

TRADE MARKS ACT 1994

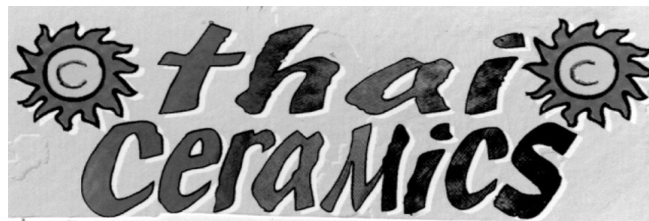
**IN THE MATTER OF APPLICATION NO 12467
BYTHAI MOSAIC & CERAMICS LIMITED
FOR A DECLARATION OF INVALIDITY
IN RESPECT OF REGISTRATION NO 2225337
STANDING IN THE NAME OF CAIRNFORD CERAMICS LIMITED**

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No. 12467
by Thai Mosaic & Ceramics Limited for a Declaration of Invalidity
in respect of Registration No. 2225337
standing in the name of Cairnford Ceramics Limited**

DECISION

1. The following mark is registered under No 2225337 in respect of 'ceramic tiles, mosaic tiles'.



It has a filing date of 1 March 2000.

2. By application dated 30 April 2001 Thai Mosaic & Ceramics Ltd applied for this registration to be declared invalid. They put their case in the following terms.

- "a) Under the provisions of Section 47(1) in that the trade mark was registered on an application made in bad faith contrary to the provisions of Section 3(6).

Hereunder the applicant relies upon the fact the proprietor and/or its predecessor James Jenkins had a business relationship with the applicant and abused that relationship to the detriment of the applicant. The applicant will show that James Jenkins made application for registration of various designs which the applicant had been authorised to use by Thai Wall Tile Partnership of 75/2 Sethakich 1 Road, Kratoomban, Samuthsakorn 74130, Thailand and/or Siam Sanitary Ware Company Limited of 1 Siam Cement Road, Banguseue, Bangkok 10800, Thailand as well as the subject trade mark whose use by the applicant had again been authorised by the Thai parties aforementioned. Subsequently, the registered designs were assigned to the applicant but a request for assignment of the trade mark was ignored.

- (b) Under the provisions of Section 47(2)(b) in that the trade mark was registered contrary to the provisions of Section 5(4)(a) and Section 5(4)(b).

Hereunder the applicant will show that the Thai parties mentioned in (a) above were the proprietors of an "earlier right" which the present applicant had been authorised to enjoy."

3. The registered proprietors filed a counterstatement in which they
 - accept that they or their predecessor in business had a business relationship with the applicants but deny that this operated to the detriment of the applicants.
 - say that they do not know which 'designs' are being referred to and cannot comment on issues to do with assignment thereof without further particulars.
 - say that they did not ignore the applicant for invalidity's request to assign the registration. Meetings between the parties were arranged to discuss the matter but it is said the applicants failed to attend.
 - deny that the Thai businesses referred to in the applicants' statement of case are the proprietors of any relevant earlier rights. They consider that the applicants' statement of case does not specify the precise nature of the complaint under Section 5(4)(a) or (b)
4. Both sides ask for an award of costs in their favour.
5. Only the applicants filed evidence.
6. By letter dated 31 December 2001 the parties were asked to say whether they wished to be heard or alternatively to make written submissions. Neither side responded to this letter. The matter, therefore, falls to be decided on the basis of the papers filed. Acting on behalf of the Registrar and after a careful study of those papers I give this decision.
7. I will start with the objection under Sections 47(1) and 3(6) of the Act. The statutory provisions read:

Section 47

"47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered."

Section 3(6)

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

8. In determining whether the registered proprietors have acted in bad faith, I am assisted by the comments of Mr Geoffrey Hobbs QC, sitting as the Appointed Person in *Demon Ale Trade Mark* [2000] RPC 345 referring in turn to Lindsay J in *Gromax Plastics v Don & Low Nonwovens Ltd* [1999] RPC 367.

“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 Philip Tan* [1995] 2 A.C. 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 a case where the applicant sees nothing wrong in his own behaviour.

In *Gromax Plastics Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 Lindsay J said (page 379):

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealing which falls short of the standards of acceptable commercial behaviour 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 a matter best left to be adjudged 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.”

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 involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant.”

9. More recently there are also the following comments of Mr Simon Thorley QC, also acting in his role as the Appointed Person in *Eicher Ltd Royal Enfield Motor Units v Matthew Scott Holder* (BL O-363-01).

“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 MR in *Associated Leisure v Associated Newspapers* (1970) 2QB 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

is distinctly proved and this will rarely be possible by a process of inference. Further I do not believe that it is right that an attack based upon Section 3(6) should be relied on as an adjunct to a case raised under another section of the Act. If bad faith is being alleged, it should be alleged up front as a primary argument or not at all.”

