The Applications were made in classes 9 and 14 for a wide range of goods including watches and consumer electronic products.
4. The Oppositions were made by Apple under s5(4)(a) and s3(6) of the Trade Marks Act 1994. The s5(4)(a) objection contended that the use of the mark could be prevented by Apple under the law of passing off by reason of the goodwill which Apple had acquired in connection with the phrase ONE MORE THING. The s3(6) objection contended (at a broad level) that the application was made in bad faith having regard to Swatch's knowledge of Apple's reputation in the phrase, the circumstances in which the marks were applied for and Swatch's likely intentions in relation to use of the marks.

**APPLE'S USE OF THE PHRASE 'ONE MORE THING'**

5. The phrase has been used at launches of Apple products since 1998 in the following way. The well-known Chairman and founder of Apple, Steve Jobs,

would reach what would seem to be the end of his keynote address at an industry event chosen for an important announcement, turn as if to leave the stage, and then turn back with the words *'but there's one more thing'*. In 1998 the first 'one more thing' was the return of Apple to profitability. In later years, the 'one more thing' would often be a new Apple product. The tradition appears to have lapsed on Steve Jobs' death in 2011 but was revived by his successor Tim Cook in 2015 for the launch of the Apple Watch.

6. The somewhat theatrical use of the phrase in this way was probably originally borrowed from, and intended as a playful reference to, the fictional TV detective Columbo, popular in the 1970s and 1980s on US and UK television. His *modus operandi* in each episode was to reveal the devastating piece of evidence from which he had solved the crime by walking away from the criminal he was questioning and then turning back with the words *'there's just one more thing...'*
7. The phrase 'ONE MORE THING' has thereby become associated with Apple in the sense that the kind of people who follow Apple launches (in particular Apple 'fans' who take an extreme interest in their industry announcements) have become accustomed to expect the 'ONE MORE THING' moment. The evidence showed for example compilations of 'ONE MORE THING' moments put together by Apple fans on YouTube.

## **SWATCH AND ITS CONFLICT WITH APPLE**

8. Swatch is a well-known manufacturer of watches based in Switzerland. For many years it has had a reputation in the UK for bright and distinctively designed plastic watches, sold in particular through its own retail outlets on the High Street.
9. There appears to be a long running trade mark dispute between Swatch and Apple about the marks 'I-WATCH' and 'I-SWATCH'. I know little about this dispute save that it already existed at the time of the Applications in suit. However Apple alleged that the 'bad blood' generated by that dispute was connected with the making of two different sets of trade mark applications by Swatch in a number of jurisdictions worldwide. These are for the marks which are the subject of the Applications in suit and for the mark TICK DIFFERENT (Apple used the slogan THINK DIFFERENT) applied for around the same time. Apple interpreted these Swatch applications as an aggressive or retaliatory tactic on Swatch's part. It pointed to the fact that Swatch had applied for two phrases associated with Apple at roughly the same time, and the fact that ONE MORE THING applications were filed shortly after Tim Cook revived the 'ONE MORE THING' moment at an Apple launch in 2015.

## **THE EVIDENCE**

10. Apple filed evidence of its use of the ONE MORE THING phrase in connection with its product launches. It also exhibited a number of online comments from third parties made in trade blogs and websites criticising Swatch's trade mark

applications for ONE MORE THING and TICK DIFFERENT. A lot of reliance was placed on these comments before the Hearing Officer and before me as representing the unsolicited opinions of industry observers.

11. The clearest example of these is from a website called THENEXTWEB.com dating from 2015. The headline is

‘Swatch has trademarked Apple’s iconic ‘One More Thing’ catchphrase in an epic troll move’

The text of the article sums up the situation quite nicely. It says as follows:

‘Swiss watchmaker Swatch is poking some fun at Apple. The company has acquired a European trade mark for ‘One More Thing’, the phrase made famous by Steve Jobs.

It has also filed for a trademark for ‘Tick Different’, a pun on Apple’s iconic Think Different campaign used from 1997 to 2002.

Steve Jobs would often appear to be ending a press conference before uttering ‘there’s just one more thing’ and unveiling a major new product to the masses. Of course, Jobs didn’t invent the expression, but it’s most heavily associated with him.

