

O-520-18

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 3201003
BY HYPERCAT ALLIANCE LIMITED
FOR THE FOLLOWING TRADE MARK IN CLASSES 9, 16, 35, 41 & 42:**

HYPERCAT

AND

OPPOSITION THERETO (NO. 409158) BY CATERPILLAR INC.

Background and pleadings

1. The details of the trade mark the subject of these proceedings are as follows:

HYPERCAT

Applicant: Hypercat Alliance Limited

Filed on 7 December 2016

Published on 27 January 2017

Registration is sought for the following goods and services¹:

Class 9: Computer software; application software; Data collectors; Data communications software; Data exchange units; Data networks; Data processing software; Data programmes; Databases; Sensors for determining position; Sensors for determining velocity; Sensors for measuring depth; Sensors for measuring speed; Sensors used in meteorology; Sensors used in oceanography; Sensors used in plant control; sound and/or video recordings in the form of records, discs, tapes and cassettes; compact discs; electronic publications namely publications downloadable from the Internet; electrical and electronic components; computers; apparatus and instruments for use with computers; magnetic tapes, wires, cassettes and discs; data carriers; audio and video apparatus and instruments; duplicating / copying apparatus; copying apparatus and instruments; DVDs, CDs, CD-Roms; downloadable publications; electronic publications all of the aforesaid excluding products relating to construction and mining equipment, diesel and natural gas engines and industrial gas turbines.

¹ The limitation relating to construction and mining equipment etc. was added to the specifications after the opposition was received, but the opponent still wished to pursue the opposition irrespective of the amendment.

Class 16: Paper, cardboard; printed matter; printed publications; catalogues; newsletters; instructional and teaching materials; training manuals; printed standards, regulations, codes of practice; technical journals; photographs; stationery; labels; pens; penholders; pen cases and pencil cases, ink stands; office requisites; instructional and teaching materials (except apparatus); prints; engravings; paper filters; drawing instruments all of the aforesaid excluding products relating to construction and mining equipment, diesel and natural gas engines and industrial gas turbines.

Class 35: Business consultancy and advisory services; business practice/business management assessment and advice; business management services; business management consultancy; business analysis, research and information services; analysis of business management systems; business information services; business negotiating and business representational services provided by an association or organisation for its members in the fields of best practice, safety, product evaluation, manufacturing of products, quality assurance testing, product development, standards development and implementation, evaluation of the standards of others and policy control; provision of information relating to trade, regulations, requirements and standards; maintenance of registers; data retrieval services; database management services; development and setting of industry and business standards; facilitation services relating to development and setting of industry and business standards; development and implementation of industry and business standards; advisory and information services relating to industry standards, business standards and business standards development; preparation of publicity publications; arranging subscriptions of the online publications of others; retail services in relation to hardcopy and downloadable publications; advertising text publication services; information, advice and consultancy in relation to the foregoing; all of the aforesaid excluding products relating to construction and mining goods or services, diesel and natural gas engines and industrial gas turbines.

Class 41: Education, teaching and training services; publishing services; electronic publishing services; publication of standards and regulations;

preparation of texts and materials for publication; provision of on-line electronic publications; educational and training events, seminars and workshops; information, advice and consultancy in relation to the foregoing; all of the aforesaid excluding products relating to construction and mining goods or services, diesel and natural gas engines and industrial gas turbines.

