

O-315-15

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NOS. 2620689, 2620690, 2620691,
2620692 AND 2620694 IN THE NAME OF ALTECNIC LIMITED IN RESPECT
OF THE FOLLOWING TRADE MARKS IN CLASS 11 :**

**INOX-PRO
ULTRA-PRO
CAL-PRO
HY-PRO
AND
HYDRO-PRO**

**AND APPLICATIONS FOR A DECLARATION OF INVALIDITY THERETO
UNDER NOS. 84667, 84668, 84669, 84670 AND 84671 BY ZILMET S.P.A.
AND ZILMET UK LIMITED**

BACKGROUND

1) Altecnic Limited is the proprietor of the above marks (“the registrations”). It applied for the registrations on 11 May 2012 and the various registration procedures were completed on the following dates:

Mark	Date completed registration procedure
2620989 INOX-PRO	12 October 2012
2620690 ULTRA-PRO	9 November 2012
2620691 CAL-PRO	14 December 2012
2620692 HY-PRO	12 October 2012
2620694 HYDRO-PRO	12 October 2012

2) The registrations all cover various goods in Class 11.

3) On 11 February 2013, Zilmet S.P.A. and Zilmet UK Limited (together “the applicants”) applied for all five registrations to be declared invalid. The grounds of the application are identical in each case, namely that the registrations offend under Section 3(6) and Section 60(3)(a) of the Trade Marks Act 1994 (“the Act”). In respect to both pleadings, they state that the marks were devised by Zilmet S.P.A. (“Zilmet”) and have been used by both the applicants for a number of years in a number of countries including “most countries in Europe”. In particular, it relies on use in Italy which is a Convention country within the meaning of Section 60 of the Act. It is claimed that Zilmet owns and owned at the material date unregistered rights in the marks either because they were de facto marks within the meaning of relevant Italian law and/or because they were well known marks within the meaning of Article 6bis of the Paris Convention. It claims that the proprietor was the UK distributor for products bearing the marks for a number of years (and at least until May 2012) but that it is no longer the UK distributor. There was never any transfer of rights in the marks to the proprietor.

3) In light of the above, the claim is that the registrations are contrary to Section 3(6) and Section 60(3)(a) of the Act and should be invalidated under Section 47(1) of the Act and contrary to Section 60(3)(a) of the Act.

4) The proprietor subsequently filed counterstatement denying the applicants’ claims and in particular denying that there was never any transfer of rights in the marks. It maintains that it owns goodwill in the marks based upon its long use of the marks. In respect of the claim under Section 60(3)(a), the applicant relies upon the defence contained in Section 60(5), and justifies its actions by stating that because it has sold goods under the marks in the UK and the hard work, investment and the goodwill it owns are such as to justify its actions. It puts the applicants to proof that the proprietor was the UK distributor or agent for the products bearing the marks. It further puts the applicants to proof regarding their

claim that Zilmet was the proprietor of a relevant mark in Italy at the material date.

5) All five sets of proceedings were subsequently consolidated.

6) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. The matter came to be heard on 19 March 2015 when the applicant for invalidation was represented by Ms Jacqueline Reid of Counsel, instructed by Swindell & Pearson Ltd and the proprietor represented by Mr Kieran Taylor for Swindell & Pearson Ltd.

The applicants' evidence

7) This takes the form of three witness statements by Mr Stuart Michael Gizzi, one of the founders (in 1987) of the proprietor and a director until 2010, five by Mr Paolo Benetollo, managing director of Zilmet. and one by Mrs Gabriella Diana Modina a qualified Italian and European Trade Mark Attorney at Modiano & Associati SpA.