Since his passing in 2011, Apple has avoided using the phrase, with the notable exception of the Apple Watch, the most significant new product launch for the company in recent memory.

There’s no telling what Swatch will use the trademark for. Maybe it just wants [to] keep Apple from using the phrase. Or maybe it plans to troll the company with a future ad campaign, given the Apple Watch is often seen as a threat to the Swatch’s watch market (even if it probably won’t kill it off).

Either way, Apple likely isn’t too happy about either of the trademarks, but considering neither of those expressions are often used by the company anymore, it’s probably no big harm.’

12. Swatch’s approach in the evidence was to avoid saying anything about the purpose behind filing the Applications, nor even commenting on its state of knowledge of the signs relied on by Apple. Instead it listed certain occasions in the past in which it had used signs incorporating the word ‘More’. It also pointed out the Columbo usage of the phrase ONE MORE THING and gave evidence of product ranges it had brought out in the past based on fictional characters (eg James Bond). However, it never actually stated that it had any real intention of making a Columbo ‘tie-up’.

## CONCLUSIONS OF THE HEARING OFFICER

### Section 5(4)(a)

13. The Hearing Officer rejected the objection under s5(4)(a). Whilst he accepted that a non-trivial (though relatively small) number of people in the United Kingdom would have been aware of Apple's usage of the phrase ONE MORE THING in the context I have explained above, he did not consider that this was sufficient to turn what is a common phrase in English usage into a 'distinguishing sign' (one which would be taken as indicating the trade origin of Apple's goods or services).
14. He also found that the public would not be deceived by the use of the phrase by Swatch in relation to the goods within the scope of the Application. At worst, he thought, some people who were aware of Apple's usage might be caused to 'wonder' whether Swatch's use of the phrase had some connection with Apple, but this was not enough for the purposes of passing off.
15. The Hearing Officer's rejection of the s5(4)(a) Opposition was not appealed because there was no challenge to his finding that there was no likelihood of deception. However, Apple did appeal (by way of Respondent's Notice) the Hearing Officer's finding in the course of his Decision that the phrase had not been shown to be distinctive of Apple's goods or services in the trade mark sense. This was said to be potentially relevant to the s3(6) Opposition.
16. It is convenient to deal with this point on the Respondent's Notice straight away. I can find no fault with the Hearing Officer's findings on the issue of distinctiveness. To establish trade mark distinctiveness in respect of a common English phrase of this kind would require powerful evidence that it had gained what is sometimes called a 'secondary meaning' to the average consumer. I agree with the Hearing Officer that the evidence in this case fell far short of that. Whilst the Hearing Officer was no doubt right to hold that a non-trivial number of people would be aware of the fact that Apple had a tradition of using the phrase in their product launches, this does not make the phrase indicative of the origin of Apple's products or services. So far as I am aware, the phrase has never been used by Apple as an indicator of origin, but only in a way which is essentially descriptive of a particular moment at a launch event.

### Section 3(6)

17. The Hearing Officer upheld the Oppositions under s3(6).
18. The Decision contains a long account of the pleaded case under s3(6), and the extent to which certain arguments were open to Apple. The reason for this can be seen in [52] and [53] of the Decision. Rather like the author of the THENEXTWEB article cited above, Apple did not know what Swatch's intentions actually were and therefore was reduced to speculation. Its primary case at the hearing before the Hearing Officer was in fact the same as the first suggestion of the author of that article: *'maybe it just wants to keep Apple from using the phrase'*. Or, as Apple's counsel put it at the hearing in the Registry:

'my primary case is that this is a blocking application in retaliation for the wider dispute between the parties...to block Apple from using that mark or continuing to use that mark in relation to its own products. That is quintessential bad faith. It is also consistent with there being no bona fide intention to use the mark as a badge of trade origin'.

19. Paragraph 44 of Apple's skeleton argument before the Hearing Officer averred that this 'blocking' explanation was

'the most probable explanation on all the evidence before the Registrar'.