Class 42: Computer network services; integration of computer systems and networks; software design, development, implementation and programming; IT consultancy, advisory and information services; IT security, protection and restoration; provision of security services for computer networks, computer access and computerised transactions; hosting the web sites of others on a computer server for a global computer network; rental of operating software for accessing and using a cloud computing network; rental of operating software for computer networks and servers; configuration of computer networks by software; providing temporary use of on-line non-downloadable operating software for computer networks and servers; certification services; certification services including the use of quality, safety and other marks; quality audits; quality control, quality testing and quality assurance services including commodities inspection; research services; assessment and inspection services; assessment and inspection of factories and workplaces; preparation of reports; advisory, negotiating, representational and information services; advisory, negotiating, representational and information services provided by an association or organisation for its members; computer programming; rental of computer apparatus and instruments; computer time sharing services; certification of management systems and product conformity; testing, analysis and evaluation of the goods of others for the purpose of certification; testing, analysis and evaluation of the services of others for the purpose of certification; testing services for the certification of quality or standards; chemists services; development of testing methods; advisory services relating to computer software used for publishing; providing temporary use of online non-downloadable software for use in publishing and printing; data storage; information, advice and consultancy in relation to the foregoing; all of the aforesaid excluding products relating to construction and mining goods or services, diesel and natural gas engines and industrial gas turbines.

2. Registration of the mark is opposed by Caterpillar Inc. (“the opponent”). Its grounds of opposition are based on sections 5(2)(b), 5(3), 5(4)(a) and 3(6) of the Trade Marks Act 1994 (“the Act”). Under the first three grounds, the opponent relies on various earlier trade marks/signs which comprise of, or contain, the word CAT, with it being argued that the use of the applied for mark would cause confusion, deception, or otherwise take unfair advantage of the opponent’s reputation in the earlier marks, or cause detriment to their distinctiveness and/or reputation. The fourth ground is based on the claim that the filing of the application was made in breach of a binding undertaking that had previously been agreed by the applicant, and consequently, that it acted in bad faith by making its trade mark application.

3. The applicant filed a counterstatement denying the grounds of opposition. Both sides filed evidence. Rather than provide a standalone summary of the evidence, I will, instead, draw from it when necessary and pertinent to do so. A hearing took place before me on 15 June 2018 at which the opponent was represented by Ms Jessie Bowhill, of counsel, instructed by Hogan Lovells International LLP. The applicant chose not to attend the hearing, but was represented during the proceedings by Keystone Law, who also provided a set of written submissions in lieu of attending the hearing.

4. I begin this decision with the ground of opposition under section 3(6) of the Act.

Section 3(6)

5. Section 3(6) of the Act provides for the refusal of a trade mark “...if or to the extent that the application is made in bad faith”. There is no real dispute as to the relevant law, a summary of which was provided by Arnold J in the *Red Bull*² case, as follows:

“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

² *Red Bull GmbH v Sun Mark Ltd & Anr* [2013] ETMR 53

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)".

6. It is clear from the above that the relevant date at which to assess matters is the date of filing, namely 7 December 2016. The conduct which is claimed to constitute bad faith is a breach of undertakings that the applicant had made to the opponent. Therefore, the undertakings, and the circumstances in which they were entered, represent key aspects of the evidence. The opponent deals with this at paragraphs 49-55 of a witness statement provided by Ms Lia Yasmin Young, a solicitor in the legal services division of Caterpillar UK Limited, a subsidiary of the opponent. It is explained by Ms Young that the opponent became aware of a (now withdrawn) UK trade mark application (no. 3126858) for a figurative mark comprising a cartoon-like cat's head alongside the words "HYPER/CAT" which had been filed in class 9 for various types of software and sensors. This led to the opponent writing to the applicant on 9 December 2015, highlighting its concerns about the application and asking it to agree certain undertakings. The undertakings were agreed and duly signed on 21 December 2015 by the applicant (operating under its previous name Hypercat Ltd). Ms Young notes some of the undertakings in her witness statement, but as this document (which was provided to the tribunal as exhibit LYY20) is extremely important to this ground of opposition, I detail it in full below³:

³ Save for two final pages which simply show enlargements of some of the opponent's earlier marks.

