



IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (Ch D)
INTELLECTUAL PROPERTY ENTERPRISE COURT

Rolls Building
New Fetter Lane
London

Neutral Citation Number: [2021] EWHC 1714 (IPEC)
Date: 23 June 2021

B e f o r e:

HER HONOUR JUDGE MELISSA CLARKE
Sitting as a Judge of the High Court

B E T W E E N:

Claim No: IP-2019-000125

FOX GROUP INTERNATIONAL LTD

Claimant

- and -

TELETA PHARMA LIMITED

Defendant

Mr Gwilym Harbottle (instructed by **Ai Law**) for the **Claimant**
Ms Denise McFarland (instructed by **Veale Wasbrough Vizards LLP**) for the **Defendant**

Trial dates: 27 and 28 April 2021

JUDGMENT

Her Honour Judge Melissa Clarke:

INTRODUCTION

1. This case is a cautionary tale to potential claimants who are considering trade mark infringement proceedings against a potential defendant they suspect of trading in infringing goods. The moral of this particular story is, like that of many cautionary tales, simple and seemingly obvious. A potential claimant should, before issuing a letter before claim or a claim alleging trade mark infringement: (i) check that the suspect goods are, in fact, infringing and not legitimate branded goods; and (ii) check it had the legitimate right to register the trade mark it alleges has been infringed. Had the claimant in this case taken those steps, it would not have had to discontinue its claim against the defendant for trade mark infringement with the costs consequences that follow. Nor would it find itself defending the defendant's counterclaim for trade mark revocation on the grounds of bad faith, and for damages for groundless threats pursuant to section 21A of the Trade Marks Act 1994, as it now does before me.
2. The claimant Fox Group International Ltd ("Fox") is a UK-based supplier of aesthetic and cosmetic products. At the relevant time it supplied, *inter alia*, a hyaluronic acid dermal filler branded REVOLAX manufactured by Across Co., Ltd, a Korean corporation ("Across") and sold internationally. Fox supplied this product pursuant to a Distributorship Agreement with Across dated 1 December 2017 ("the DA"). That gave Fox the exclusive right to market, sell and distribute REVOLAX to customers in the Territory (defined as the UK only) for a three-year term (i.e., to 1 December 2020). In the DA Fox was referred to as 'Exclusive Distributor' and Across as 'Manufacturer'. The DA included the following provision at Article 13.1:

"Exclusive Distributor recognizes that trademarks, trade names, designs, copyright and other property rights included in the product possess are the unique property of Manufacturer ("ownership"). Exclusive Distributor do not have or acquire the rights, title and interest in this property. But Exclusive Distributor can mark "Exclusive Distributor" consent with Manufacturer".
3. Despite this provision, on 16 January 2018 Fox applied in its own name to register REVOLAX as a UK trade mark in classes 3, 5, 10, 35 and 44 ("the UK Trade Mark"). This was registered as Trade Mark No UK00003283033 in classes 3, 5, 35 and 44 on 20 April 2018. I note that it did not apply for the UK Trade Mark in a representative capacity as a nominee for Across, nor did it apply for the trade mark in tandem with Across as a joint registered proprietor.
4. Teleta is a long-established wholesale trader in a range of third-party pharmaceutical, cosmetic, aesthetic and medical device products. It is part of a group of companies which, of relevance to this judgment, includes BR Pharma International Limited ("BR Pharma"). The group has an annual turnover of approximately £25 million.
5. It came to Fox's attention that Teleta was offering for sale and selling REVOLAX branded dermal fillers for sale in the UK, which Fox believed were infringing goods. Fox through its solicitors sent a letter of claim to Teleta on 26 November 2018 (the "Letter of Claim") and requested that Teleta provide undertakings. Teleta believed it

was selling legitimate branded REVOLAX dermal fillers, manufactured by Across, which had been put on the market in the EU by or with the consent and licence of Across, but on 3 December 2018 Teleta gave interim undertakings (without admission) in the form requested and ceased selling REVOLAX while it checked the position. Nonetheless, four days later, on 7 December 2018 Fox issued a claim against Teleta for trade mark infringement and passing off, albeit in the wrong court (the Circuit Commercial Court of the Liverpool Queen's Bench District Registry).