20. It is not surprising that Apple pursued this line of argument as its primary case before the Hearing Officer. It is well-established that an application made with the 'dog in the manger' attitude that *'I have no real use for this mark myself, but I want to stop other people from using it'* is likely to be considered to be made in bad faith. See for example Arnold J (as he then was) in Red Bull GmbH v Sun Mark Limited [2012] EWHC 1929 at [138] in which he quotes from the decision of the Court of Justice of the European Union in Lindt v Hauswirth C-529/07 at [41]-[45]. A finding of bad faith is particularly likely to follow where the intent to prohibit use is targeted at a particular individual or trader known to have an interest in the mark (whether or not that interest is legally protectable).

21. Unfortunately it turned out that the 'blocking' case was not actually pleaded by Apple in its Notices of Opposition. Apple's only pleaded case on Swatch's motivation and intention was found in paragraph 9 of their Notices, as follows:

'In full knowledge of Apple's reputation in the ONE MORE THING mark, the Applicant has sought to hijack that mark for its own benefit, either to parody Apple, divert trade from Apple or make use of the reputation subsisting in that mark. The Applicant's conduct therefore evidently falls short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined'

22. As the Hearing Officer pointed out, the three pleaded purposes here ('parody', 'diversion of trade' and 'making use of the reputation') all inherently involve the actual use of the mark. A 'dog in the manger' or 'blocking' allegation is quite different – it does not complain about the intended use of the mark, but rather the intended use of the registration for negative, disruptive purposes. Indeed, as the CJEU pointed out in Lindt, the reason a 'blocking' intention may be objectionable is that it suggests that the proprietor has no intention to use the mark at all.

23. In [57] of his Decision, the Hearing Officer rejected Apple's argument that its pleading was sufficiently broad to allow it to run its primary case that Swatch had no intention to use the marks, and that the applications were blocking applications. He also refused permission to amend to introduce the 'blocking' objection. Neither of these decisions are appealed by Apple.

24. Of the possible purposes set out in the pleading at paragraph 9, 'diversion of trade' suggests an intention to deceive the public and 'making use of the reputation of the mark' suggests an intention to call Apple's 'catch phrase' to mind so as to ride on their coat-tails in some way. The Hearing Officer considered that these allegations were inconsistent with his findings in relation to the s5(4)(a) objection, so rejected them. Again, that finding was not challenged before me.

25. That left the allegation that the Applicant intended to use the mark '*to parody Apple*'. As Mr Riordan put it at that hearing, referring to paragraph 9 of the pleading:

'I use the word 'parody' there to encompass the kind of trolling behaviour, the malicious bad faith use of the mark in that sense.'

26. 'Trolling' in the sense of malicious advertising or malicious social media use is not specifically pleaded, but it would appear from Mr Riordan's submissions that they considered it to be encompassed by what is pleaded. The reaction of Mr Conway, acting for Swatch at the hearing below, to this was as follows:

'I would also say that in its ordinary meaning it is a great stretch to construe the word 'parody' as encompassing trolling...A parody would normally, typically, be a bit of a humorous reference, some kind of send-up perhaps, but not the kind of malicious behaviour...that one would consider to be associated with the term 'trolling'.

27. The Hearing Officer considered the 'parody' allegation from [59] of his Decision.

28. He first referred to Apple's reliance on the articles such as the one on THENEXTWEB which I have quoted. He pointed out in this context that there was no great consensus as to the possible motivation of Swatch, but that '*trolling*' Apple and running a parodic marketing campaign had been suggested. Having noted Mr Conway's argument that these articles were not a reliable source on which to base a decision (some were said to be 'Apple biased' publications, and others had an IP rather than technology focus), the Hearing Officer said that he did not rely '*too heavily*' on them but:

'they at least give some credence to the suggestion that Swatch may be intending to parody Apple.'

29. He went on to find that it could be no coincidence that the ONE MORE THING marks were applied for with TICK DIFFERENT at a point in time when the parties were '*already at loggerheads*' and concluded as follows (still in [59]):

'All of this strongly supports that the applications were filed in a retaliatory measure with some form of objective of upsetting or cocking a snook at Apple. I therefore accept that a prima facie case exists to support that Swatch intended to raise the stakes with Apple by poking fun at it in a manner akin to

parody and that the subject applications were filed as part of such an objective.’