RECEIVED

28 DIC. 2015

HOGAN LOVELLS
Alicante

Hogan Lovells (Alicante) S.L. & Cia.
Avenida Maisonnave 22
03003 Alicante, Spain
T +34 965 1383 00
F +34 965 1383 03
www.hoganlovells.com

9 December 2015

Without prejudice save as to costs

Iza Junkar
iza.junkar@hoganlovells.com

by post and email (ad@flexeye.com)

Our ref AR/IJ/nm1432348

Hypercat Ltd
Hays House
Millmead
Guildford
GU2 4HJ
United Kingdom

Dear Sirs

YOUR UK TRADE MARK APPLICATION NO. 3126858 FOR HYPER / CAT (FIG) IN CLASS 9 (THE "UK APPLICATION") - OUR CLIENT CATERPILLAR INC.

We act for Caterpillar Inc. ("**Caterpillar**").

As you may know, Caterpillar is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, generator sets, and many other types of equipment, vehicles, and machinery. Caterpillar also offers a range of related software products and consultancy services.

Our client's goods and services are distinguished worldwide by use of the "CAT" marks, which enjoy a strong reputation and widespread recognition throughout the world, including in the UK.

Caterpillar has recently become aware of your UK trade mark application No. 3126858 for

 **HYPER/CAT** (fig) in class 9 (the "**UK Application**").

Caterpillar owns a number of trade mark registrations with effect in the UK for marks which are highly similar to the sign applied for and which cover identical and highly similar goods and services to the goods specified in your UK Application. This includes (by way of example only):

- (a) CTM No. 5540844 CAT (word) in classes 9 and 42; and
- (b) CTM No. 13392733  (fig) in inter alia classes 9 and 42,

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(together the "**Caterpillar Marks**").

Therefore, our client is concerned that your UK Application could lead to confusion in the minds of the public or to an association being created between the goods covered by your UK Application and the goods and services covered by the Caterpillar Marks.

In view of this our client is unable to permit the registration of HYPER / CAT (fig) for any of the goods applied for under the UK Application. We therefore ask that you voluntarily withdraw the

UK Application and undertake to cease and desist from any use of the  HYPER/CAT in the future.

Just to be clear, Caterpillar does not desire to interfere with your business concept and is not asking that you cease any of your business activities. Rather Caterpillar is asking that you withdraw the UK Application and cease to offer goods and services under the HYPER / CAT sign as applied for due to its confusing similarity to the Caterpillar Marks.

Of course our client is always willing to consider a negotiated solution with an aim to resolve such matters swiftly and amicably. Therefore should you wish to continue to use a variation of the element "HYPERCAT" in the course of your business, our client would be prepared to tolerate a revised application for the element HYPERCAT as detailed below.

To settle this matter swiftly and amicably, our client is prepared to offer you a compromise resolution on the following terms:


1. Caterpillar shall not oppose or hinder your UK application for a figurative mark containing the element "HYPERCAT", provided that:
 - (a) the element CAT appears as part of the single word "HYPERCAT" which does not emphasise the element "CAT" in any way (such as for example by increasing or decreasing the size, weight or style (including colour) of the font as compared to the HYPER element);
 - (b) the HYPERCAT element is used in conjunction with a feline device as per the example shown below (the "**Permitted Sign**");




- (c) the goods applied for are revised compared to those of the current UK Application as shown below (the "**Permitted Goods**");

Class 9: "Application software; Data collectors; Data communications software; Data exchange units; Data networks; Data processing software; Data programmes; Databases; Sensors for determining position; Sensors for determining velocity; ~~Sensors for engines~~; Sensors for measuring depth; Sensors for measuring speed; ~~Sensors for use in the control of engines~~; ~~Sensors for use in the control of motors~~; ~~Sensors for use with machine tools~~; Sensors used in meteorology; Sensors used in oceanography; ~~Sensors used in plant control~~; all the aforesaid excluding products relating to construction and mining equipment, diesel and natural gas engines and industrial gas turbines.