8) In respect of the nature of the relationship between the parties, the following statements/evidence are relevant:

- At paragraph 9 of his second witness statement (PB2/9), Mr Benetollo states that Zilmet is recognised as a “world leader” with a strong reputation in Europe and provides a self-confirming advert that appeared in a French trade magazine in January 2006 to support the claim (Exhibit PB026);
- In June 1989, it was agreed that the proprietor would become the UK distributor for Zilmet, but Mr Gizzi is not aware of any formal documentation drawn up to confirm this. Mr Benetollo states that the proprietor became UK distributor “in around 1989” (PB1/33) and also that it was never Zilmet’s exclusive distributor and it continued to supply some UK customers direct. Zilmet were already selling into the UK before appointing the proprietor as a distributor (PB2/5). Mr Gizzi was director of the proprietor at the time and he states the same. The previous UK distributor was called EA Molyneux;
- An agreement was made for the proprietor to become Zilmet’s UK distributor. Part of the agreement related to Zilmet acquiring 10% of the shares in the proprietor. Zilmet continues to own these shares (PB2/7). Mr Benetollo provides a copy of the share certificate at Exhibit PB024. Exhibit PB025 is a copy of an undated article entitled “Altecnic to distribute Zilmet range”. It states that the proprietor will be the exclusive distributor from 1 January 1992 (not 1989 as Mr Benetollo and Mr Gizzi recalled);

- Zilmet was already well known in the UK and Europe when the proprietor became UK distributor. Mr Gizzi states (SMG2/14) that when the proprietor was supplying Zilmet products, Zilmet would have been regarded as the number one manufacturer/supplier of expansion vessels in Europe;
- Mr Benetollo states that he developed all five marks at issue in these proceedings as follows: HYDRO-PRO in 1991, ULTRA-PRO in 1992, CAL-PRO in 1996, INOX-PRO in 1997 and HY-PRO in 2009. Mr Gizzi also states that he was aware that Zilmet devised and owned the marks (SMG2/11). To support this, Mr Benetollo provides price lists, where the marks appear, from between March 1991 and January 2007, most being Italian, but one is in Russian and two from 2006 and 2007 are bilingual Italian/English (Exhibits PB001 – PB009). Leaflets about the products sold under the disputed marks are provided dated between 1993 and 1997 (Exhibits PB010 – PB014), most bilingual in Italian/English. Two leaflets from 1997 show four of the marks, intended for the Chinese and Turkish markets and shown at Exhibits PB016 – PB017. Invoices illustrating CAL-PRO, ULTRA-PRO, HYDRO-PRO, HY-PRO and INOX-PRO products being sold by Zilmet to customers in China, France, Australia, Canada, India and Poland and dated between 2002 and 2009;
- In addition to supplying the proprietor, Zilmet also supplied products directly to a number of UK customers, namely Grundfos, DAB, Lowara, Vaillant Group, Baxi Group, Worcester Group, Kingspan, Firebird (PB1/36), Watts, Ideal Boilers, Solfex, EPS, Vokera and BDR Group (PB2/11) and the products sold to these customers included those identified by the five contested marks. Exhibit PB021 consists of two invoices, dated in February 2005 and January 2005 respectively, to UK customers Watts UK Limited and Loweara UK Limited variously referring to all the contested marks except HY-PRO (which, of course, Mr Benetollo has already stated that he did not develop until 2009);
- The proprietor sold Zilmet's products and the applicants' house mark ZILMET appeared on the packaging as well as the contested marks being applied to the goods themselves (SMG2/5);
- Exhibit PB018 consists of an extract, printed on 20 June 2013, from the "water fittings and materials directory" on the website of the Water Regulation Advisory Scheme (WRAS) in the UK. All of the contested marks except CAL-PRO are listed as being WRAS approved products. In all cases, the manufacturer is listed as "Zilmet Spa";
- At Mr Benetollo's Exhibit PB019 are copies of invoices, dated between 2002 – 2010, from Zilmet to the proprietor. The earliest that the ULTRA-

PRO, CAL-PRO and INOX-PRO marks appear is 2002, 2003 in the case of HYDRO-PRO and February 2010 in the case of HY-PRO;

