

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NUMBER 2175023  
BY PASSION FOR LIFE PRODUCTS LIMITED  
TO REGISTER A TRADE MARK IN CLASS 5**

**AND**

**IN THE MATTER OF OPPOSITION THERETO UNDER NUMBER 50096  
BY MED GEN INC.**

## **TRADE MARKS ACT 1994**

**IN THE MATTER OF Application Number 2175023  
by Fashion For Life Products Limited  
to register a trade mark in Class 5**

**and**

**IN THE MATTER OF Opposition thereto under Number 50096  
by Med Gen Inc.**

### **BACKGROUND**

1. On 15 August 1998 Passion for Life Products Limited applied to register the trade SNORENZ in Class 5 for a specification of "Natural oral spray for relief from snoring."
2. The application was subsequently accepted by the Registrar and published in the Trade Marks Journal. On 25 August 1999 Med Gen Inc filed a Notice of Opposition on the grounds that the application in suit was made in bad faith, contrary to Section 3(6) of the Act, as the opponent is the true proprietor of the mark SNORENZ.
3. On 1 December 1999 the applicants filed a counterstatement denying the above grounds. Both sides asked for an award of costs in their favour and have filed evidence. The matter came to be heard on 3 September 2001 when the applicant for registration was represented by Mr Welch of J E Evans Jackson & Co, their trade mark attorneys. The opponent's representatives did not attend but relied upon the written arguments supplied in their evidence.

### **Opponent's Evidence**

4. This consists of a statutory declaration by Paul Kravitz dated 1 March 2000. Mr Kravitz is the Managing Director of Med Gen Inc. (the opponent) and has been since its inception. He states that the opponent is the manufacturer of a pharmaceutical preparation for the treatment and prevention of snoring for which it has coined the name and mark Snorenz ("Snorenz") and that the opponent is the registered proprietor of the following trade mark registered in USA:

Name:	<b>SNORENZ</b>
Serial No.	75-299613
Registration No.	2210381
Registration Date:	15 December 1998
International Class:	005
Goods and Services:	pharmaceutical preparation for the treatment and prevention of snoring;
Date of First Use in Commerce:	01.03.1997

At Exhibit A to his declaration is a confirmatory print-out from the US Patent & Trademark Office.

5. Mr Kravitz explains that his company has manufactured and sold the SNORENZ product in the USA since March 1997 and that it had been widely available throughout the USA prior to its trade mark registration. He refers to Exhibit B to his declaration containing specimen invoices showing sales of the SNORENZ product, under the mark, for the years 1997-2000 and he adds that the sale of SNORENZ in the USA since 1997 exceed US \$ 2.2 million at trade prices. At Exhibit C to his declaration are copies of labels showing how the mark is used. Next, Mr Kravitz refers to Exhibits D and E which, he states, show that the opponent has spent approximately US \$ 189,953 on advertising and US \$123,000 on marketing SNORENZ in the USA. Exhibit F contains specimen advertisements, promotional brochures and newspaper clippings.

6. Turning now to the relationship between the opponent and the applicant, Mr Kravitz states that in or about March 1998 the applicant approached the opponent at a trade show in Anaheim, California, with a request to be appointed as the distributor of SNORENZ in the UK and that following the initial meeting the applicant requested permission to use the brand in order to distribute the product in the UK. He adds that the applicant also requested to become the sole distributor of SNORENZ in the UK, although the opponent had already contacted other potential customers in the UK.