6. In the particulars of claim Fox pleaded that it was the proprietor of the UK Trade Mark and had made substantial use of it in the UK acquiring substantial goodwill in it. It pleaded that "*...in the UK, the [UK] Trade Mark has come to mean the business of the Claimant and none other*". It noted that Fox was the exclusive distributor within the UK of Revolax pursuant to the DA between it and Across, and in paragraph 4 pleaded that "*...product marked with the word Revolax has come to be known in the trade and to the public as the Claimant's Product exclusively*".
7. The particulars of infringement/passing off relied on by Fox are set out in paragraph 6 and can be summarised as being the marketing, offering for sale, sale and advertising of the Revolax product range in the UK by Teleta. Fox sought, *inter alia*, an injunction to restrain the Defendant from infringing the UK Trade Mark or passing off; delivery up for destruction of infringing goods; an inquiry or an account of profits; and an order for dissemination and publication of the judgment.
8. Two days after issuing the claim, on 9 December 2018, Fox applied to register REVOLAX as an EU trade mark despite, as I have noted, the DA giving Fox exclusive rights only in the UK and providing by Article 13.1 that all rights in the REVOLAX mark remain in Across.
9. By early January 2019, Teleta had provided Fox with evidence that it had, indirectly through its sister company BR Pharma, obtained its stock from an authorised distributor of REVOLAX in Poland.
10. Teleta filed a defence and counterclaim on 15 January 2019 relying on the defence of exhaustion of rights and identifying the Polish supplier as Alfarma Sp. z o.o ("*Alfa*"). In its defence, it noted at paragraph 5 that Fox had advanced the claim as a sole claimant, and that Across was not currently a party to the litigation nor had it played any part in it thus far. In paragraph 6 it pleaded that the complaints were groundless and unfounded as the products were original products sold in the EEA market and (in paragraph 7) that a detailed inspection including investigation of the batch numbers, would enable Fox to ascertain that they were non-infringing and genuine "*white market*" goods. It pleaded in paragraph 8 that the threats contained in the Letter of Claim and the proceedings were unjustified. In paragraphs 18 and 19 it denied infringement or passing off because all acts of sale, supply or promotion of Revolax undertaken by Teleta were undertaken in respect only of genuine goods to which the REVOLAX mark had been applied by or on behalf of Across.
11. Teleta counterclaimed for a declaration of invalidity of the UK Trade Mark on the grounds of bad faith, *inter alia* that Fox knew that it had a lack of relevant rights to legitimately assert a status consistent with registered proprietorship of the UK Trade Mark and that the provisions to which it had expressly agreed in the DA meant that the UK Trade Mark and the rights associated with it had never and could never have

belonged to Fox. Accordingly, it pleaded, Fox's purpose in applying for and being the registered proprietor of the UK Trade Mark was *"to seek to prevent the operation of the free market and freedom of trade throughout the EEA and/or to curtail and/or harm the operation of trade by Across which has appointed distributors and/or agents throughout the EEA and elsewhere (including Russia) in respect of its Revolax products"*. It further counterclaimed for damages for unjustifiable threats and sought an order for publication and/or dissemination of the judgment.

12. In the Reply and Defence to Counterclaim, Fox denied that the actions complained of by Teleta were actionable threats *"because the alleged threats were made to a person who has done, and/or intends to do, an act mentioned in subsection 21A(2)(b) of the... Act ...in relation to goods and their packaging namely importing, for disposal, goods to which and to the packaging of which the sign Revolax has been applied"*. In paragraph 4 Fox denied invalidity of the UK Trade Mark, pleading that *"Across consented to and was aware of the Claimant applying for the UK Trade Mark in issue"*.
13. In the Reply to Defence to Counterclaim, Teleta pleaded that it did not import or intend to import the Revolax products complained of, the importer and purchaser being BR Pharma.
14. Fox discontinued its claim in February 2019.
15. In this trial of liability only of the counterclaim, Ms Denise McFarland appears for Teleta and Mr Gwilym Harbottle for Fox. I am grateful to them for their well-structured and helpful skeleton and oral arguments.