- The proprietor's price list from February 2012 is provided at Exhibit PB020 and includes products sold under all of the contested marks except CAL-PRO. Mr Benetollo points out that the illustrations of the products clearly bear a Zilmet logo;
- Mr Benetollo's Exhibit PB028 consists of three photographs of packaging of expansion vessels bearing the Zilmet mark and the marks ULTRA-PRO and HY-PRO as sold in the UK by the proprietor. The products are sold together with information leaflets provided by Zilmet (PB2/18);
- Zilmet provided the proprietor with technical support for the full range of products supplied by them. In support of this, Mr Benetollo provides copies of correspondence between the two companies at Exhibit PB030 discussing various technical specification queries. Product images for use in brochures, price lists and other promotional material were provided by Zilmet to the proprietor (SMG2/8);
- Zilmet hosted visits in Italy from UK customers and staff of the proprietor at Zilmet's cost over a period of 20 years from 1990. The proprietor did not have the technical facilities to develop its own expansion vessels. This was undertaken in Italy by Zilmet who would receive UK customers in Italy to discuss their technical requirements (SMG2/7). Zilmet also provided promotional material to the proprietor and sent hampers to all major customers at Zilmet's expense. Mr Benetollo accompanied Mr Gizzi and another person from the proprietor on numerous visits to UK customers and potential customers (SMG2/9).

9) Mr Gizzi provides evidence at Exhibits SG003 and SG004, in the form of Internet extracts, that third parties identify the contested marks as being those of Zilmet and not the proprietor. His searches were conducted in November 2013 and September 2014 (SMG3/14 and 15). Some pages carry the address for the page in the form "www.tradeplumbing.co.uk/altecnica-ultra-pro-expansion-vessel [.....]", but the product shown is referred to as a Zilmet product.

10) In his fourth witness statement, Mr Benetollo discloses that he has uncovered documentary evidence of the claimed distribution agreement in place between Zilmet and the proprietor. This is in the form of a letter from Mr Benetollo to Mr Gizzi, dated 20 May 1991 (see Exhibit PB035). In the letter, Mr Benetollo states

“Following discussions between ourselves, we have the pleasure in confirming that with effect from 11th June 1991, Altecnic will be appointed the sole and exclusive agents of Zilmet products in the United Kingdom (for all details and exclusions please see enclosed copy of our agreement).”

11) At Exhibit PB036, Mr Benettolo provides a copy of a second letter, dated 20 May 1991, from himself to Mr Gizzi where it refers to “our discussions to change our selling exclusive for the U.K.” and an enclosed “confirmation letter” (not exhibited) that “is valid with [these] exclusions” and is followed by three bullet points setting out the position in Zilmet continuing to provide three existing customers. Mr Benettolo re-states that in exchange for switching its UK distributorship to the proprietor, Zilmet obtained 10% of the proprietor company (see PB4/13).

12) In addition, in his fifth witness statement, Mr Benetollo provides, at Exhibit PB041, a copy of a letter to UK customers dated June 1991 announcing that the proprietor has been appointed sole and exclusive UK agent for Zilmet and that the arrangement will take effect from 1 January 1992. Further, at his Exhibit PB042 is a copy of an email, dated 20 March 2009, from a member of staff at Zilmet to an individual at the proprietor where reference is made to the proprietor’s status as its distributor in the UK. At Exhibit PB043 is a copy of a further email, dated 10 November 2010, where Mr Sherwin requests that Zilmet ensures “...that it is clearly stated that Altecnic, [is] sole UK distributor...” when completing a tender to another company.

13) In order to demonstrate that Zilmet was selling into the UK before its arrangement with the proprietor began in 1991, Mr Benettolo provides evidence of a previous agreement with E. A. Molyneux Ltd at Exhibit PB037. This takes the form of a copy of a letter dated 20 May 1991 cancelling that agreement.

