

O-236-10

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO 2420778

IN THE NAME OF BEES SRL

OF THE TRADE MARK:

BORRI

IN CLASS 9

AND

THE APPLICATION FOR A DECLARATION

OF INVALIDITY THERETO

UNDER NO 83219

BY BORRI SPA

Trade Marks Act 1994

**In the matter of registration no 2420778
in the name of Bees SRL
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in class 9
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thereto under no 83219
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INTRODUCTION

1) An application to register the above trade mark (the trade mark) was made by Bees SRL (Bees) on 2 May 2006. The registration procedure was completed on 10 November 2006. The trade mark is registered for the following goods:

scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment and computers, fire-extinguishing apparatus.

The above goods are in class 9 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended. The registration is still in the name of Bees.

2) On 25 April 2008 Borri SpA (BSPA) filed an application for the invalidation of the registration of the trade mark. BSPA states that it is the rightful owner of the trade marks:

BORRI;



the BORRI logo



the BORRI logo and device

3) BSPA states that the trade mark BORRI originated from the family name of the founders of BSPA and was first used by it, in respect of uninterruptible power supply systems (UPS) and related products in or about 1932 in Italy. It states that since then its business has expanded throughout the world, including in the United Kingdom. BSPA states it has been using its three trade marks in the United Kingdom continuously since 1988 in relation to the development, manufacture, marketing, sale, distribution, installation, technical support and servicing of electrical apparatus, machinery and equipment, including transformers, continuity power units, energy stations, electricity distribution boards, AC & DC power systems, UPS, switches, converters, current rectifiers, battery chargers, inverters and related products.

4) BSPA states that it is a leading global provider of UPS and related products. It states that it has an expansive (sic) product line with “advanced solutions for any application, customised UPS, rectifier-battery chargers and inverters”.

5) BSPA states that it has been known by the name BORRI and goodwill in its business has accrued by reference to that name. Applications for invalidation of a trade mark registration are covered by section 47 of the Trade Marks Act 1994¹ (the Act). BSPA seeks the invalidation of the trade mark registration on the following basis:

- Bees must have known of BSPA’s earlier trade marks when it applied for the registration of the trade mark. Consequently, the application was made in bad faith and so registration of the application was contrary to section 3(6) of the Act which states:

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

- BSPA claims that the three trade marks referred to above are well-known trade marks within the meaning of section 56 of the Act, article 6bis of the Paris Convention and article 16 of the TRIPS Agreement and, therefore, qualify as earlier trade marks under section 6(1)(c) of the Act. It claims that, consequently, the registration should be declared invalid as per section 5(2)(b) of the Act.
- BSPA claims that use of the trade mark is liable to be prevented by the law of passing-off and so the registration should be declared invalid as per section 5(4)(a) of the Act.

6) Bees filed a counterstatement in which it denies the grounds of invalidation and puts BSPA to proof in relation to the claims it has made. Bees states that BSPA’s own website states that use of the trade mark BORRI in the United Kingdom only commenced in 2008 and that this would be produced in evidence. (No evidence to this effect was furnished by Bees). Bees states that it made

investigations at the time of adopting the trade mark BORRI in 2005 which did not indicate the existence of any earlier rights belonging to BSPA in respect of BORRI. Bees states that BORRI is an Italian surname and is fairly common in the city of Bibbiena where Bees is based. Bees states that one of its founders is Mr Enrico Borri and that this is the reason for the adoption of the trade mark, it states that proof of this will be submitted.

7) Both parties filed evidence. A hearing took place on 1 July 2010. BSPA was represented by Mr Moody-Stuart of counsel, instructed by Stevens, Hewlett & Perkins. Bees was not represented but furnished written submissions in support of its case.

EVIDENCE

Evidence of BSPA

First witness statement of Mr Fausto Beoni

8) Mr Beoni is the CEO of BSPA. BSPA was founded by Mr Ernesto Borri in Italy in 1932 under the name Borri Elettronica Industriale SpA. The trade mark BORRI originates from the surname of the founder, whose sons remained in the company as directors after his death.

9) Borri Elettronica Industriale SpA was converted into and incorporated as Borri Elettronica Industriale Srl on 5 April 1990, the latter took over and carried on the business previously carried out by the former. The goodwill in the business of Borri Elettronica Industriale SpA passed by means of the conversion and incorporation to Borri Elettronica Industriale Srl. This is stated by Mr Beoni and confirmed by page 2 of the merger document exhibited at FB1 where it is stated that “the incorporating company will take over all of the assets and liabilities of the incorporated company and all of the latter’s entitlements, rights, obligations and undertakings”. Borri Elettronica Industriale Srl was transformed into Invensys Power Systems SpA which changed its name to Powerware SpA, which changed its name to Eaton Power Quality SpA, which changed its name to Borri SpA on 31 August 2005. The continuity of the company is also shown in the presence of the same VAT number (10030570153) and a constant INPS registration number (see paragraph 35 below). For the sake of convenience, all will be referred to BSPA.