CHRONOLOGY

16. It appears that Fox initially became interested in Revolax as a product range in autumn 2016, when Mr Foxley, the CEO of Fox, contacted Across and asked about pricing and whether Across had any distributors in the UK already. He was put in contact with Mr Browne Seo of Across, who at that time described himself in his email signature as Deputy General Manager Overseas Sales and Marketing Team. They spoke on the telephone. Fox requested samples of Revolax in November 2016 and began purchasing Revolax for sale in the UK in around March 2017. Fox made its first UK sales of Revolax in June 2017. Fox's Revolax sales quickly grew.
17. In April 2017 Fox had some difficulties within its Dubai business, when Mr Foxley allowed a sub-distributor of an unrelated product line (an LED face mask) to apply in its own name for a trade mark of the product name in the UAE. The sub-distributor then threatened Fox that if its sub-distribution contract was not extended, they would obtain a version of the product from China and continue to sell it under the trade mark. That prompted Ms Quinn to obtain legal advice from a trade mark attorney named Kate McCormick at TM Direct.
18. Ms McCormick advised Fox in an email of 26 April 2017 that subject to any contrary agreement, trade mark rights vest in the business that first used the mark in a territory, but that the position of distributors' rights was somewhat complicated. She said, *"In the absence of an agreement between the manufacturer and distributor, the manufacturer is often presumed to be the owner of the trademark but this presumption in favor of the manufacturer is rebuttable; an exclusive distributor may acquire trademark rights superior to those of the manufacturer"*. Ms McCormick explained that courts consider

various factors, including “1) which party invented and first affixed the trademark on the product’ 2) which party’s name appeared in connection with the trademark; 3) which party maintained the uniformity and quality of the product; 4) which party does the public identify [with] the product; and 5) which party receives customer complaints.” Ms Quinn accepted in cross examination that the advice that TM Direct had provided was clear and she understood it. Mr Foxley says that Fox’s experience of this dispute “made them realise the importance of protecting the REVOLAX brand in the UK from unscrupulous third parties”.

19. In the latter half of 2017, Fox and Across were discussing the possibility of Fox becoming the exclusive UK distributor of Revolax.
20. On 16 October 2017 Ms Quinn emailed TM Direct saying that Fox wished to register REVOLAX as a UK trade mark. TM Direct came back requesting additional information and providing details of fees and process. Ms Quinn responded, “We are just waiting for contract details from the manufacturer to be confirmed and then will come back to you...”. She did not get back to TM Direct until the beginning of December because, as she states in her witness statement and in cross examination, the negotiation of the DA was continuing until then.
21. During this period of negotiation, Mr Foxley raised some concerns with Mr Seo about the entry and sale on the UK market of Revolax imported from other territories. In a 2nd November 2017 email to Mr Seo, Mr Foxley raised concerns about a particular UK distributor, and asked if there was any way of tracing where his supply of Revolax was coming from. He asked, “Just in case we have companies buying from other suppliers outside of the UK. What would we do if other suppliers in UK start selling products that are not bought from Fox Group?”. Mr Seo responded saying that he did not know about the UK company concerned, and that there was no way to trace where their supply came from without a lot number. He said, “Obviously if you ask me, as I explained to you several times, we have protected you until so far almost same level with exclusive right contract. Regarding your last question, it is true that we can not control them by legally. So once you... secure their lot number, we might trace it which korea vendor did it. But, that’s all what we can do. No more control is available”. Mr Foxley reverted to Mr Seo with his suspicions that the UK company concerned was importing Revolax from Bulgaria, saying, “The only way to stop this is by Fox Group obtaining trademark in UK for Revolax, though we need the contract first. If you could let me know as soon as the contract is ready this would be great. Once we have UK trade mark, we can stop all advertisement of Revolax in UK”. Mr Seo responded “Noted about the situation and it seems complicated. I will check your mentioned Bulgaria company”.
22. A few days later, on 8 November 2017, Mr Foxley again complained to Mr Seo about grey-imports from Revolax distributors in Korea entering the UK market. Mr Seo seemed quite irritated that this was raised, responding on the same date, “Please imagine we have one or 2 korean vendors who are purchasing our Revolax product monthly... Their main selling place is china. And whenever I asked them, they never sold to UK. Without any evidence or lot number, please do not make issue this kind of matter... OK, frankly to speaking, if you insist continuously about below issue, I am sorry but, I don’t want to discuss about this issue anymore.”.
23. A draft DA was provided to Fox by Across by email from Mr Seo on 22nd of November 2017, who asked Mr Foxley to let him know if there were any additions or modifications he wished to make to it. This draft included Article 13.1 in the same