14) The applicants identify the fact that the proprietor did not disclose to Zilmet that it was attempting to register the marks as evidence of bad faith and in particular provides the following evidence in support of this:

- At a meeting held on 10 May 2012 it was agreed that the relationship between the parties would be terminated;
- On the 11 May 2012 the proprietor filed applications to register the contested marks;
- The proprietor knew that Zilmet intended to continue providing its goods in the UK via a newly created company, Zilmet UK Ltd, set up for the purpose (see email exchange, provided at Exhibit PB051, between Mr

Sherwin and Mr Benottolo). Mr Sherwin, in his email of 11 May 2012, noted that in a meeting the previous day “you [Mr Benettolo] disclosed that you had made the decision to trade directly in the UK as Zilmet (UK) Ltd.”;

- Pointing out that the proprietor had many opportunities to tell Zilmet of its intention to make the applications to register the contested marks but did not do so, but rather, the day after Mr Sherwin was informed that Zilmet intended to trade directly into the UK, it filed for the contested marks.

The proprietor’s evidence

15) This takes the form of six witness statements by Mr Sherwin, who replaced Mr Gizzi as managing director of the proprietor in August 2010, one by Mr Marco Calleffi, CEO of Caleffi S.p.A. and one by Mr Kieron Peter Mark Taylor, IP Director at Swindell & Pearson Ltd, the proprietor’s representative in these proceedings.

16) Mr Sherwin states that he is not aware of any formal documentation confirming Mr Gizzi’s claim that the proprietor became Zilmet’s UK distributor in June 1989. Rather, it is his understanding that the proprietor was merely an importer of Zilmet’s goods and the monopoly supplier in the UK resulting in the proprietor building up a goodwill identified by the contested marks (see Mr Sherwin’s first witness statement (ASS1) at paragraph 13).

17) Mr Sherwin states that the proprietor’s customers bought Zilmet’s products because of the goodwill associated with the proprietor. The proprietor sold, promoted, provided technical support in respect of these goods in the UK. Mr Sherwin is not aware that, between 1990 and 2010, Zilmet provided any support regarding advertising, financial support, brochures or point of sale material. The proprietor was “running this on our own and did so for 20 years” (see AAS1/15).

18) Mr Sherwin explains that when the proprietor became aware that third parties might start selling goods under the contested marks, it considered it best to proceed by filing for the contested applications to protect its goodwill. He claims that the proprietor acted as any reasonable business, that had used marks for 20 years, would do to protect its marks from third parties importing “inferior goods” into the UK.

19) Mr Sherwin (at ASS1/20) characterised the nature of the relationship between Zilmet and the proprietor as “an independent party that in effect went to Italy and bought back the goods we wanted to sell under the marks which we considered to be [the proprietor’s] in the United Kingdom” and that the UK consumer perceived the products sold under the marks to be those of the proprietor.

20) Mr Sherwin states that there is no evidence that Zilmet was well-known in Europe or the UK before the parties' relationship began in 1989 (AAS2/13) and that the proprietor created and maintained a market for goods sold under "our marks". He accepts that that products were sold in Zilmet packaging but because the proprietor created and maintained the market for the goods, he claims that they were "our" marks. He dismisses the applicants' evidence on the point by characterising the packaging as something to protect the goods and to be discarded when the products were used (AAS2/18).

21) Mr Sherwin justifies the proprietor's actions on the grounds that there was no written agreement; that the proprietor had no more than an importer-type role; there was no contractual relationship; third party websites identify the marks as those of the proprietor, and; the proprietor marketed the goods sold under the contested marks, on its website, as the proprietor's goods (See Exhibit AS009 that provided historical extracts of the proprietor's website from the Internet archive *Way Back Machine*).

22) In his fifth witness statement, Mr Sherwin identifies the proprietor's success in increasing turnover in respect of goods sold under the contested marks during the time when the parties had a relationship and states that this was as a result of the proprietor's efforts to find markets for these goods.

DECISION

The legislation

23) The case has proceeded to final determination on the basis of Section 3(6) and Section 60(3)(a) of the Act. The ground based upon Section 3(6) is relevant in invalidation proceedings in view of the provisions of Section 47(1) of the Act. I will begin by considering the case in respect of Section 47(1) and Section 3(6). The relevant parts of Section 47 of the Act read 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).”