10) Mr Beoni states that BSPA has at all material times carried on and still carries on business in development, manufacture, marketing, sale, distribution of AC & DC power systems, UPS, switches, converters, rectifiers, battery chargers, inverters and related products. The trade mark BORRI was first used by BSPA in respect of UPS and related products in Italy in or about 1932. In about 1980 BSPA commenced to use the BORRI logo and in the second half of 1990 it started to also use the BORRI logo and device. The BORRI logo was first used

in "Great Britain" in 1986. The BORRI logo was modified to the BORRI logo and device when BSPA became part of the Sola Division of the General Signal Group in late 1991. Mr Beoni states that both the logo and the logo and device have been extensively promoted and used to denote UPS and related products originating or associated with BSPA. Exhibited at FB 8 is a product leaflet used in the years 2000 and 2001, it is in Italian, English and French. The BORRI logo appears on the leaflet, there are references to Borri SpA and BORRI. A picture of a factory can be seen upon which a sign bearing BORRI SPA can be seen. Exhibited at FB 9 is a copy of catalogue which Mr Beoni states was used in 2002 and 2003. The catalogue bears the name BORRI on the front. There are various references to BORRI in the catalogue and the logo and device also appears. The catalogue lists various customers and projects; included in these is Thornhill (Great Britain) and Tiffany platform (United Kingdom). Exhibited at FB 10 is a copy of a catalogue that Mr Beoni states was used in 2002 and 2003. The pages show use of the logo and device; there is a reference to "the experience acquired by Borri over more than 70 years of activity in the area of power conversion technology". Exhibited at FB 11 is a copy of a catalogue that Mr Beoni states was used in the years 2002 and 2003. The catalogue bears the BORRI logo and device. There are various references to BORRI in the catalogue, a picture of the factory shows a sign bearing the BORRI logo and device. At the tops of the pages of the catalogue "BORRI Industrial Solutions" appears. A catalogue exhibited at FB 12 bears the BORRI logo. At the bottom of alternate pages "BORRI Industrial Power Solutions" appears. At FB 13 is a booklet entitled *Reference List*, the booklet bears the BORRI logo, on the frontispiece "BORRI Industrial Power Solutions" appears. The pages bear the date 4 October 2006. The booklet gives a list of plants with various other details, including a year and a country. In relation to the United Kingdom the following details appear: AGIP UK 1991, Tiffany Platform off-shore – UPS system 60 KVA 3 PH, 24 VDC system, UPS system 200KVA 3 PH; Fiat Avio 1997 Thornhill Power Plant Yorkshire, DC/DC 220/110 converters, motor starter 7.5 KVA; Franco Tosi Meccanica, Immingham CHP dual rectifier 300A 110DVC. Exhibited at FB 14 is a catalogue that is in Italian, the catalogue is advising of products supplied under the name Powerware, three of the products shown also bear the name BORRI: Powerware BORRI 1000, Powerware BORRI 7000 and Powerware BORRI 4000. The back cover of the catalogue lists stockists, included on the list is an address in the United Kingdom. Mr Beoni states that the catalogue was distributed in 2002 and 2003. The catalogue was produced by Powerware SpA, earlier in his statement Mr Beoni states that Invensys Power Systems SpA changed its name to Powerware SpA on 30 December 2003 and that in turn the name was changed to Eaton Power Quality SpA on 23 September 2004, consequently it is difficult to see how this catalogue was distributed in 2002 and 2003; as it is in Italian it is unlikely that it was distributed in the United Kingdom. Exhibited at FB 15 is a leaflet that Mr Beoni states was used in the early 1980s and at FB 16 there is a price list dated November 1986. Mr Beoni states that the price list was annotated by Ms Mariella Bertoneri, this annotation relates to Ms Bertoneri's contact with Mr Wallace, legal representative of Power

Systems International, BSPA's distributor in the United Kingdom. There is no indication as to the actual distribution and/or use of the various catalogues in the United Kingdom.

11) Exhibited at FB17 are technical documents from 1992 relating to the Tiffany Platform, emanating from BSPA. The customer is identified as Matthew Hall Engineering, the documents bear the BORRI logo.

12) Exhibited at FB 22 is a list of BSPA's United Kingdom customers, there is no indication as to when the products were sold or what products were sold. Included in the list are sales to Trinidad and Ireland.

13) BSPA's products are divided between standard products and custom products. The standard products are produced in small numbers and sold by means of catalogues.