7. Mr Kravitz goes on to state that as a result of the above described exchange of correspondence, the opponent sent the applicant copies of its labels and promotional material and the applicant proposed a marketing and distribution plan to Snorenz and requested that the opponent grant the applicant a "trial" exclusivity period to distribute the Snorenz product in the UK for the remainder of 1998. Mr Kravitz states that it is clear from his correspondence that the applicant understood that in distributing Snorenz in the UK it would be acting on behalf of the opponent. More importantly, he says, the applicant understood that it did not own the brand, because, despite its marketing efforts, it could lose the exclusivity by the end of 1998 - and there would be no formal agreement until that time. The supply and sale of SNORENZ in the UK began in May 1998. Exhibit H5 contains copies of correspondence relating to the supply and distribution of the SNORENZ product. Mr Kravitz continues, the produce was originally shipped to the applicant bearing the US label which clearly identified SNORENZ as a trade mark owned by the opponent. The first SNORENZ sold in the UK was sold under this label. In addition, the applicants' marketing in the UK utilised a bottle with the US label which was duplicated in several UK publications - Exhibit I to Mr Kravitz's declaration refers. In early August 1998, the applicant told the Opponent that the packaging would require adaption for the UK retail trade to comply with "European Rules". To achieve this, the applicant produced new labelling for products to be supplied through the retail trade. As the applicant was familiar with the UK market, the opponent left it to the applicant to make up appropriate labels, although approval of the labels was required by the opponent. (Exhibit J8 to Mr Kravitz's declaration refers).

8. Mr Kravitz states that the opponent has supplied the applicant with all the SNORENZ products that the applicant has put on the market in the UK and accordingly the mark has been

used only to identify goods produced by the opponent. At Exhibit K To his declaration, are copies of invoices and shipping documents sent to the applicant.

9. Mr Kravitz explains that in early 1999 following the 'trial' period the opponent commenced negotiations with the applicant for the distribution of the Snorenz product by the applicant. Although the terms of the contract were not finalised, the applicant continued to purchase and sell the Snorenz product in the UK under and by reference to the mark Snorenz. He continues, in a draft of the proposed contract prepared by the applicant's solicitors, the applicant included a clause specifying that it was the owner of the trade mark in Europe. The opponent objected to the inclusion of this clause. To date, no written contract has been concluded. However, he says that the shipments and sales of the Snorenz product continued solely on the understanding that the applicant intended to assign the trademark application to the opponent. He adds that Exhibits L and M to his declaration shows the nature of the above mentioned discussions and intentions of the parties.

10. Next, Mr Kravitz states that as a result of the opponent's belief that it had built up a sufficient reputation in the UK from the sales through the applicant, on 5 May 1999 the opponent made an application to register the mark Snorenz as a trademark in the UK. The opponent then discovered that, during the 'trial' period, on 2 August 1998 the applicant without the opponent's knowledge, applied to the European Community Trade Mark Office to register the name Snorenz as its trade mark and on 15 August 1998 the applicant, without the Opponent's knowledge, applied to register the name Snorenz as its trademark in the UK.

11. Mr Kravitz concludes that as the opponent devised the mark SNORENZ, manufactured the SNORENZ product and applied the mark to it and as the applicant had requested and received permission from the opponent to distribute the product in the UK for a limited period of time, the application to register the mark in the UK by the applicant was made in bad faith.

### **Applicant's Evidence**

12. This consists of a statutory declaration by Philip Artus dated 16 August 2000. Mr Artus is joint Managing Director of Passion for Life Products Limited (the applicant).

13. Mr Artus states that his company was recently involved in an action in the High Court which involved the trade mark SNORENZ. While he accepts that this was an action under "Passing Off" brought by the opponents against his company, he believes the findings of fact relating to the ownership of the trade mark SNORENZ, in the UK, and the events of the parties leading up to the opposition, are clearly set out in the judgement of Mr K Garnett QC who was sitting as deputy Judge of the High Court. The decision was issued on 4 August 2000 and a copy of the Judgement along with the Court Order thereto are attached as Exhibit PFL1 to Mr Artus' declaration and at Exhibit PFL2 are copies of the witness statements completed and signed by him in that action.

14. In relation to Mr Kravitz's statements about use of the mark by the opponent, Mr Artus states that they only relate to use of the mark in the USA and as such is not relevant to UK proceedings.

15. Turning to Mr Kravitz's comments that the initial meeting with and subsequent actions by the applicant acknowledged the opponents ownership of the brand, Mr Artus states that Exhibit PFL1 shows that the opponent was not too concerned about the ownership of the mark.