24) Section 3(6) of the Act states:

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

25) The law in relation to section 3(6) of the Act (“bad faith”) was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

“130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

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

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. *Case C-259/02 La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and *Case C-192/03 Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

26) The relevant date for assessing the claim of bad faith is the filing date of the contested marks that were all between 12 October 2012 and 14 December 2012.

27) As a preliminary point, at the hearing, Mr Taylor submitted on behalf of the proprietor that the Section 3(6) grounds should be struck out on the grounds that they were not sufficiently particularised. This claim is without merit. The pleading sets out a claim that Zilmet devised the mark, that the proprietor was Zilmet's UK distributor, that the relationship has since been terminated and that there was never any transfer of rights. Whilst a statement that the registrations were obtained in bad faith is missing, it is implicit from the context of the pleadings. I reject the claim to strike out the Section 3(6) ground.

28) The applicants' evidence illustrates that Zilmet did business in the UK prior to the beginning of the relationship with the proprietor (see the letters provided in Exhibit PB035 and PB036 of Mr Benettolo's fourth witness statement). This evidence establishes that Zilmet had a previous distributor in the UK, namely E. A. Molyneux. In light of this Mr Sherwin's denials that Zilmet had a UK presence before the proprietor entered into its relationship with Zilmet is unsustainable.

29) The evidence also illustrates that Zilmet exports half its products using local distributors. Mr Benetolli has adduced evidence that in 1991, Zilmet entered into a distributorship agreement with the proprietor. Whilst Mr Sherwin states that he was not aware of any such agreement, one of his own emails appears to acknowledge it (see Exhibit PB043 to Mr Benettolo's fifth witness statement). There is also evidence that BOTH sides announced the tie up in the trade press (see Exhibit PB025 of Mr Benetollo's second witness statement). In light of this, I find that the absence of evidence of a formal document signed by both parties is not a determinative factor. The evidence appears to indicate that there was such an agreement. That this agreement was entered into more than 20 years ago may, on its own, explain why both sides have found it difficult to locate documentary evidence. Having concluded that there was such an agreement, I also note that there is no evidence that this was varied over the intervening 20 year period.

30) In addition, there is some evidence that third parties identified goods bearing the contested marks as being goods originating from Zilmet (See Exhibits SG3 and SG4 to Mr Gizzi's third witness statement). Here the goods are shown bearing the Zilmet name and are described as Zilmet products. This evidence was obtained from the Internet in November 2013 and September 2014 respectively but some pages carry a web page address incorporating "altechnic-ultra-pro-expansion-vessel...". This suggests that the page relates to an earlier period when the proprietor was the distributor for the goods. The proprietor does adduce evidence that the opposite is true (see Exhibit AS4 of Mr Sherwin's third witness statement) but this was conducted in June 2014, also after the relevant date. The applicants' evidence combined with evidence of packaging clearly linking the contested marks to Zilmet and shows a different picture to that claimed by the proprietor. It is my view of this evidence that purchasers would never have been in doubt regarding the origin of the goods as being from the applicants.

31) Mr Sherwin has argued that the proprietor was, in effect, no more than an importer of Zilmet's goods and that the UK consumers of the goods only associated the goods bearing the contested marks as originating from the proprietor. Such a position is not sustainable based upon the facts discussed above, and I dismiss this. He has also stated that it is the practice of the proprietor to routinely file trade marks to protect its brands (paragraph 20 of his third witness statement). I find a degree of tension between this statement and the fact that the proprietor sold Zilmet's goods for a period of twenty years but did not apply to register any of the marks at issue until the relationship ended in 2012. Why did it wait twenty years if it was routine to file for the trade marks used on the goods its sells? It is clear from the evidence that it knew the goods were manufactured and named by Zilmet. By applying to register the contested marks, the resultant registrations could be used to prevent Zilmet placing their goods on the UK market either directly or through another distributor.