14) BSPA started to supply standard products under the BORRI trade marks in 1986. The first distributor was Crotan Limited, the relationship with which ended in 1989. In 1989 CPS Constant Power Services Limited signed an original equipment manufacturer arrangement with BSPA as a distributor of its standard products bearing the BORRI trade marks. From October 1995 to 2002 goods bearing the BORRI trade marks were exclusively distributed by Best Power Limited, a company that it controlled. In 2002 Invensys Secure Power Limited UK (an associated company of BSPA) became the distributor of the products, from 2004 the goods were sold by Eaton Power Quality UK Limited (an associated company of BSPA). In relation to custom products a distribution relationship existed through Power Systems International Limited. In 2008 (after the date of application for registration) AEC Limited became the exclusive distributor.

15) Sales of goods bearing BORRI trade marks in the United Kingdom are as follows:

1998	€2,110,220
1999	€2,208,436
2000	€2,346,205
2001	€2,782,217
2002	€2,166,870
2003	€2,096,286
2004	€2,227,460
2005	€1,437,551
2006	€562,928
2007	€92,971
2008 (January – September)	€193,042

16) Exhibited at FB26 are sample invoices for goods, which Mr Beoni states bore the BORRI trade marks, sold to United Kingdom customers between 1996 and 2008.

1996:

The vast majority of the invoices are made out to Best Power UK Ltd – some of the products were not sent to UK. There are also invoices to: Constant Power Services Ltd; Umm-Al-Jawby Oil Service Limited (for goods not supplied to the United Kingdom) and AGIP (UK) Limited (charges for Tiffany service).

1997

The vast majority of the invoices are made out to Best Power UK Ltd – some of the products were not sent to the United Kingdom. There are also invoices made out to Constant Power Services Ltd and Power Systems International Ltd.

1998

The vast majority of the invoices are made out to Best Power UK Ltd – some of the products were not sent to the United Kingdom. There are also invoices made out to Constant Power Services Ltd, Power Systems International Ltd and one to Phillips Petroleum Company UK Ltd

1999

The vast majority of the invoices are made out to Best Power UK Ltd. There are also invoices sent to Power Systems International Ltd (some of these relates to training supplied in Namibia and Abu Dhabi).

2000

Invoices sent to: Best Power UK Ltd, Power Systems International Ltd, Constant Power Services Ltd and ABB Automation Ltd.

2001

The vast majority of the invoices are made out to Power Systems International Ltd, 1 is for the services of a technician in Barbados. Invoices are also made out to Constant Power Services Ltd and ABB Automation Ltd.

2002

The vast majority of the invoices are made out to Power Systems International Ltd (several of them are made out for services supplied in Barbados, Abu Dhabi, and Germany). An invoice to ABB Automation Ltd relates to supplying a

technician in China. An invoice to Trans Global Projects Ltd relates to supplying goods to Kazakhstan.

The invoices from 19 March 2002 bear the names Invensys and Invensys Power at the top, however, the BORRI logo and device can be seen on the body of several of them. The invoices prior to this date bear the BORRI logo.

2003

Invoices are made out to Power Systems International Ltd (including goods sent to Dubai and Barbados). Invoices to Trans Global Projects Ltd, Steadfast Scotland and ABB Ltd relate to goods or services supplied outside of the United Kingdom.

2004

The invoices for 2004 bear the name POWERWARE. There is no reference to BORRI.

There are invoices issued to Power Systems International Ltd (one relating to Germany). Two invoices to Trans Global Projects Ltd relate to goods supplied to Kazakhstan, there is also an invoice made out to Eltham Export Limited

2005

The invoices for 2005 bear the name EATON. There is no reference to BORRI.

There are two invoices for Power Systems International Ltd, one relating to services supplied in Abu Dhabi, the other to goods supplied to Dubai. The third, and final invoice, is made out to Vai Industries UK Ltd and relates to goods supplied to an address in Italy.

2008

These bear the BORRI logo and the name BORRI SpA

There are invoices made out to: AEC Power Control Ltd (2 of the invoices for goods to be delivered to Ireland), Specialist Power Systems Ltd, Eaton Power Quality Ltd, ITAL and Energy Systems UK Ltd.

17) In 2005, as a result of company reconstruction, some employees of BSPA were made redundant. On 25 October 2005 BSPA made various employees redundant. These included: Luca Mori, Luciano Brocchi, Enrico Borri, Nara Catacchini, Piero Manneschi, Maura Cittadini and Lorenzo Cavalieri. Documentation is exhibited at FB 27 in relation to the redundancies. It is clear from this documentation that those made redundant, at the time of their

redundancy, were employed by BSPA; documentation refers to BSPA and also includes BSPA's logo. Exhibited at FB28 is a contract (and translation thereof), dated 5 April 2005, between Mr Fabio Cenni and Eaton Power Quality SpA. Mr Cenni was employed under a fixed term contract which was not renewed. Section 8 of the contract imposes a duty of confidentiality in relation to technical information that he becomes aware of as a result of his work for the company.