2. In consideration of the above Hypercat Ltd undertakes:

- (a) to immediately withdraw the UK Application No. 3126858 and cease all use of  HYPER/CAT ;

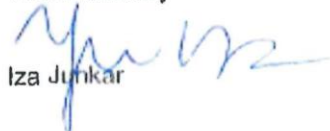
- (b) subject to 2(d) below, only to use HYPERCAT in the manner described in 1(a) and (b) above (i.e. the Permitted Sign) and only for the Permitted Goods as defined in 1(c) above;
- (c) subject to 2(d) below, not to register or use any other marks, domain names or trade names consisting of or containing the element "CAT" (other than "HYPERCAT" (fig) as permitted in 1. above);
- (d) It is agreed that in relation to the Permitted Goods:
- (i) the use of the existing domain name <hypercat.io> is permitted as long as a feline logo appears on every page of the website; and
- (ii) use of the existing company name Hypercat Ltd. is permitted provided HYPERCAT is always used as a single word which does not emphasise the element "CAT" as described in 1 (a) above and that the HYPERCAT element is always used in conjunction with "Ltd." or "Limited" or in conjunction with the feline device as described at 1 (b) above;
- (e) not to use Caterpillar's trade dress, including, but not limited to, colour combination black and yellow (for avoidance of doubt the use of black and orange such as in the Permitted Sign is allowed), yellow triangle, the Caterpillar font, Caterpillar's Power Edge trade dress (the figurative black rectangle with red stripe), or any other trade dress same or similar to that of Caterpillar, such as examples shown below:
- 
- ; and
- (f) not to challenge any of Caterpillar's existing or future trade marks, company names, business names, domain names or any other name featuring CAT or any similar words on their own, or in combination with other elements, anywhere in the world.

If you are prepared to agree to this we should be grateful if you would sign this letter in the space provided below and return the same to us. Please respond by **23 December 2015**.

If we do not hear from you by the stated deadline, our client will be left with no choice but to oppose your UK Application and seek recovery of its costs. As you may know, our client has already filed a Notice of Threatened Opposition at the UK IPO.

We look forward to hearing from you. In the meantime, our client reserves all of its rights and remedies in relation to this matter.

Yours faithfully


Iza Junkar

As authorised representative of **Hypercat Ltd**.

I, JUSTIN ANDERSON hereby agree to the undertakings set out in this letter dated 9 December 2015.

Signed:



Position: CHAIRMAN & CEO

Date: 21/12/2015

7. Ms Young adds that three other applications were made in breach of the undertakings (a UK mark, an International Registration and a Hong Kong application) and that the applicant has been advised of such and asked to remedy the breach. Ms Young states that no satisfactory response has been made by the applicant to its requests to remedy.

8. The applicant's evidence relating to the undertakings comes from Mr Justin Anderson, a director of the applicant between 1 July 2015 and 26 July 2017. As can be seen above, Mr Anderson signed the undertakings on behalf of the applicant on 21 December 2015. The following is a summary of what Mr Anderson says about them:

- When the opponent's letter was received he felt intimidated. He and his colleagues were fearful of being crushed by the opponent's large multi-national business.
- He had no experience of trade mark matters and that when he was told by the opponent's solicitors that the opponent had a monopoly on all use of the word CAT on all goods and services, irrespective of other words used alongside it, he did not know that this was an overstatement. The applicant lacked funds to obtain its own specialist advice.

- The letter from the opponent was confusing, and that whilst it contained a threat of litigation, it suggested to him that the use of the name HYPERCAT as an alternative to HYPER/CAT was acceptable. He therefore accepted this, signed the undertakings, and started to rebrand the business.
- He had moved to (and was in) Australia when the decision to file the subject application was made. He was unavailable to attend meetings about the making of the new application, so the undertakings were not brought to light.

9. Ms Bowhill's primary submission was that the failure of a party to abide by undertakings it had made, and to file an application for a trade mark in breach of such undertakings, was a form of conduct which fell below the standards of acceptable commercial behaviour observed by reasonable and experienced men in the field. She also gave submissions on why the application was in breach of the undertakings and dealt with what she understood to be the applicant's primary points of argument (see below).