32) In summary, it is clear that

- The marks were developed by Zilmet. It also produced the goods to which the contested marks were applied and the packaging for such goods also included its "house mark" ZILMET;
- The proprietor was the applicants' distributor between 1991 and when the relationship ended in May 2012;
- That prior to this arrangement, Zilmet was placing its goods on the UK market through another distributor;
- Third parties identified goods bearing the contested marks as originating from the applicants;
- Despite claiming that it routinely applied to register its trade marks, it only applied for the contested marks after the twenty year relationship with the Zilmet ended.

33) Taking the above points into account, the proprietor's registrations in respect of the contested marks amounted to an attempt to prevent Zilmet from continuing to sell its own goods bearing its own marks on the UK market. This clearly amounts to bad faith and an attempt by the proprietor to appropriate marks that were the property of another. The applicants point to the fact that the proprietor failed to mention that it was making applications to register these marks at a time when it was having a number of meetings and written correspondence with the applicants regarding the ending of their relationship suggests that it knew what it was doing was wrong. I do not agree with this point. The proprietor's view repeated in its evidence and submissions is that it considered the marks to belong to it. That being the case, it may well have not seen any reason to

mention it to Zilmet. Nevertheless, despite the proprietor feeling it was justified in its actions, a reasonably experienced person in the field, in possession of the facts, would consider these actions to fall below the standards of acceptable commercial behaviour.

34) At the hearing, it was made clear that the proprietor's defence, relied upon in respect of the Section 60 grounds, namely that the proprietor had its own goodwill in the contested marks, was also relied upon as a defence to the grounds based upon Section 3(6) of the Act. I have already concluded that the goods sold under the contested marks are likely to have been perceived as being the goods of Zilmet and not the proprietor. Therefore, the goodwill was associated with Zilmet. Accordingly, this defence must fail.

35) In summary, the grounds based upon Section 3(6) is successful and the applications for invalidation are successful.

Section 60(3)(a)

36) In light of these findings, it is not necessary for me to consider the grounds based upon Section 60. The applicants have already been successful and consequently, its reliance upon grounds based upon Section 60(3)(a) will not improve its position.

37) Finally, at the hearing the applicants asked me consider treating the proceedings as a rectification and transferring ownership of marks to one of the applicants. I dismiss such a late application to change the fundamental nature of the case against the proprietor. The case has been decided on the basis of the Section 3(6) grounds that goes to validity of mark itself and as such is not consistent with the type of case that may be brought in rectification proceedings. There was no offer by the applicants to drop these grounds and, in fact, even at the hearing itself, it continued to pursue the grounds through detailed submissions. In this context, its request is no more than speculative.

COSTS

38) The invalidation actions having all been successful, the applicants are entitled to a contribution towards their costs. The applicants for invalidation requested enhanced costs citing the proprietor's conduct in wasting costs by making unspecified objections to evidence, by failing to deliver on promises that its case would be made clear prior to case management conferences, in making late amendments and in exhibiting documents multiple times. It also claims that Mr Sherwin's' evidence was of no assistance because it was either inadmissible hearsay evidence or was argument not material to the issues. Whilst some of these complaints have some merit, I am of the view that both sides approached the issue of evidence in a rather tortuous fashion leading to multiple witness statements from some of the key witnesses and a focus by the parties on

subsidiary issues that were not going to be determinative of the proceedings. There was a lack of focus on the key issues pleaded by each side and I believe that both sides must take some responsibility for this. Therefore, it is my view that the successful party should be awarded costs based on the normal scale despite the high volume of evidence filed by both sides. I take account that the five sets of proceedings were consolidated and that the applicants' statement of case was virtually identical in all five.

39) In light of the above, I award costs according to the published scale in Tribunal Practice Notice 4/2007, and as follows:

Preparing statements and considering the counterstatement	£600
Invalidation fee x 5	£1000
Evidence	£1000
Preparing for & attending hearing	£800
Total:	£3400

40) I order Altecnic Limited to pay Zilmet S.p.A./Zilmet UK Limited the sum of £3400 which, in the absence of an appeal, should be paid within 14 days of the expiry of the appeal period.

Dated this 7th day of July 2015

**Mark Bryant
For the Registrar,
the Comptroller-General**