form as eventually contained in the signed version of the DA. Mr Foxley did request one change (to the company name of Fox) on 24 November 2017. Mr Seo sent a fresh draft incorporating that change on 28 November, saying *"If there is nothing to be modified or add, I will start internal approval and Investor approval"*.

24. The DA was signed by Fox on 1 December 2017, shortly after some comments from Across's CEO on pricing had been incorporated into a new draft which was emailed to Mr Foxley by Mr Seo. Mr Foxley sent the signed copy by email and hard copy to Mr Seo who told him on 4 December 2017 that he had *"already got electronic approval from our CEO"*. On 5 December 2017 Mr Seo emailed Mr Foxley to tell him that the DA was *"completed"* (presumably meaning it had been signed) by Across on 5 December 2017. In an email exchange between Mr Seo and Mr Foxley on 5 December 2017, Mr Seo said he would email the completed copy to Fox and Mr Foxley responded by email also on 5 December 2017 stating, *"We will trademark in UK as soon as we receive to stop other UK companies selling Revolax in UK"*. Mr Foxley says that neither Mr Seo nor anyone else from Across responded to this email so far as he can recall.
25. Ms Quinn contacted TM Direct again on 5 December 2017, immediately after Fox received the notification that the DA was *"completed"* and asked it to move forward with the UK trade mark registration of REVOLAX. Following some further clearance work by TM Direct, Ms Quinn instructed it to proceed on 10 January 2018 and the application was filed in Fox's sole name on 16 January 2018.
26. In June 2018 Ms Julia Lowe, a solicitor with Higgs & Sons in the UK who was acting for a company that Fox was communicating with about Revolax, emailed the general information email address at Across (marked *"for the urgent attention of the Directors/Owners of Across"*) asking whether Fox was Across's exclusive distributor of Revolax in the UK. She noted that Fox owned the UK Trade Mark and asked whether Across had granted Fox rights to register the REVOLAX mark in the UK.
27. That email appears to have been passed to Mr Seo, as he responded on 21 June 2018 in an email to Ms Lowe entitled *"Across opinion about distributorship invasion arisen by 3rd party in the UK"*. Addressing his response to 'To whom it may concern', he confirmed that Fox *"are the exclusive UK rights holder for Revolax in UK. Also we are happy that Fox... has the UK Trademark to protect Revolax in the UK. Both... Across and Fox... do not want any kinds of distributorship invasion arisen by 3rd party in UK"*. Ms Lowe responded with a letter of 26 June 2018 saying that she was now in receipt of a copy of the DA. She noted that it did not assign or licence Across's intellectual property rights in the mark REVOLAX and warned that Fox's registration of the UK Trade Mark could create difficulties for Across if Fox did not continue to be its distributor after the initial term of the DA expired. If Across responded to that letter, it is not before the Court.
28. On 26 November 2018 Fox's then solicitors, Ai Law, sent Teleta the Letter of Claim. The letter claimed, incorrectly, that Fox was the exclusive owner of the REVOLAX mark, that it had the sole right to promote and use the REVOLAX mark; and that since December 2016 Fox had built up considerable goodwill in the REVOLAX mark throughout the UK in the retail, cosmetic and dermal filler industry. It noted that Fox was the registered proprietor of the UK Trade Mark. It objected to a list of acts carried out by Teleta including the marketing, offering for sale, sale and advertising of the