30. In [61] of his Decision, the Hearing Officer turned to consider Mr Conway’s submissions (i) that the evidence, eg the Columbo references, was also consistent with a good faith explanation for the application, and (ii) that parody does not necessarily equate to bad faith. On the first point, he noted that Swatch had failed to give evidence about its actual intentions and therefore done nothing to displace the prima facie case which he had held to exist. On the second point he said this:

‘I consider that the filing of applications to support and justify a potential parodying form of use (which could not only poke fun at but may also denigrate, the subject of such parody) against a competitor and rival with which it was at loggerheads would, prima facie, be considered by experienced men [sic] in the field to fall short of the standards of acceptable commercial behaviour. The marks being used as part of a parody of another trader is also difficult to reconcile with the use of the marks in accordance with their essential function, of indicating the commercial source of the goods. In reaching this finding, I accept that there is nothing wrong with parody as such. It is an important part of free speech. However there is a difference between parody in commercial communications and registering trade marks consisting of parodies of a rival’s marketing signs. Using the trade mark registration system to obtain exclusive rights to such signs goes far beyond what is necessary to engage in legitimate parody. It is the applicant’s attempt to secure an exclusive right to engage in this form of commercial parody (even, presumably, to the extent of excluding Apple’s commercial use) which is objectionable. The ground of opposition under section 3(6) therefore succeeds....’

## **THE APPEAL**

31. The Grounds of Appeal are lengthy and discursive. However, as argued before me, there were essentially three points.
32. The first was that Apple’s case as pleaded on bad faith was predicated on the proposition that it owned enforceable rights by way of goodwill associated with the unregistered trade mark ONE MORE THING in the United Kingdom, and that the Hearing Officer, having rejected this case in the course of his determination of the s5(4)(a) Opposition, should therefore have rejected the s3(6) Opposition as well.
33. The second was that the Hearing Officer did not have any adequate evidential basis for his findings as to the intention of Swatch when it made the Applications in suit, in particular his finding as to the intention of parodic use. In particular, Mr Moss for Swatch relied on the principle explained by Geoffrey Hobbs QC sitting as the Appointed Person in IAN ADAM trade mark [2011] RPC 21 at 35 that the Hearing Officer, whilst entitled to draw inferences from



the proven facts, ought not to allow the assessment ‘to degenerate into an exercise in speculation.’ He also relied on the third proposition of principle explained in relation to s3(6) by Arnold J in Red Bull GmbH v Sun Mark Limited [2012] EWHC 1929 (Ch) at [133] (to which I return below) that bad faith was a serious allegation which must be distinctly proved, that an applicant was presumed to have acted in good faith unless the contrary was proved, and that it is ‘not enough to prove facts which are also consistent with good faith.’

34. The third ground of appeal was that an intention of parodic use was not in any event sufficient to amount to bad faith, particularly bearing in mind the principle of freedom of expression (Human Rights Act s12).
35. I do not find the first ground convincing at all. It seems to me self-evident, as Ms May QC for Apple contended, that a s3(6) Opposition is free-standing and does not require any enforceable right in the mark in the UK (by way of an actionable reputation) to be established. The fact that Apple considered that it did have an enforceable right, and that the s3(6) Opposition was drafted against that background does not mean that Apple had thereby taken on an extra and unnecessary burden.
36. The second and third grounds however deserve some detailed consideration. A decision under s3(6) does of course, as Ms May QC submitted, involve both determinations of fact on the evidence (eg knowledge and intention on the part of the Applicant) and the evaluation of a course of conduct against an extremely imprecise legal test. On both those questions an Appellate Court should be unwilling to depart from the decision of an experienced Hearing Officer unless that decision was based on a clear error of principle or was plainly wrong. Nonetheless, it is worth remarking at the outset that this is quite an unusual case:
  - (i) So far as the facts are concerned, it will be recalled that the Hearing Officer had not proceeded on the basis of the explanation of Swatch’s intention said by Apple to be the ‘most probable’, namely that they wanted to use the registration to ‘block’ Apple from using the mark. Rather he proceeded on the basis of what was put forward as one of the alternative, less probable explanations, namely the use of the mark for parodic purposes. He did so without explaining why the ‘most probable’ explanation was not the right one on the facts (but rather by simply dismissing it as not open to Apple on the pleading).
  - (ii) So far as the law is concerned, there is to my knowledge (and that of Counsel who appeared before me) no previous reported case of a trade mark application being refused under s3(6) on the basis that the proprietor intended to use the mark for purposes of parody of another trader. Plainly the s3(6) objection is not limited to any particular categories of bad faith or dishonest conduct, but a category which has not previously been considered by the Courts requires careful consideration as a matter of principle.