18) Mr Mori was the business manager for overseas markets, Mr Luciano Brocchi was employed in the products area, Mr Enrico Borri was employed at the services area, Ms Nara Catacchini was responsible for customers for Italy and overseas "with connections with the services area". Mr Fabio Cenni worked in the production area, Mr Piero Manneschi was responsible for the technical office, Ms Maura Cittadini and Mr Luca Mori were in "the position to contact" BSPA's customers in Italy and abroad. Mr Mori was in the position to contact BSPA's clients at the highest positions. Exhibited at FB30 is documentation relating to Bees, this is mostly in Italian, with a limited amount of translation. Bees was registered with the chamber of commerce on 17 November 2005. It belongs to Gruppo Canaccini-Dini-Gallai. The main activity of the company is described as being the manufacture, installation, repair and maintenance of other electric apparatus. Mr Luciano Brocchi is president of the board of directors and Mr Luca Mori is a director of the company. The other former employees of BSPA referred to above have "contributed to the institution of Bees" and currently work for it.

19) Mr Beoni states that Bees produces goods and provides services that are the same as those produced by BSPA. BSPA became aware of Bees in 2006 when some of the former's customers informed it that Bees had contacted them for promotional purposes. Mr Beoni states that this conduct contravenes confidentiality obligations of the former employees of BSPA. Exhibited at FB31 is a copy of tender dated 22 November 2006 from Bees to AEM Calore & Servizi SpA, a client of BSPA. (There is no translation of this document from Italian.) The document is clearly and regularly marked Bees, there is no reference to BORRI on the document.

20) Without the knowledge of BSPA, Bees registered the trade mark BORRI in Italy, which then formed the basis of an international registration. BSPA is challenging the Italian registration through the Court of Bologna.

Witness statement of Mariella Bertoneri

21) Ms Bertoneri was employed by BSPA between February 1981 and October 1995.

22) Ms Bertoneri comments on the distribution arrangements in the United Kingdom. There is an apparent discrepancy with the statement of Mr Beoni, as she states that the first distributor was, in 1986, Power Systems International rather than Crotan Limited, with which she states BSPA began a relationship in

1988. As Ms Bertoni's relationship with BSPA ended in 1995, her statement can have little weight, taking into account the application for registration was filed on 2 May 2006 and the application for invalidation of the registration on 25 April 2008.

Witness statement of Peter Harwood

23) Mr Harwood was the managing director of Constant Power Services Ltd (CPS). He held this position from CPS's formation in 1989 until March 2008.

23) During his period at CPS, CPS was a distributor in the United Kingdom of UPS products to the financial, telecom and industrial sectors. CPS's share of the United Kingdom market for UPS products was approximately 5%. Mr Harwood's statement deals with the period when CPS was a distributor of BSPA's CPS products for a period of six years from 1989. As his evidence relates to the period ending in 1995, like the evidence of Ms Bertoneri, it can have little weight on the issues involved in this case.

Evidence of Bees

24) This consists of a witness statement by Ms Claire Birro. Ms Birro is a registered trade mark attorney. A good deal of this witness statement consists of submission and a critique of the first round of evidence of BSPA. As this is not evidence of fact nothing will be said in relation to this here, however, the submissions and comments made are taken into account in the findings of the decision.

25) Ms Birro states that one of the founders of Bees is Mr Enrico Borri and that it is entirely legitimate that he wishes to use his surname as the trade mark of Bees. Ms Birro states that Bees conducted an availability search to establish whether it could use and register the trade mark BORRI. She states that the search did not identify any names in the name of BSPA. Ms Birro states that Bees commenced using the trade mark in 2005 and the first application for the BORRI trade mark was filed in Italy in classes 37 and 42 on 14 February 2006, details of the registration are exhibited at CB1.

26) Ms Birro states that BSPA merged with Elettronica Industriale Srl in 1990 and so was no longer using BORRI as a company name or a trade mark. Exhibited at CB3 is an extract from the records of the Chamber of Commerce of Arezzo in relation to Borri SpA Elettronica Industriale. This shows that Borri SpA Elettronica Industriale, which is not the applicant for invalidation, ceased on 17 December 1990 as a result of merger into another company. Ms Birro states that paragraph 5 of the first witness statement of Mr Beoni confirms that in early 2005, when Bees adopted the name BORRI, BSPA was no longer using BORRI as part of its company name. Paragraph 5 of the first witness statement of Mr Beoni gives the history of the various companies which have been predecessors in title to BSPA.

27) Ms Birro denies that any of the former employees named by Mr Beoni were the subjects of confidentiality agreements.

Further evidence of BSPA

28) This consists of a further witness statement by Mr Beoni.

29) Mr Beoni states that there was no discontinuance of the name BORRI or of the business formerly carried out under the name BORRI following the merger of Borri SpA Elettronica Industriale into Elettronica Industriale Srl. Mr Beoni states that until late 2004 all of the invoices showed the trade mark BORRI as a watermark. He states that owing to the poor quality of the photocopies the watermarks do not show clearly on each copy of the invoices. Exhibited at FB33 are copies of some invoices which show the use of the trade mark BORRI more clearly. The watermark is in the form of the BORRI logo and device. Mr Beoni states that the trade mark BORRI was removed from the invoices over the period between November 2004 and 1 September 2005 when BSPA's name was changed to Borri SpA.