10. Only the opponents have filed evidence. The registered proprietors admit in their counterstatement that they had a business relationship with the applicants. They deny that “the relationship was to the detriment of the applicant for invalidity”. Whatever one chooses to read into that statement about the relationship as a whole the proprietors are silent on the applicants’ specific claim regarding the trade mark. Their statement dealing with the applicants’ request to assign the registration is unhelpful in so far as it fails to address the substance of the claim (or to advance a counter-claim) but concentrates on the applicants’ alleged failure to attend a meeting to discuss the matter.

11. The proprietors’ position amounts to something less than a clear rebuttal of the applicants’ claim. It fails to put forward an alternative version of events or to otherwise explain their own position. It is in this respect a weak document viewed in the light of the criticisms that have been made regarding inadequate pleadings in a number of appeal cases (see Julian Higgins Trade Mark Application, Club Europe Trade Mark and Demon Ale Trade Mark, which are reported in [2000] RPC at pages 321, 329 and 345 respectively). Nevertheless the fact of the matter is that the case has proceeded to the stage it is now at and, by filing a counterstatement seeking rejection of the application for invalidity, the proprietors have at least indicated that they are resisting the application. I propose, therefore, to go on and consider the applicants’ evidence in the light of the case as pleaded.

12. That evidence consists of a witness statement by Brian Burgess, their General Manager. The substance of his evidence is as follows:-

- Mr James B Jenkins, the original applicant for the mark at issue is the sole director of Cairnford Ceramics, the proprietor by assignment. Companies House records are exhibited at pages 4-5 of BB1.
- the applicants first used the mark in 1999. Artwork for a proof copy of an invoice dated 7 September 1999 is exhibited at page 6 of BB1.
- the name Thai Ceramics and the mark at issue were used by the applicants in facsimile letters sent to James Jenkins of Cairnford Ceramics. Copy letters are exhibited at pages 7 to 11 of BB1
- the applicants exhibited at the Expo Tiles exhibition at the NEC in Birmingham in January 2000 as part of the product launch programme. Copies of photographs of the stand showing the mark are exhibited at pages 12 to 22 of BB1.
- a price list and brochure dated January 2000 to coincide with the launch are exhibited at pages 23 to 34 of BB1.

- a letter to a supplier dated 29 January 2000 following the Expo Tiles Exhibition is exhibited at page 35 of BB1.
- a delivery note from a freight forwarding company dated 24 February 2000 said to cover 20 pallets of ceramic tiles is at page 36 of BB1.
- a copy of monthly management accounts showing a turnover of £30,765 for February 2000 and £44,545 for the 'year to date' are at pages 37 to 40 of BB1. I note too that the mark at issue appears on the front page of the accounts.
- the applicants are said to have purchased considerable stocks from Cairnford Ceramics. A document described as a credit note on Cairnford note paper and dated 10 April 2000 is at page 41 of BB1.

13. With the exception of the last item I note that all this material pre-dates the material date in these proceedings, that is the application filing date of 1 March 2000.

14. The position is, therefore, that Thai Ceramics claims to have been authorised by the Thai Wall Tile Partnership and/or Siam Sanitary Ware Company Ltd to use various designs and the subject trade mark. Thai Ceramics itself appear to be a marketing/sales company. It emerges from the evidence (but surprisingly is not expressly stated) that Thai Ceramics have goods produced for them by third parties. The specific materials I rely on for this conclusion are the letter of 29 January 2000 to an Irish supplier placing a 'first stock order' at page 35 of BB1; the shipping document at page 36 of BB1 which shows goods emanating from Thai Wall Tile; and the credit note from Cairnford Ltd in relation to goods supplied. It seems therefore, that the business relationship that is referred to between the registered proprietors and the applicants is that the former is one of a number of organisations supplying the latter with goods.

15. I am satisfied that the applicants were using the mark at issue from at least as early as 9 September 1999 and since that date have used it publicly on letterheads and, notably, their stand and product displays at the Expo Tiles Exhibition in January 2000. It is also clear that the registered proprietors had business dealings with the applicants from at least October 1999 and that they (the proprietors) would have been fully aware of the applicants' use of the mark. The proprietors have offered no explanation as to how they considered they could legitimately apply for the precise mark that they knew to be in use by Thai Ceramics.

16. In the circumstances I have little hesitation in concluding that the registration under attack was filed in bad faith and that the application for invalidity must succeed under Sections 47(1) and 3(6). Under the provisions of Section 47(6) the registration will be deemed never to have been made.

17. In the circumstances I do not need to consider the applicants' alternative grounds save to say that their case under Section 5(4) would, I think, need to rest on sub-paragraph (a) (passing off) rather than (b) as there is no clear and specific claim as to the nature of any design right or registered designs that are claimed.

18. The applicants are entitled to a contribution towards their costs. I order the registered proprietor to pay them the sum of £1100. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 14TH day of March 2002

M REYNOLDS
For the Registrar
the Comptroller-General