16. Mr Artus confirms that no written contract existed between the parties but does not share Mr Kravitz's interpretation of the correspondence between the parties to mean that in distributing SNORENZ in the UK, it would be acting on behalf of the opponent. He states that what is clear is that the applicant did not want to face competition from other importers of SNORENZ or the threat of parallel imports. While Mr Artus accepts that the initial sales of around five thousand bottles were sold by mail order in packaging used in the USA, he states this was insignificant compared to sales thereafter and the labels were soon redesigned, upgraded and modernised at the expense of his company. He adds that the opponent had very little involvement in and seemed to care little about the expense and effort in creating new labels. Mr Artus goes on to state that from Exhibit PFL1 (paragraph 13 on page 6) it is clear that it did not matter to MED GEN under what name the product was sold in the UK.

17. Next Mr Artus contends that the goods marketed in the UK under the mark SNORENZ did not identify the opponent rather identified his company. He refers again to Exhibit PFL1 and states that the opponent did not carry out business in the UK and the goodwill in SNORENZ rests with the applicant.

18. Mr Artus goes on to state that no evidence has been put forward, or exists, which indicates an understanding that the applicant's intended to assign any trade mark to the opponent. He refers to the evidence in Exhibits L and M of Mr Kravitz declaration which he states show the opposite and in particular, Mr Artus quotes two lines from his letter of 22 July 1999 (under Exhibit L):

"the ownership would remain with Passion for life under any legal test."

"we are unable to assign the mark to MedGen."

19. Mr Artus concludes by stating that on the issue of "bad faith" the opponent has not put forward any evidence other than submissions. He adds that his company have always taken the view that the mark SNORENZ belonged to them since the opponent showed no interest in what they were doing. Having expended time, effort and money in developing and promoting the mark, the applicants wished to protect that effort. Mr Artus feels that his company has acted merely in a commercially astute manner.

### **Opponent's Evidence in Reply**

20. This consists of two witness statements, one each from Paul S Mitchell and Paul Kravitz, both dated 17 January 2001.

21. Mr Mitchell is the President and Chief Operations Officer of Med Gen Inc (the opponent). In clarifying the opponent's ground of opposition, Mr Mitchell states that at the date of application for the mark in suit, SNORENZ belonged to the opponent and that the applicant

applied to register the mark in bad faith in that the applicant had an express intention of annexing the opponent's mark without informing the opponent.

22. Turning to Mr Artus comments on the High Court action for passing off brought by the opponent against the applicant, Mr Mitchell states that on his reading of the judgement the judge made no express findings of fact on the ownership of the trade mark SNORENZ as such in the UK at the date of application. He adds that to the extent that the judgement addresses this question it shows that the mark belonged to the opponent and he refers in particular to paragraphs 16 to 18 of the judgement relating to the delivery and packaging of the product.

23. Mr Mitchell denies Mr Artus' statement that the opponent was not too concerned about the ownership of the mark and he adds that there is no basis for this statement in the judgement. Mr Mitchell draws attention to paragraph 30 of the judgement relating to Mr Kravitz's anger about the omission of the name Med Gen as the manufacturer of the product and the omission of any reference to SNORENZ as a trade mark on the new design for the packaging.

24. In response to Mr Artus' statement that the applicant does not acknowledge the opponent's ownership of the brand SNORENZ, Mr Mitchell states this is clearly at odds with Exhibit G of Mr Kravitz's declaration, which contains a fax dated 20 March 1998 sent by the applicant to the opponent, where Mr Duggan of the applicant wrote "we have decided that we would rather import the product under your brand. We do not want to be competing with another company such as Nature's Store .... if they will be selling your own brand and we selling another". At paragraph 13 of Exhibit PFL1 the judge added that "reference to importing the product under [the Opponent's] own "brand" is a reference to importing and selling the product under the name Snorenz".

25. On the label redesign, Mr Mitchell states that although the opponent left it to the applicant to make up the appropriate labels, approval of the labels was required by the opponent.

26. In relation to Mr Artus' reference to Exhibit PFL1 that "it did not matter to MedGen under what name the product was sold in the UK", Mr Mitchell states that this quote is misleading as the opponent's primary concern was that the product was purchased from the opponent and, within this context, the opponent was prepared to allow its product to be sold in the UK under its trade mark SNORENZ or under a different name. This did not indicate to the applicant that the opponent was not concerned about the ownership of the trade mark SNORENZ.