Revolax product range. It alleged that Teleta was passing off its goods as those of the goodwill owner (i.e., Fox) in the REVOLAX mark, and that Teleta was infringing the UK Trade Mark pursuant to section 10(1), 10(2) and 10(3) of the Act. It requested that Teleta provide undertakings in the form attached to the Letter of Claim by 3 December 2018 failing which Fox would commence proceedings. It did not provide Teleta with a copy of the DA.

29. The form of undertakings sought by Fox included, inter alia, undertakings not to *“now or in the future... manufacture, import, sell, offer for sale, exhibit, advertise, distribute or otherwise deal in any of the Revolax Product Range”* and not to pass off itself or any business or service associated with it as being associated or in any way connected with Fox’s business.
30. As previously noted, on 3 December 2018 Teleta gave interim undertakings (without admission) in the form requested and ceased selling Revolax products while it checked the position. Nonetheless, on 7 December 2018 Fox issued the claim.
31. In addition to the UK Trade Mark, it appears that Fox has obtained trade mark registrations for REVOLAX in the EU (which also spawned a new UK trade mark post Brexit in January 2021) and in Germany. As noted, Fox filed the EU trade mark application 2 days after issuing the claim in these proceedings. The information that Fox had obtained a German mark was first provided by Ms Quinn in cross-examination, not previously having been disclosed to Teleta, and there are no documents about it in the trial bundle. Accordingly, I do not know the timing of that application.
32. Finally, Fox assigned the UK Trade Mark to Across by way of an assignment dated 26 August 2019 (“Assignment Agreement”) following which Across licensed it back to Fox by a licence agreement of the same date (“Licence Agreement”).

THE ISSUES

33. The following issues were identified in a Case Management Conference before me in July 2020:
 - i) Whether in all the circumstances of the case, not least taking into account Article 13.1 of the DA, the UK Trade Mark was applied for in “bad faith” within the meaning of section 3(6) of the Trade Marks Act 1994 (“the Act”).
 - ii) Was Fox’s solicitors’ letter before claim to Teleta of 26 November 2018:
 - a) an unjustified threat of trade mark infringement proceedings against Teleta under section 21 of the Act;
 - b) in relation to which Teleta is a person aggrieved?
 - iii) Whether the alleged threats made in the Letter before Claim were not actionable within the meaning of s21A of the Act because they were made to a person who had done, and/or intended to do, an act mentioned in subsection s21A(2)(b) of the Act in relation to goods and their packaging (namely importing, for disposal, goods to which and to the packaging of which the sign

Revolax had been applied), whether jointly or pursuant to a common design to import such goods for disposal, with BR Pharma?