37. For these reasons, it seems to me appropriate to consider the reasoning of the Hearing Officer with particular care.

## THE LAW

38. The ‘bad faith’ objection to the registration of trade marks has defied any straightforward definition, either by the UK Courts or by the CJEU. It is clear however that it involves a consideration of the state of mind of the applicant and in particular their intentions with respect to the application. It also requires an assessment of those intentions against certain norms, in particular (i) what would be considered honest and fair behaviour by a business and (ii) the proper purpose of obtaining trade mark protection (that is to say to protect a mark used to distinguish goods and services from those of other traders).
39. The CJEU in Sky v SkyKick C-371/18 [74]-[75] put it this way:

74 The Court has held that in addition to the fact that, in accordance with its usual meaning in everyday language, the concept of ‘bad faith’ presupposes the presence of a dishonest state of mind or intention, regard must be had, for the purposes of interpreting that concept, to the specific context of trade mark law, which is that of the course of trade. In that regard, the EU rules on trade marks are aimed, in particular, at contributing to the system of undistorted competition in the European Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin (judgment of 12 September 2019, Koton Mağazacılık Tekstil Sanayi ve Ticaret v EUIPO, C-104/18 P, EU:C:2019:724, paragraph 45 and the case-law cited).

75 Consequently, the absolute ground for invalidity referred to in Article 51(1)(b) of Regulation No 40/94 and Article 3(2)(d) of First Directive 89/104 applies where it is apparent from relevant and consistent indicia that the proprietor of a trade mark has filed the application for registration of that mark not with the aim of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin recalled in the previous paragraph of the present judgment (judgment of 12 September 2019, Koton Mağazacılık Tekstil Sanayi ve Ticaret v EUIPO, C-104/18 P, EU:C:2019:724, paragraph 46).

40. These indications are generally consistent with the summary provided by Arnold J in Red Bull which I set out for convenience:

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

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

## **ANALYSIS**

41. I start with the challenge to the Hearing Officer's factual conclusion as to the intentions of Swatch, starting with his reasoning in [59] of his Decision which I have quoted in [29] above. I will repeat it here for convenience:

‘All of this strongly supports that the applications were filed in a retaliatory measure with some form of objective of upsetting or cocking a snook at Apple. I therefore accept that a prima

facie case exists to support that Swatch intended to raise the stakes with Apple by poking fun at it in a manner akin to parody and that the subject applications were filed as part of such an objective.'

42. I have no difficulty with the Hearing Officer's finding in the first sentence. There was enough basis in (i) the timing of the Applications (ii) the making of 2 'Apple targeted' Applications at around the same time and (iii) the lack of any alternative explanation given by Swatch themselves in its evidence, that the Applications were at least to some extent designed to 'upset' or 'cock a snook' at Apple.
43. However, I struggle to see how the second sentence starting with the words '*I therefore accept*' can be said to follow (as the Hearing Officer seemed to think) from that finding. '*Some form of objective of upsetting or cocking a snook at Apple*' covers a wide range of possible intentions and does not in my view lead to the particular conclusion that parodic use was intended. For example, the mere act of applying to register these marks (regardless of any intention to use them) would be likely to cause upset at Apple. Similarly the ordinary trade mark use of the marks, eg as slogans for Swatch's own goods, would no doubt have done the same.
44. I therefore do not agree with the reasoning of the Hearing Officer that a *prima facie* case of intention to parody Apple followed from the fact that the Applications were intended to upset Apple. Nor do I consider that a *prima facie* case of intention to parody Apple was otherwise established by the evidence in the case. The following points are material:
  - (i) Heavy reliance was placed by Apple on the various online comments by third parties in connection with Swatch's Applications. The Hearing Officer held that those comments '*at least give some credence*' to the allegation of intention to parody. I do not agree that the comments have evidential value, since the authors had no knowledge of Swatch's intentions nor apparently any special expert insight which would have enabled them to deduce those intentions any better than the Hearing Officer or I could do. Furthermore, having read the comments, it does not appear to be the general opinion that Swatch intended to use the mark to parody Apple. There is a stray reference to the possibility of a 'trolling' ad campaign in THENEXTWEB article, but this is explicitly speculation. It may also be said that 'trolling' here probably means something like 'provocative' or 'intended to produce a reaction'. Thus the same author referred to making the trade mark application itself as being '*an epic troll move*'. So it is not even clear that the author was necessarily thinking about a parody.
  - (ii) The Hearing Officer was entitled to be unimpressed by the failure of Swatch to provide an explanation of their intentions, having been accused (inter alia) of an intention to put the mark