30) Mr Beoni confirms that the UPS and related products of BSPA have always borne the trade mark BORRI on the front panel of the products and inside the products on the control panel, except where the products were distributed under an OEM agreement, in which case the trade mark BORRI always appeared inside the products on the control panel, and sometimes on the front panel. Mr Beoni states that the evidence of Mr Harwood covers the use of the BORRI trade marks in respect of UPS products between 1989 and 2008, as noted above, Mr Harwood's evidence covers a period up to 1995.

31) Mr Beoni states that the products shown on the invoices can be described in plain language as: UPS, inverters, batteries, battery cabinets, isolation transformers, software, filters, circuit breakers, spare parts, transformers, fuses, module transistors, ventilators, capacitors and remote panels. He refers to invoices showing training, maintenance and repair services provided by BSPA. Of the 6 invoices to which Mr Beoni refers, 4 relate to services provided outside of the United Kingdom. Only those from 1997 and 1999 relate to goods that were repaired and then returned to the United Kingdom.

32) Mr Beoni states that products are referred to by reference to product codes. He gives as an example S4000, which is referred to on various invoices. This, he states, is a BORRI branded UPS, which later became the B4000 and then the B4033. The latest version of the product is shown in a leaflet exhibited at FB 34, this leaflet shows the BORRI logo, it refers to BORRI SpA, the BORRI logo can be seen on the equipment, the leaflet states that it was printed in 2006.

33) Mr Beoni gives examples of what some of the products are which are referred to be product codes on the invoices. The products that he identifies are

UPSs, frequency converters, connectivity cables, parallel kits, management software, industrial rectifiers, battery chargers, single phase industrial inverters, industrial static transfer switches, static transfer switches, rectifiers and single phase inverters.

34) Mr Beoni states that as far as he is aware Bees does not sell goods under the trade mark BORRI. He states that the main business of Bees is to provide services and he believes that the main function of that business is to service and maintain the products of BSPA. Mr Beoni states that Ms Catcchini, by virtue of her past position with BSPA, knows the clients of BSPA in Italy, the United Kingdom and elsewhere and has been contacting the clients of BSPA in order to offer servicing and maintenance contracts for the UPS products of BSPA. He knows this directly from the clients of BSPA. Mr Beoni states that owing to the long life expectancy of BSPA UPS products, servicing and maintenance contracts are very lucrative and he believes that Bees has knowingly been trying to confuse the clients of BSPA as to the origin of the services which it is offering.

35) Exhibited at FB 36 are copies and partial translations of payslips received by Mr Brocchi, Mr Mori and Ms Catacchini between January 2003 and December 2005. He states that each of these individuals held positions of responsibility with Bees when the BORRI trade mark was applied for. Mr Mori was a director of Bees at the time of the application and is still a director. The pay slips identify the employer, from January 2003 to December 2003 as being Invensys Power Systems SpA, from January 2004 to August 2004 as being Powerware SpA, from September 2004 to August 2005 as being Eaton Power Quality SpA and from September 2005 to December 2005 as being BSPA. All of the payslips have the same company INPS registration number, 050208116; a company which is the subject of a change of name or change of ownership will keep the same INPS number.

36) Exhibited at FB 37 are copies of correspondence between the employer and the trade union representatives of the BSPA staff. One letter, dated 11 July 2005, makes various references to BORRI, including reference to Eaton Quality Power's BORRI division. In this letter BSPA is referred to as BORRI. This letter includes the signatures of former employees of BSPA who are shareholders of Bees; the signatures include those of Mr Mori, Ms Catcchini and Mr Brocchi.

37) In the months leading up to the recordal of the change of name to BSPA on 31 August 2005 various press local press articles were produced about the factory in Bibbiena, these articles identify the factory and the undertaking as being BORRI, copies of the articles are exhibited at FB 38. When BSPA's name was changed to BSPA Mr Beoni explained the changes to the employees during a public assembly held on 1 September 2005 at 09.30 at the BORRI factory. Exhibited at FB39 is a copy of the official letter explaining the changes and the reasons for the changes, which he read aloud to the employees at the meeting

and which he explained to them. The undertaking is referred to and identified as BORRI.

38) Mr Beoni believes that Mr Mori, Mr Brocchi, Mr Borri, Ms Catacchini, Mr Manneschi, Ms Cittadini and Mr Cavaliere were present at the assembly and that they belonged to a group of employees who were opposed to the changes. Mr Brocchi must have known of the assembly and the change of name in his capacity as representative of the trade union at the BORRI factory.