27. In response to Mr Artus' statement that "the goods marketed in the UK under the trade mark SNORENZ did not identify the opponent, but actually identified [the applicant]", Mr Mitchell states that as at the application date, this was not true. He adds that the applicant's first order of 4000 bottles of the opponent's product was delivered on 25 June 1998. It is made clear by the judge in Exhibit PFL1 at paragraph 16 that product was initially sold in the United Kingdom using the opponent's US packaging, which contained the words "Made in USA Mfg for Med Gen Inc. Boca Raton, FL" and that whenever the word "Snorenz" was used, it carried a trade mark symbol, either "TM" or "®". The judge states at paragraph 16

(b) "I infer that the TM symbol was used before the United States trade mark had been granted and the "®" symbol afterwards". Mr Mitchell adds that, the High Court judgement that the goodwill in SNORENZ belongs to the applicant is based on events after the date of application, as this is not relevant to the opposition proceedings.

28. Mr Mitchell contradicts the statement of Mr Artus that there has been no use of SNORENZ in the UK by the opponent, and referring to Exhibit K of Mr Kravitz's declaration exhibiting a number of invoices made out in the name of the applicant, he says that all these invoices refer to the product being sold by the opponent to the applicant as SNORENZ and that these are sales in the UK which constitute use by the opponent. In particular, he draws attention to invoice 2122 which is dated 19 June 1998 (before the filing date of the application in suit). Mr Mitchell adds that although the product may have been unlabelled, this does not detract from the fact that it was sold by the opponent to the applicant in the UK under the trade mark; the presence of the word SNORENZ on the invoices is itself use of the mark by the opponent in relation to a trade sale. He also goes on to state that the early sales of SNORENZ in the US packaging constituted use by the opponent in the UK.

29. Mr Kravitz's witness statement states that the facts set out in Mr Mitchell's statement are true and that he agrees with the opinions expressed.

30. This concludes my summary of the evidence filed in this case. I now turn to the decision.

## **DECISION**

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

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

32. In Gromax Plastics Ltd v Don & Low Nonwovens Ltd 1999 RPC 367, Lindsay J considered the meaning of "bad faith" in s3(6) of the Act and stated (at page 379):

"I shall not attempt to find bad faith in this context plainly includes dishonesty, and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour as observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is best left to be a judged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the act but the paraphrase) but by reference to the words of the act and upon a regard to all material surrounding circumstances."

33. Commenting on this passage from Gromax, Mr Geoffrey Hobbs QC, acting as the Appointed Person, stated in Demon Ale Trade Mark 2000 RPC 355,

"These observations recognise that the expression "bad faith" has moral overtones which appear to make it possible for an application for registration to be rendered

invalid under Section 3(6) by behaviour which otherwise evokes no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant."

34. Also in Demon Ale, The Appointed Person stated:

"I do not think that Section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, the observations of Lord Nicholls on the subject of dishonesty in Royal Brunei Airlines Sdn Bhd v Philips Tan [1995] 2 AC 378 (PC), at page 389, do seem to me to provide strong support for the view that a finding of bad faith may be fully justified even in the case where the applicant sees nothing wrong in his own behaviour."

35. The following passage from the publication "Notes on Sections" to the Trade Marks Act 1994, which were prepared to explain the draft provisions of the Bill during its passage through Parliament, is also relevant. In relation to Section 3(6) the Notes state:

"Sub-section (6) declares that a trade mark is not registrable if the application for registration for the trade mark was made in bad faith. The provision does not attempt to indicate what is meant by "bad faith", thereby leaving it to the Registrar or the Courts to decide in a particular case what amounts to bad faith. Examples of circumstances where bad faith might be found are:

- i. Where the applicant had no bona fide intention to use the mark, or intended to use it, but not for the whole range of goods and services listed in the application;
- ii. Where the applicant was aware that someone else intends to use and/or register the mark, particularly where the applicant has a relationship, for examples as employee or agent, with that other person, or where the applicant has copied a mark being used abroad with the intention of pre-empting the proprietor who intends to trade in the United Kingdom."