to parodic use, but this did not prove anything in itself. After all, Swatch had also been accused of intending to deceive the public, an allegation which the Hearing Officer had no difficulty in rejecting.

- (iii) There was no evidence that Swatch had made a practice of parodic advertising in the past, against any party, let alone Apple.
- (iv) It is not clear how the suggested parodic use of the mark would be effective when, on the Hearing Officer's findings, it was only associated with Apple by only a small number of people.

45. In the end, all that can really be said with confidence on the evidence is that Swatch must have regarded these Applications as useful in some way in its broader dispute with Apple. They probably wanted to stimulate a response of some kind from Apple and they must have known that Apple would be annoyed. But the mere making of the Applications and their prosecution to grant would probably achieve both of these aims, as would the ordinary use of the marks in relation to the goods applied for. It may be said that the absence of any statement of intention by Swatch in the evidence makes that a more doubtful proposition, but, as Mr Moss pointed out on behalf of Swatch, they had made a formal statement of intent to use at the relevant date, namely when they made the Applications.

46. It would be perfectly reasonable and consistent with the evidence to suppose that Swatch had not, at the date of the Applications, given much thought to exactly what they would do with these marks. This of itself would not amount to bad faith, as pointed out by the CJEU in Sky v SkyKick C-371/18 at [76]:

'the applicant for a trade mark is not required to indicate or even to know precisely, on the date on which his or her application for registration of a mark is filed or of the examination of that application, the use he or she will make of the mark applied for and he or she has a period of 5 years for beginning actual use consistent with the essential function of that trade mark (see, to that effect, judgment of 12 September 2019, Deutsches Patent- und Markenamt C-541/18, EU:C:2019:725, paragraph 22).'

47. Whether one applies the principle of Occam's Razor or the Court of Justice's requirement for proof on the basis of '*objective, relevant and consistent indicia*'<sup>1</sup>, there is therefore in my view no support in the evidence for reaching the rather complex explanation that Swatch intended to use the trade mark to undermine Apple by parodic use.

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<sup>1</sup> Sky v SkyKick C-371/18 at [77]

48. For those reasons I consider that the Hearing Officer was wrong to hold that Swatch intended to make use of the mark to poke fun at Apple in a manner akin to parody.
49. I have considered whether the simple fact that Swatch were motivated by a desire to annoy Apple could be sufficient to amount to bad faith. I do not think it can. Annoyance of a business is not a concept which is capable of objective analysis. The CJEU's reference to '*undermining the interests of third parties*' suggests something which is economically identifiable. And in any event, Apple's case was not pleaded on anything like this basis.
50. This would be sufficient for the Appeal to succeed, but I will also consider the third ground argued before me, namely that even a proven intention to '*poke fun at Apple in a manner akin to parody*' would not be sufficient in itself to amount to bad faith under s3(6).
51. It will be recalled that the CJEU in SkyKick at [75] referred to bad faith as applying where the Applicant has

'filed the application for registration of that mark not with the aim of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties'
52. 'Poking fun' and 'parody' cover a multitude of possibilities from gentle and affectionate teasing to full-frontal attacks. I do not consider that it is an inherently dishonest business practice to use a sign which brings another trader to the mind of some consumers in an amusing but inoffensive way. Such an activity would not necessarily undermine the interests of the third party in any material way. The point at which parodic or humorous activity of that kind would transgress the boundaries of honest business practices must depend on the nature of the humour, the intensity of its use and its consequent impact on the business interests of the recipient.
53. One can imagine cases in which a mark is inherently offensively parodic, so that any use of it must inevitably transgress honest business practices and unfairly undermine the interests of the subject of the parody. However, where (as here) the mark itself is not offensive, it is hard to see how the mere prospect that it might be put to some parodic use which overstepped the mark provides a ground for refusal under s3(6). This is because (i) the making of the Application is equally consistent with the proprietor acting in good faith, so a finding of bad faith would contravene the proposition of Arnold J in [133] of Red Bull (see [40] above), and (ii) the Court would be essentially engaging in speculation, contrary to Ian Adam (also [40] above).
54. This argument was dismissed by the Hearing Officer in the passage from [61] of his Decision which I have quoted above. I disagree with his analysis. Taking the points he makes in order:
  - (i) The Hearing Officer first refers to the applications being to support a '*potential parodying form of use (which could not*