39) Mr Beoni states that the employees of BSPA could not have failed to notice the signs on the roof of the factory on the main entrance gate. Exhibited at FB 40 are photographs from June 2004 and September 2005. These show the factory, upon the roof of which there are signs that bear the BORRI logo. BSPA's facility in Bibbiena has always been known as the BORRI factory. Pages 6 and 7 of exhibit FB 30 lists Mr Mori, Mr Brocchi, Mr Borri, Ms Catacchini, Mr Manneschi, Ms Cittadini and Mr Cavaliere as proprietors of Bees. Mr Borri, Mr Brocchi, Ms Catacchini, Mr Cenni, Mr Manneschi and Mr Mori have been shareholders of Bees since 9 November 2005.

DECISION

Section 3(6) – bad faith

40) The material date for bad faith is the date of the filing of the application for registrationⁱⁱ; in this case. Bad faith cannot be cured by some action after the date of the applicationⁱⁱⁱ. (It may be, however, that actions after the date of application cast light on the decision to make an application for registration.)

41) Bad faith includes dishonesty and “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular field being examined^{iv}”. Certain behaviour might have become prevalent but this does not mean that it can be deemed to be acceptable^v. It is necessary to apply what is referred to as the “combined test”. This requires me to decide what Bees knew at the time of making the application and then, in the light of that knowledge, whether its behaviour fell short of acceptable commercial behaviour^{vi}. Bad faith impugns the character of an individual or collective character of a business, as such it is a serious allegation^{vii}. The more serious the allegation the more cogent must be the evidence to support it^{viii}. However, the matter still has to be decided upon the balance of probabilities.

42) There is primary evidence through invoices of trade in the United Kingdom and there is the unchallenged evidence of Mr Beoni as to sales and the nature of the sales and the sign used in relation to the sales. Mr Arnold QC, sitting as the Appointed Person in *EXTREME Trade Mark* BL O/161/07 stated:

"Where, however, evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced evidence to contradict the witness's evidence despite having had the opportunity to do so, then I consider that the rule in *Brown v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness's evidence.

Bees has put in nothing to put in doubt the statements of Mr Beoni. Bees has not put in any direct evidence. It has relied upon Ms Birro to give hearsay evidence, evidence upon which there cannot be effective cross-examination. In contrast BSPA has put in evidence from a senior figure of the undertaking, Bees has not requested to cross-examine him in relation to this evidence. In its written submissions Bees criticises the evidence of Mr Beoni, it submits that the use of the BORRI trade mark in the United Kingdom has been abandoned, directly contrary to the evidence of Mr Beoni. It had the opportunity to call Mr Beoni for cross-examination, it had the opportunity to put in evidence to contradict the evidence of Mr Beoni. In fact Ms Birro, on behalf of Bees, criticised and denied the initial evidence of Mr Beoni; which led to him filing further evidence in order to attempt to show that the criticism was not valid. Mr Beoni gives figures for goods sold in the United Kingdom by reference to BORRI, again unchallenged evidence. There is clear and unchallenged evidence of the chain of title and ownership of goodwill, including primary evidence (see FB1). Best Power Limited, Invensys Secure Power Limited and Eaton Power Quality UK Limited, who distributed products for BSPA were all associated companies of BSPA (invoices from 1996 to 2000) are made out to Best Power UK Ltd. Custom products were, however, distributed by Power Systems International Limited (see paragraph 12 re the difference between standard products and custom products). The catalogue exhibited at FB11, in English, clearly identifies Powerware SpA (which became Eaton Power Quality SpA, which changed its name to BSPA) as the provider and producer of the goods. Invoices show products being returned to BSPA for repair, showing where the responsibility lies. In *The Law of Passing-Off* (third edition) Mr Wadlow states that "the goodwill will in general belong to the foreign business rather than the local representative *provided* that the foreign business is recognised as the ultimate source of the goods". In this case, taking into account the rôle of companies under the control of BSPA, the promotional material, the effecting repairs by BSPA, the goodwill in the business lies with BSPA. In *Medgen Inc v Passion for Life Products Ltd* [2001] FSR 30 to which Bees refers in its submissions, the claimant carried on no business in the United Kingdom, the packaging contained no reference to the claimant, the whole business of marketing and sale were carried out by the defendant, the references on the packaging and in advertisements was exclusively to the defendant, it was to the defendant that trade customers would turn if there was any defect or problem and there was no evidence that the retail trade or the ultimate customer knew that the claimant was the developer of the product or cared who had

developed it or was responsible for its manufacture. The facts in this case are very different. Material clearly identifies the manufacturer of the products. The products are sophisticated, the purchaser is going to be concerned as to whom the producer of the products is.