36. It appears from the comments in 'Notes on Sections' that pre-emption was envisaged as an example of bad faith. However, I bear in mind that in Wagamama 1995 FSR, page 713, Laddie J. noted that the Act was primarily intended to implement First Council Directive 104/89 to approximate the trade mark laws of Member States. Accordingly, the 'Notes on Sections' represents no more than an indication of what Parliament believed the intention of the Directive to be. In relation to those provisions of the Act which are based upon the Directive (of which Section 3(6) is one), the 'Notes on Sections' cannot, therefore, be taken as a decisive interpretation of the meaning of the Act.

37. Nevertheless, the contents of the 'Notes on Sections' appears to have found favour with the Cancellation Division of the Office for the Harmonisation of the Internal Market (Trade Marks and Designs) (OHIM). In a decision of the First Cancellation Division dated 25 October 2000 in relation to an application to cancel a Community trade mark registration for the mark BE NATURAL . The cancellation division stated that:

"Since the UK Act does not itself define the term bad faith, an interpretation is given in



the Notes on Sections, published by the UK Patent Office. Said Notes provide examples of bad faith, such as:

'Where the applicant was aware that someone else intends to use/or register the mark, particularly where the applicant has a relationship, for example his employee or agent, with that other person, or where the applicant has copied a mark being used abroad with the intention of pre-empting the proprietor who intends to trade in the United Kingdom.'

38. If the "United Kingdom" is replaced by "European Union", the UK Office's interpretation very well may also serve as a basis for interpretation of Article 51(1)(b) CTMR."

39. The relevant date for these proceedings is the date of application for the mark in suit i.e. 15 August 1988. At the Hearing, Mr Welch argued that I should take into account events occurring after this date as "in the round" they could help to throw light on the issues. I reject this submission. In relation to Section 3(6) the applicant's motives or intentions must be construed at the time the application was made and future events are driven by future conditions or circumstances.

40. Mr Welch also placed great emphasis on the High Court decision on "Passing Off" between the parties. While this judgement is in the evidence and is of relevance to the present case in that it covers similar background issues, I should point out that this case relates to different provisions of the Act and takes into account issues and events which are not under consideration before me. The case in suit must be considered on its own merits and in light of the relevant evidence filed.

41. Taking into account the application of the relevant law in relation to the circumstances of this opposition, it seems to me that a vague suspicion that a foreign proprietor may wish to extend its trade under a mark to the UK is insufficient to found an objection under Section 3(6). However, if an applicant for registration of a trade mark has reasonable grounds to believe that a foreign user of the trade mark has plans to extend its trade under the mark into the UK, the application may be deemed to have been made in bad faith. In the present case it is accepted that, prior to the relevant date, the opponents had taken steps to sell its product in the UK and that the product had been sold under the mark SNORENZ. However, in the applicant's contention the opponent intention was merely to sell its product and they had no concerns as to what mark the product was sold under.

42. The relevant facts before me are as follows:-

- (i) The Snorenz product, consisting of an oral spray for relief from snoring, was developed by the US company Med Gen Inc and was sold in the USA from 1997.
- (ii) The trade mark SNORENZ had been coined and adopted by Med Gen in 1997 and a US trade mark application for the mark was filed on 28 May 1997 and was granted on 15 December 1998.
- (iii) Med Gen exhibited in California in March 1998 and were approached by Mr

Duggan of Passion for Life Products Limited (PFLP) who expressed interest in the product.

(iv) On behalf of Med Gen, Mr Kravitz contacted Mr Duggan and sent him information on the product and on 20 March 1998 Mr Duggan replied stating that PFLP were convinced that they could promote and sell SNORENZ successfully in the UK. In the letter Mr Duggan also stated, in relation to SNORENZ:-

"We have decided that we would rather import the product under your brand. We do not want to be competing with another company such as Nature's Store ..... if they will be selling your own brand and we selling another."

(v) In response Med Gen's Mr Mitchell made it clear to Mr Duggan that it did not matter to Med Gen under what name the product was sold in the UK.