10. Whilst it would have been helpful for the applicant's representatives to have attended the hearing in order to fully understand the points it was trying to make, I nevertheless note from its written submission the following points:

- 1) There is no evidence to substantiate that the undertakings are binding;
- 2) It is not clear what behaviour on the part of the applicant fell below the standards of acceptable commercial behaviour;
- 3) Section 3(6) is not the appropriate claim to have made and that section 5(4) should have been relied upon with the relevant law being the law of contract.
- 4) The making of the application does not constitute a breach of the undertakings because of the use of particular language used (explained in more detail below);
- 5) The application was made without any knowledge of the undertakings;

6) Not all breaches of an undertaking would necessarily constitute bad faith because breaches of contracts are often made for a variety of reasons, some of which would not fall below the standards of acceptable commercial behaviour;

7) The opponent has also failed to establish: how such undertakings would be binding, the basis on which the opponent's solicitors can bind the applicant, the circumstances in which the courts would determine alleged breaches, and that reasonable and experienced business people never breach contracts.

11. I have also taken into account what the applicant said in its counterstatement, much of which is already summarised above, but I additionally note the arguments, that:

8) The opponent's letter overstated its position and misrepresented the consequences of what would follow if the undertakings were not signed;

9) The letter constitutes an unjustified threat under the provisions of section 21(1) of the Act;

10) The undertakings were signed by the applicant without the benefit of legal advice;

11) If advice had been sought, the issues at 9 and 10, plus the opponent's claimed bullying tactics, would have led to a refusal to sign the undertakings;

12) The applicant was intimidated into signing the undertakings;

13) The opponent encouraged the applicant to adopt the mark it filed.

12. A number of the applicant's points can be taken together. Points 8, 9, 11 and 12 relate, inter alia, to claims of intimidation and/or misrepresenting the strength of the opponent's position with unjustified threats being made. First, as highlighted by Ms Bowhill at the hearing, the unjustified threats provisions under section 21(1) of the Act

relate to threats of infringement. The opponent's letter makes no reference (or threat) of infringement proceedings, so any reliance on this provision is misplaced. In terms of overstating the opponent's position, the content of the letter strikes me as a conventional statement of one side's view of potential conflict and in no way can be said to be misleading or exaggerated. In terms of intimidation, Ms Bowhill appeared to accept that if the undertakings had been signed as a consequence of some form of duress then this may have been a relevant factor in determining the bad faith claim. However, I agree with Ms Bowhill that there is nothing in the letter that gets close to this, indeed, whilst the opponent seeks particular undertakings, the letter as a whole strikes me as fairly conciliatory in nature. There is no detail in the evidence about any other contact between the parties that changes this view. Given all this, I see nothing in the points that the applicant was bullied or intimidated into agreeing the undertakings that it did.

13. Points 10 and 11 relate to the absence of legal representation. Whilst the applicant may now regret not seeking legal advice at the time, this does not obviate the fact that it agreed to the undertakings willingly. Again, I see no force in this point.

14. Point 4 relates to the wording of the undertaking itself, and the reference to a "figurative" mark when defining the "permitted sign". The argument is that the mark applied for is a permitted sign because the term figurative is vague. In my view, the language is not vague. Figurative would, on any interpretation, indicate a mark which consists of more than just plain words. The applied for mark is not a figurative mark as it does consist of purely a plain word. In any event, the undertakings go into further detail about what is a permitted sign. In terms of any future (i.e. after the signing of the undertakings) applications for trade marks, the undertakings read:

"subject to 2(d) below, not to register or use any other marks, domain names or trade names consisting of or containing the element "CAT" (other than "HYPERCAT" (fig) as permitted in 1. above)

15. The applied for mark does contain the element CAT, so, to comply with the agreed undertakings, the mark must be for: ""HYPERCAT" (fig) as permitted in 1. above". The reference to "subject to 2(d) below" does not assist because these follow-on

undertakings relate to the use of domain names and company names. The permitted sign is identified in undertaking 1, the relevant parts of which read:

“Caterpillar shall not oppose or hinder your UK application for a figurative mark containing the element “Hypercat”, provided that:

(a) The element CAT appears as part of the single word “HYPERCAT” which does not emphasise the element “CAT” in any way (such as for example by increasing or decreasing the size, weight or style (including colour) of the font as compared to the HPER element);

(b) The HYPERCAT element is used in conjunction with a feline device as per the example shown below:



16. It is clear from the above that the permitted sign must comprise the words HYPERCAT in a form which does not emphasise the CAT element, together with a feline head as per the example above. The application for the word HYPERCAT alone therefore complies with the first requirement, but not the second. The application is not a permitted sign as per the undertakings. This finding also deals with point 13 (encouragement to adopt) as I summarised above. The only use which the opponent can be said to have encouraged (although “encouraged” is perhaps not the best way of expressing the nature of the undertakings) is of the permitted sign, not HYPERCAT alone.

17. Points 1, 2, 6 and 7 relate, inter alia, to whether the undertakings are binding and whether the breach of them would constitute an act of bad faith. The two points are inextricably linked. Reasonable and experienced people in the field (in my view, any field) would regard the failure to abide by a willingly entered into undertaking, and to specifically pursue a form of conduct that is not permitted by the undertaking, to be a form of conduct that falls short of the standards of normal acceptable commercial behaviour. The applicant has stated that there may be many reasons why a contract

may not be adhered to and that such non-adherence may not be considered an act of bad faith, but, but beyond the points I have already dealt with (and some which follow) no such reasons have been provided. The claim that the undertakings are confusing has in my view no merit; they are clearly expressed when read with a reasonable degree of attention.

18. Point 3 relates to the suggestion that if a claim existed on the basis put forward, it should have been put forward under section 5(4) of the Act, as a breach of contract. Whilst I understand the point, and whilst there may well be an alternative ground of opposition based on section 5(4), this does not preclude reliance of section 3(6). As I have already said, the filing of an application in breach of a particular undertaking can, in my view, be considered an act of bad faith.

19. The final point I deal with as raised by the applicant relates to the claimed lack of knowledge (of the undertakings) by the applicant when the mark was filed. This is put forward because it was Mr Anderson who had knowledge of the undertakings, but he had moved to Australia and was not involved in the decision to file the trade mark. Whilst I fully understand the point, it is not explained who was involved in the decision to file the trade mark and whether or not they possessed the requisite knowledge. One would imagine that any new directors/decision makers that had been appointed would (or should) have been versed in the undertakings the applicant had given in relation to its intellectual property matters. Furthermore, Mr Anderson was clearly not the only person involved in the original decision to sign the undertakings as he refers to “my colleagues and I” when discussing the fear of being crushed by a large multinational company. Consequently, I do not consider it right for the applicant to hide behind a claimed lack of knowledge. In any event, and as Ms Bowhill submitted, it is the knowledge and conduct of the applicant per se that matters.

20. For the sake of completeness, I deal with one final point, although not one expressly argued by the applicant. This relates to the breadth of the application, which covers goods and services in classes 16, 35, 41 and 42 in addition to class 9 which was the class of the application that gave rise to the undertakings in the first place. It could be argued that because the context of the undertakings related to a class 9 application, then that is the only class on which the undertakings bite. However, the

undertakings make no such limitation. The undertaking is that use/filings can only be made for a permitted sign for permitted goods. Therefore, if a mark is filed that contains CAT as an element and which is not a permitted sign, an application for such a mark, for the permitted goods, or any other goods and services, would, on face value, breach the undertakings. I use the word “on face value” because I accept that there may be limits to the enforceability of a non-compete (and file) agreements such as this in terms of the extent to which they covers. In respect of this, I note the comments of Mr Kitchin QC (as he then was) sitting as the Appointed Person in *Bacti Guard* BL O-236-05:

“32. In the light of these cases I believe that the following general points may be made in relation to the appeal before me. First, there can be no doubt that the agreement in issue represents the settlement of a genuine dispute, and was designed to define the boundaries of the trading rights of Ad Tech and Fenchurch for the future. The agreement resolved a serious opposition to an application to register a trade mark in the light of the earlier registration of a virtually identical mark. 33.