43) In the evidence of Ms Birro it is stated that when Bees conducted clearance searches it was not aware of any relationship between Ivensys Power Systems SPA and BSPA. Consequent upon this Mr Beoni furnished evidence to show that Mr Brocchi, Mr Mori and Ms Catacchini had received payslips with the names of both undertakings upon them. It is inherently improbable that they did not know of the relationship. Owing to the state of knowledge of Mr Mori, Mr Luciano Brocchi and Ms Catacchini from their positions with BSPA there was no need to conduct a clearance search. It is clear from their positions that they would have known that BSPA had a business in the United Kingdom by reference to the sign BORRI and various versions of it in relation to UPS and related products. They have put in no evidence to deny that they had this knowledge. Bees has also registered the trade mark BORRI for services in Italy, did it also not know of BSPA's use of BORRI in Italy? It gives no explanation for this application and registration. Mr Mori, Mr Luciano Brocchi and Ms Catacchini had worked in the BORRI factory, with the BORRI sign on the roof. Bees claims that the reason for applying for the trade mark BORRI was that one of its founders had the surname Borri. This clearly cannot be considered an own name defence as the application is in the name of Bees. It can also hardly be a justification taking into account the state of the knowledge of the controlling minds of Bees, who were former employees of BSPA. There were plenty of other surnames of officers of Bees to choose from for a trade mark.

44) There is a group of former employees of BSPA who formed a company, which seeks contracts to service BSPA's goods, applies for a trade mark that is used for the goods of BSPA and is identified with the goods of BSPA; former employees who were made redundant by BSPA. A group of employees who do not deny that they were at the employee assembly on 1 September 2005 when Mr Beoni read out the letter exhibited at FB39, where the business is clearly identified by reference to BORRI.

45) In *Canaries Seaschool Slu v John Williams and Barbara Williams* Mr Hobbs QC, sitting as the appointed person, stated:

"51. It seems to have been a matter of administrative convenience that the opposed application for registration was filed in the name of Andrew Williams' partner, Janet Wills, before being assigned to the Applicant. No argument to the contrary has been raised on its behalf. On the basis of the evidence on file, the knowledge, intentions and motives of Andrew Williams can properly be attributed to the Applicant. They are amply sufficient to invalidate the opposed application in accordance with the principle of prohibition of abuse of law as reflected in the objection to

registration on the ground of bad faith provided by Section 3(6) of the 1994 Act. The behaviour of Andrew Williams hence the behaviour of the Applicant towards the Opponents in connection with the filing of the opposed application for registration was, on the view I take of the evidence, tainted by a desire to deprive them of their entitlement to the goodwill appertaining to the verbal and non-verbal elements of the signs in issue. That appears to me to be unacceptable on any view of what can constitute applying for registration in bad faith.”

In Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others [2008] EWHC 3032(Ch) Arnold J held:

“189. In my judgment it follows from the foregoing considerations that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Article 107 can hardly be said to be abusing the Community trade mark system.”

In Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH Case C-529/07 the European Court of Justice (ECJ) considered the concept of bad faith.

“40 However, the fact that the applicant knows or must know that a third party has long been using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought is not sufficient, in itself, to permit the conclusion that the applicant was acting in bad faith.....”

46 Equally, the fact a third party has long used a sign for an identical or similar product capable of being confused with the mark applied for and that that sign enjoys some degree of legal protection is one of the factors relevant to the determination of whether the applicant was acting in bad faith.

47 In such a case, the applicant's sole aim in taking advantage of the rights conferred by the Community trade mark might be to compete unfairly with a competitor who is using a sign which, because of characteristics of its own, has by that time obtained some degree of legal protection.

48 That said, it cannot however be excluded that even in such circumstances, and in particular when several producers were using, on the market, identical or similar signs for identical or similar products capable of being confused with the sign for which registration is sought, the applicant's registration of the sign may be in pursuit of a legitimate objective.

49 That may in particular be the case, as stated by the Advocate General in point 67 of her Opinion, where the applicant knows, when filing the application for registration, that a third party, who is a newcomer in the market, is trying to take advantage of that sign by copying its presentation, and the applicant seeks to register the sign with a view to preventing use of that presentation.

50 Moreover, as the Advocate General states in point 66 of her Opinion, the nature of the mark applied for may also be relevant to determining whether the applicant is acting in bad faith. In a case where the sign for which registration is sought consists of the entire shape and presentation of a product, the fact that the applicant is acting in bad faith might more readily be established where the competitors' freedom to choose the shape of a product and its presentation is restricted by technical or commercial factors, so that the trade mark proprietor is able to prevent his competitors not merely from using an identical or similar sign, but also from marketing comparable products.

51 Furthermore, in order to determine whether the applicant is acting in bad faith, consideration may be given to the extent of the reputation enjoyed by a sign at the time when the application for its registration as a Community trade mark is filed."