*only poke fun at but may also denigrate the subject of such parody*). I have some difficulty with this passage for two reasons.

- a. The words '*potential*' '*could*' and '*may*' in this passage suggest speculation and immediately run into difficulties with the propositions in [133] of Red Bull (see [40] above).
  - b. An intent to '*denigrate*' is not one which was pleaded (although perhaps it was inherent in Mr Riordan's characterisation at the Hearing, which used the word '*malicious*'). More importantly, the Hearing Officer had not found such an intention in his findings of fact in [60] of his Decision. It will be recalled that [60] simply found an intention of '*poking fun*'. If the Hearing Officer had considered that the evidence went beyond this and established an intention by Swatch to use the mark to denigrate Apple, then he would have needed to explain the basis for this. I have to say that it strikes me that there would be no obvious purpose in Swatch engaging in such malicious activity, which would be likely to rebound on its own reputation.
- (ii) He then makes the point that using a mark as part of a parody of another trader is difficult to reconcile with the use of the marks in accordance with their essential function, of indicating the commercial source of the goods. But, again, this must depend on the actual use in question. Using a phrase in a humorous parodic skit may well not be trade mark use. However, I do not see why a mark may not have parodic character whilst at the same time being perfectly capable of functioning as a trade mark. For example DUNK DIFFERENT could be a perfectly good trade mark for biscuits, whilst no doubt conjuring up for some people a wry or even amusing allusion to Apple's famous slogan.
- (iii) Having noted that the right to publish parodies was an important aspect of free speech, the Hearing Officer points out that it is not '*necessary*' to obtain exclusive rights to a sign in order to engage in parody. This seems to me to be addressing the point the wrong way around. Mr Conway's argument was not that his clients had a 'defence' of parody or free speech (to which the Hearing Officer's point on necessity might have provided an answer). Rather it was that parody was not an inherently dishonest business practice.
- (iv) The Hearing Officer concludes that
- It is the applicant's attempt to secure an exclusive right to engage in this form of



commercial parody (even, presumably, to the extent of excluding Apple's commercial use) which is objectionable.

I find this conclusion hard to follow and somewhat inconsistent with the rest of the Decision. The exclusive right granted by a registered trade mark only extends to trade mark use. Yet the Hearing Officer's earlier concern about the application (see (ii) above) was founded on the assumption that commercial parody was not trade mark use. The reference to excluding Apple's commercial use (presumably non-parodic) does not make much sense here either, and if anything appears to be the very 'blocking' allegation which the Hearing Officer had already held to be not open to Apple on the pleadings.

55. All in all, it seems to me that the Hearing Officer had no clear idea in mind as to the kind of parody which Swatch might engage in using this mark. This is not surprising in itself, since there was no evidence on the point at all. However, without a clear idea, it was not legitimate to conclude that Swatch's intentions had stepped over the line between the appropriate and inappropriate use of a trade mark. I should add that at the hearing before me I asked Apple to consider over the lunchtime adjournment if they could provide some examples of the kind of parody which they would be concerned Swatch might engage in using the mark ONE MORE THING. It ultimately declined to do so, saying in essence that so far as they were concerned any use of the mark by an unauthorised third party would be offensive and damaging. Whilst Apple was perfectly entitled to take this approach, it does to my mind illustrate the problems with the Hearing Officer's Decision. The Decision is founded on an intention to use a mark in a particular way which is said to be unfair and would materially undermine Apple's business when no example or illustration of the use in question was provided.

## **CONCLUSION**

56. I therefore conclude that the Hearing Officer was wrong to uphold the Opposition under s3(6). The Appeal succeeds.