33. Secondly, it follows from the WWF case that the presumption is that the restraints which the agreement includes, having been agreed between the two parties most involved, represents a reasonable division of their interests. It is for Fenchurch, in seeking to avoid the agreement, to show that there is something which justifies such a course.

34. Thirdly, and importantly, it seems to me to be tolerably clear from the Apple and WWF cases that terms which impose perpetual restraints on trading activities or which prevent a party from challenging existing or future trade mark registrations are not necessarily void and contrary to public policy as a matter of English law. An agreement which, having regard to the nature and extent of the respective businesses of the parties and their use of confusingly similar marks, does no more than avoid confusion or conflict between the parties may be useful and lawful.

35. Fourthly, Fenchurch may nevertheless establish that clause 5 of the agreement is void and contrary to public policy if it can show that the restraint

extends beyond any legitimate interest of Ad Tech because, for example, the dispute was “contrived” or because there was no reasonable basis for the rights claimed or because the agreement is otherwise contrary to the public interest.

36. Fifthly, in assessing the extent of any such legitimate interest the tribunal must consider the position of the parties and their respective businesses and their user and proposed user of the marks in issue at the time the agreement was made. The tribunal will, however, take into account what was then reasonably foreseeable. 37.

37. Sixthly, I believe that special care must be taken in relation to a clause which imposes a perpetual restraint on a party from applying to revoke a registered mark for non-use. Such a clause may be particularly vulnerable to the charge that it extends beyond any legitimate interest of the other contracting party. As illustrated by the Toltecs case, there is a clear public interest in the cancellation of trade marks that are not used. The tribunal must therefore consider carefully whether the party seeking to enforce the no challenge clause had, at the date of the agreement, a sufficient degree of goodwill or interest in consequence of its user or intended user of the mark in issue for it to be reasonable, in all the circumstances, to restrain the other party indefinitely from challenging its right to use and registration of that mark. To answer the question in any particular case may well require, as it did in the Apple case, an investigation of the nature and extent of the use made or likely to be made by the parties of their respective versions of the trade mark in the course of their businesses at the time the agreement was made and the foreseeable consequences of indefinite restraints on those businesses.”

21. It is, in my view, for the party seeking to avoid the agreement to advance a specific case as to why the agreement should be regarded as unenforceable (see *World Wildlife Fund for Nature v World Wrestling Federation Entertainment* [2002] FSR 33 at para 48 (referred to in paragraph 30 of Mr Kitchin’s decision)). The applicant in this case has not advanced such a case, merely arguing that it should not be bound by the agreement for the reasons I have already dismissed above. There are, in my view, no valid reasons to set the agreement aside.

22. Taking all of the above into account, I consider that the filing of the application was an act of bad faith, as defined by the case-law. The ground under section 3(6) succeeds. Given this, there is no need to consider a request that was made by Ms Bowhill to add a further ground under section 3(6) based on the prospective use of a mark which is a non-permitted sign. This takes the opponent no further forward.

Other grounds of opposition

23. Given the above findings, I do not consider it proportionate to consider the other grounds of opposition. The opposition has already succeeded.

Conclusion

24. Subject to appeal, the application for registration is to be refused in its entirety.

Costs

25. The opponent has been successful and is, therefore, entitled to a contribution towards its costs. My costs assessment is as follows:

Official fee – £200

Preparing a statement of case and considering the counterstatement - £300

Filing and considering evidence - £900

Preparing for and attending the hearing - £600

26. I order Hypercat Alliance Limited to pay Caterpillar Inc. the sum of £2000 within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 22nd day of August 2018

Oliver Morris

For the Registrar,

the Comptroller-General