In this case Bees can have no belief that it has a superior right in the trade mark BORRI or any right in the trade mark BORRI. There is solid unchallenged evidence of BSPA, or its predecessors in title, of use of BORRI in the United Kingdom, there is no evidence of Bees using the trade mark on goods anywhere. The evidence, again unchallenged, of BSPA is that Bees has not used the trade mark in relation to goods. Bees seeks contracts to service the goods of BSPA. The controlling minds of Bees would have known of the long use of BORRI in the United Kingdom in relation to UPS and related equipment. This case was put up front to Bees who declined the opportunity to file first hand evidence to challenge

this position; evidence that would have allowed for cross-examination. Owing to the nature of the equipment any goodwill in relation to it would take a long time to dissipate; if repairs or servicing is needed the owner will be looking for repair and servicing of a BORRI product.

46) To adopt and adapt the words of Mr Hobbs, the filing of the application for registration was tainted by a desire to deprive BSPA of its entitlement to the goodwill appertaining to the BORRI name. That is unacceptable on any view of what can constitute applying for registration in bad faith.

47) The application was made in bad faith. The registration was made in contravention of section 3(6) of the Act and in accordance with section 47(6) of the Act the registration is deemed never to have been made.

48) In this case the passing-off case is inextricably linked to the bad faith case. If the bad faith case succeeds, owing to its link to goodwill in the United Kingdom, the passing-off case will succeed; although, owing to the specification, in relation to fewer goods. It is not necessary, therefore, to make a finding in relation to the grounds under section 5(4)(a) of the Act.

49) On the basis of the evidence the claim to a well-known trade mark in the United Kingdom is without any merit and the grounds of invalidation based on section 5(2)(b) of the Act are dismissed.

COSTS

50) BSPA has been successful and is entitled to a contribution towards its costs. Mr Moody-Stuart submitted that no criticism is made of Ms Birro, who has simply acted as a mouthpiece for Bees. However, he considered that it would be manifestly unjust for BSPA to be out of pocket in respect of the evidence required to defeat the misleading and untrue account put forward at Bees behest in relation to the bad faith claim, consequently, he requested that an award of costs should be made other than on the normal scale. Mr Moody-Stuart stated that he was not seeking off the scale costs for those parts of the second witness statement which related to the passing-off claim. Taking into account the statements made on behalf of BSPA and the nature of the evidence filed to repudiate these statements, it is reasonable for the assessment of costs to take into consideration the actual costs incurred in relation to the preparation of the second witness statement of Mr Beoni as far as it relates to the bad faith issue. BSPA has two weeks from the date of this decision to submit a breakdown of the costs involved in the preparation and submission of the second witness statement of Mr Beoni. A supplementary decision will then be issued in relation to the costs. The period for appeal for both the substantive decision and the supplementary decision will run from the date of the issue of the latter decision.

Dated this 8 day of July 2010

**David Landau
For the Registrar
the Comptroller-General**

ⁱ “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.

(2) The registration of a trade mark may be declared invalid on the ground-

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(2A)* But the registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless –

(a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration, (b) the registration procedure for the earlier trade mark was not completed before that date, or (c) the use conditions are met.

(2B) The use conditions are met if –

(a) within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or (b) it has not been so used, but there are proper reasons for non-use.

(2C) For these purposes –

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and (b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(2D) In relation to a Community trade mark or international trade mark (EC), any reference in subsection (2B) or (2C) to the United Kingdom shall be construed as a reference to the European Community. (2E) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

(2F) Subsection (2A) does not apply where the earlier trade mark is a trade mark within section 6(1)(c)

(3) An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court, except that-

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(4) In the case of bad faith in the registration of a trade mark, the registrar himself may apply to the court for a declaration of the invalidity of the registration.

(5) Where the grounds of invalidity exists 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.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made:

Provided that this shall not affect transactions past and closed.”

(The transitional provisions of The Trade marks (Relative Grounds) Order 2007 mean that that Order does not have effect in this case:

“(2) Article 5 shall not apply to an application for a declaration of invalidity which relates to a trade mark the application for the registration of which was published before the coming into force of this Order.”

The order came into force on 1 October 2007.)

ⁱⁱ *Hotpicks Trade Mark* [2004] RPC 42 and *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* Case C-529/07 paragraph 35.

ⁱⁱⁱ *Nonogram Trade Mark* [2001] RPC 21.

^{iv} *Gromax Plasticulture Limited v. Don and Low Nonwovens Ltd* [1999] RPC 367.

^v *Harrison v Teton Valley Trading Co* [2005] FSR 10.

^{vi} (1) *Barlow Clowes International Ltd. (in liquidation)* (2) *Nigel James Hamilton and (3) Michael Anthony Jordon v (1) Eurotrust International Limited (2) Peter Stephen William Henwood and (3) Andrew George Sebastian* Privy Council Appeal No. 38 of 2004 and *Ajit Weekly Trade Mark* [2006] RPC 25.

^{vii} See *Royal Enfield Trade Marks* [2002] RPC 24.

^{viii} *Re H (minors)* [1996] AC 563.
