

**IN THE MATTER OF INTERNATIONAL REGISTRATION  
NO. 690242 IN THE NAME OF MALHOU TEXTIL  
KHM KOLSCH GMBH & CO. AND APPLICATION FOR  
A DECLARATION OF INVALIDITY NO. 16022 BY  
FLOODSKIRT LTD**

## **TRADE MARKS ACT 1994**

### **IN THE MATTER OF International Registration No. 690242 in the name of Malhou Textil KHM Kolsch GmbH & Co and application for a Declaration of Invalidity No. 16022 by Floodskirt Ltd**

#### **BACKGROUND**

1. The trade mark NEPTUNE has been protected since 15 December 1998 under number 690242, in respect of:

Class 19:

Building materials (non-metallic); other materials for covering existing floors, in particular laminates with a top layer consisting of wood or wood reproduction; parquet.

Class 27:

Carpets, rugs, matting, linoleum.

and stands in the name of Malhou Textil KHM Kolsch GmbH & Co.

2. On 14 January 2002, Floodskirt Ltd filed an application for a declaration of invalidity of the registration. The action was filed on Form TM26(I) together with the appropriate fee. The statement of grounds accompanying the application set out the grounds of action, which can be summarised as follows:

1. The applicant for invalidity has applied for the trade mark NEPTUNE in the United Kingdom and International Registration No. 690242 has been cited as an obstacle to acceptance thereof.

2. Enquiries have been made by the applicant for invalidity which show that the registration in issue was applied for in bad faith contrary to the provisions of Section 3(6) of the Trade Marks Act 1994. The proprietor had no intention to use the mark NEPTUNE in respect of the goods covered by the registration. In particular the proprietor had no intention to use the mark NEPTUNE in respect of building materials.

3. The relief sought by Floodskirt Limited is the invalidation of Trade Mark No. 690242 as far as it covers the United Kingdom under the provisions of Section 47(1) of the Trade Marks Act 1994 and costs in these proceedings.

4. Alternatively, the relief sought by Floodskirt Limited in the invalidation of International Trade Mark No. 690242 under the provisions of Section 47(5) of the Trade Marks Act 1994 as far as it extends to building materials not relating to floor

products and costs in these proceedings.

3. The registered proprietor did not file a counter-statement to defend their registration.

4. The applicant for invalidity filed written submissions in support of the application on 8 May 2002, which state:

- The applicants for invalidity have attempted to contact the proprietor but have found out that the proprietor was liquidated shortly after filing their trade mark application.

- They have also contacted the proprietor's representative to seek consent for their own trade mark application and were advised by the representative that they no longer act for the proprietor. The representative also indicated that the proprietor had been liquidated. They have also written directly to the proprietor, but received no response.

- That after the present registration was cited against the applicant's trade mark application they again investigated the position and they understand that the proprietor was deleted from the German company register in the year 2000 due to insolvency proceedings.

- They understand that the rights to the trade mark were not sold by the insolvency administrator, but the company has now been fully closed.

- A copy of a fax received from the applicant's German associates explaining this is attached. This fax states that the proprietor was deleted from the company register in the year 2000 due to insolvency proceedings. It also states that both the international trade mark NEPTUNE no. 690242 and the German basis mark NEPTUNE no. 39744636 do still appear in the trade mark registers without any modifications and are still valid. It goes on to state that according to German insolvency law, the insolvency administrator is entitled to sell the mark and if the mark is not sold, it will die after termination of the insolvency proceedings and final closure of the company.

- The applicants for invalidity go on to submit that the proprietor should have been well aware that they were about to be liquidated when the trade mark application was filed. They also submit that at the time of filing the application there was no intent to use the trade mark in the UK in respect of the broad list of goods covered by the registration.

5. Acting on behalf of the Registrar and after a careful study of the papers before me I give this decision.

## **DECISION**

6. Despite having been notified of the application for invalidity the action is uncontested by the registered proprietor. It does not however follow that the uncontested nature of this action will automatically mean success for the applicant for invalidity and failure for the registered proprietor. The onus in these circumstances is on the applicant for invalidity to prove why it is

that the registration should be declared invalid.

7. I am mindful of the decision in the *Firetrace Case* (BL 0/278/01) where the Hearing Officer stated:

“It is not sufficient to simply allege that a registration offends either Section 46 or 47 of the Act without doing more to prove that the allegation has substance. That said, when an application for revocation (other than non-use) or invalidation is made and the registered proprietors choose not to respond to such a request, I do not think that it is necessary for the applicants in those circumstances to have to fully substantiate their allegations beyond providing evidence which supports a prima facie case.”

8. The reason that the Hearing Officer arrived at this view is the statutory presumption in Section 72 of the Act which states:

“In all legal proceedings.....the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transaction of it.”

9. With this in mind, I now turn to consider whether the statement of grounds and written submissions provided by the applicant for invalidity is sufficient, prima facie, to allow the application for invalidity.

10. The applicants claim that the registration should be declared invalid as per Section 47 of the Act on the basis of the provisions of Section 3(6). The relevant parts of the Act are as follows:

“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.

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.”

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

11. Recent case law has indicated that bad faith is a serious allegation. In *Royal Enfield* BL 0/363/01 Mr Simon Thorley QC, sitting as the Appointed Person, held:

“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 be lightly made (see Lord Denning M.R. in *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 judgement 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 distinctively proved and this will rarely be possible by a process of inference.”

12. Despite the applicants for invalidity stating in their statement of grounds that they had made enquiries which show that the registration was applied for in bad faith no actual evidence is filed to support their submissions. Bad faith is a serious allegation and the onus is on the applicants for invalidity to raise at least a *prima facie* case. It seems to me that the applicants for invalidity’s case contains mere assertion and submission. There seems to me to be nothing on which I could find or infer that at the time the international registration was sought the holders lacked the “*bona fide* intention” to use the trade mark.

13. With this in mind, I conclude that a *prima facie* case of bad faith has not been established by the applicants for invalidity and the invalidity under Section 3(6) fails.

14. The applicants for invalidity in their statement of grounds request an award of costs in these proceedings. The applicants have been unsuccessful in these proceedings, therefore, I do not consider it appropriate to make an award of costs in their favour.

**Dated this 13<sup>TH</sup> Day of August 2002**

**Sally Long (Mrs)  
For the Registrar  
the Comptroller General**