(vi) PFLP sought to be appointed as the exclusive distributor of the product in the UK and in a letter dated 10 April 1998 to Med Gen, Mr Artus, of PFLP asked for an exclusivity period until the end of 1998. He ended by stating that:

"At that time, we should both know how well the relationship is working. Then we can either formalise our agreement for the future or allow you to seek other distribution partners."

(vii) In response, Mr Mitchell of Med Gen replied offering PFLP an exclusive distributorship for the UK until the end of 1998. This offer was accepted and consequently resulted in a contract, there being no other express terms.

(viii) An order for 4000 bottles was placed by PFLP and was delivered to them on 25 June 1998. The product came in the same packaging as was used for the US market and contained the mark SNORENZ, "Mfg for Med Gen Inc, Boca Raton FL" and the letters "TM" next to SNORENZ. PFLP marketed and sold the product through mail order. Invoices made out to PFLP by Med Gen refer to the product being sold as SNORENZ e.g. invoice No. 2122 dated 19 June 1988.

(ix) On 15 August 1998 PFLP applied to register the mark in suit in their own name without informing Med Gen. Mr Artus states that this was to protect its investment as he thought Med Gen might try and apply for it and that although he believed that PFLP were entitled to the mark, he did not want to argue about it.

(x) PFLP began work on repackaging the product for the UK market in August 1998 and in this connection Mr Duggan asked Mr Mitchell of Med Gen for information about the product and whether it was patented in a letter dated 11 August 1998.

43. In a recent unreported decision of the Appointed Person. In the matter of application No. 2031741 by Eicher Limited - Royal Enfield Motor Units to register a mark in Class 12 and In

the matter of opposition thereto under No. 45356 by David Matthew Scott Holder T/A Velocette Motorcycle Company and In the matter of application No. 9188 by David Matthew Scott Holder T/A Velocette Motorcycle Company for a declaration of invalidity in respect of Trade Mark No. 1514064 in the name of Eicher Limited - Royal Enfield Motor Units, paragraph 31, Simon Thorley QC in relation to Section 3(6) stated that:

*"An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made (see Lord Denning M.R. in Associated Leisure v. Associated Newspapers (1970) 2 QB 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see Davy v Garrett (1878) 7 Ch. D. 473 at 489). In my judgment precisely the same considerations apply to an allegation of lack of bad faith made under Section 3(6). It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference."*

44. Do the facts of the present case demonstrate that the applicant could not have reasonably believed they had the right to register the mark because the opponent had plans to use the mark in the UK? I think not. It was PFLP (the applicant) who instigated the sales of the product in the UK by approaching the opponent. It was PFLP who suggested that the product be sold under the mark SNORENZ (in Mr Duggan's letter of 20 March 1998) only to be told prior to any sales being made in the UK and, I believe this point to be critical, that it did not matter to Med Gen under what name the product was sold in the UK (see para 13 of the learned judge's findings in the passing off case, at Exhibit PFL 1, referred to earlier in this decision). Following receipt of this information it seems to me that the applicant could reasonably infer that the opponent was merely keen to sell the product in the UK and had no particular concerns to use the SNORENZ mark itself in this country.

45. In my view the opponents have not discharged the onus placed upon them and the opposition under Section 3(6) fails.

46. The applicants are entitled to a contribution towards their costs and in this regard Mr Welch submitted at the hearing that I should depart from the normal scale of costs and award a higher sum to the applicants because the opponent had not attended the hearing and has not paid costs awarded at the High Court Judgement mentioned earlier in this decision. I reject this argument. The opponents made out a prima facie case in their Statement of Grounds and evidence filed and were under no obligation whatsoever to attend the hearing. Nor indeed was there any requirement for the applicants to attend the hearing and argue their case through oral submissions. It was the applicant's decision to do so. Turning to the High Court costs, this is not a matter for this tribunal but for separate legal action if the applicant is so minded.

48. I order the opponents to pay the applicants the sum of £700. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the determination of this case if any appeal against this decision is unsuccessful.

**Dated this 4<sup>TH</sup> day of October 2001**

**JOHN MACGILLIVRAY  
For the Registrar  
the Comptroller-General**