WITNESSES

34. The trial was conducted remotely over video into open court. I heard from four witnesses of fact at trial each of whom attended by video.
35. For Fox, I heard from Mr Michael Foxley and Miss Victoria Quinn.
36. Mr Foxley is a director, majority shareholder and CEO of Fox. He has made several witness statements during these proceedings but his evidence-in-chief at trial was found in his fifth witness statement. He was cross-examined and re-examined. I did not find him a particularly good witness although I preferred him to Ms Quinn. He was more straightforward in his responses, and less evasive, but some of his evidence was not credible (including his evidence that he thought Mr Seo had not read the DA and so did not realise that Article 13.1 was contained in it). As I set out later in my judgment, whether it was intentional or not, I think his evidence was in part an ex post facto construction to rationalise the actions taken by Fox in applying for the UK Trade Mark.
37. Ms Quinn is a director and Vice-President of Fox and confirmed that she had been fully involved in the business now carried out by Fox since it was established, and a Director since its incorporation in 2016. Before that time, she had worked with Mr Foxley in Dubai. Ms Quinn agreed that Mr Foxley, as majority shareholder, made all major and strategic decisions. She described her responsibilities in the period of 2017-2018 with which we are concerned, as being responsible mainly for administrative functions, sales, and product knowledge. She confirmed that she had lead responsibility for dealing with trade mark attorneys until she took a step back from the business in 2019. Ms Quinn made a single witness statement upon which she was cross-examined and re-examined. I did not find Ms Quinn to be a good witness. She provided oral evidence supporting Fox's case on key matters, including the issue of whether Across had given consent to Fox making the UK Trade Mark application, which she did not provide in her witness statement, and which was inconsistent with her other evidence and the evidence of Mr Foxley. I discuss that evidence later in this judgment, but I did not find it credible. She was somewhat defensive in her manner and highly discursive in her answers to even quite simple questions in a way which I found evasive. I treat the evidence of both Mr Foxley and Ms Quinn with some caution and place more weight on contemporaneous documentation.
38. For Teleta, I heard from Mr Christian Barry and Mr David Jakobsen each of whom filed a single witness statement and were cross-examined and re-examined.
39. I found Mr Barry to be a good witness. He was straightforward, thoughtful and palpably honest. I am satisfied he came to court to assist it to the best of his ability.
40. Mr Jakobsen was not a good witness. He seemed to have very little recollection of events, speculating more than once in oral evidence on what he thought "would have" happened. Some matters which he professed to remember well were contradicted by contemporaneous documents showing the facts to be otherwise, for example his memory that he personally placed the first three purchase orders of Revolax by emailing Alfa, when the documents show that the emails in fact were sent

by Mr John Heenan. In fact, because of my findings in relation to the law, his evidence has been of less relevance than it might have been. I also place more weight on the documentary evidence than Mr Jakobsen's written and oral evidence.

41. Notable is the absence of any evidence from Across.

THE LAW

Bad Faith

42. Section 3(6) of the Act provides that "A trade mark shall not be registered if or to the extent that the application is made in bad faith".
43. Ms McFarland for Teleta relies on the summary of the law produced by Arnold J (as he then was) in *Red Bull v Sun Mark* [2012] EWHC 1929 (Ch), in particular the eight guiding principles relating to bad faith set out at [130] to [138]. However, I accept Mr Harbottle's submission that the effect of the decisions of the CJEU in C-104/18 *P Koton Mağazacılık Tekstil Sanayi ve Ticaret v European Union Intellectual Property Office*, EU:C:2019:724, CJE and Case C-371/18. *Sky plc v SkyKick UK Ltd* EU:C:2020:45 (in particular *Koton* at [45] and *Skykick* at [74]) is that dealings which are not dishonest in the trade mark context cannot now be characterised as dealings in bad faith because they "...fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined", which is the fourth principle identified by Arnold J in *Red Bull* at [134], relying on *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].
44. The CJEU in *Koton* noted at [43] that the meaning and scope of 'bad faith', being undefined in the relevant Regulations (as it is undefined in the Act) must be determined by considering its usual meaning in everyday language, whilst also taking into account the context in which it occurs and the objectives pursued by that regulation. At [45] to [47] it provided the following guidance on the proper approach to consideration of bad faith:

"[45] While, in accordance with its usual meaning in everyday language, the concept of 'bad faith' presupposes the presence of a dishonest state of mind or intention, that concept must moreover be understood in the context of trade mark law, which is that of the course of trade. In that regards, Regulations No 40/94, No 207/2009 and No 2017/1001, which were adopted successively, have the same objective, namely the establishment and functioning of the internal market (see as regards Regulation No 207/2009, judgment of 27 June 2013, *Malaysia Dairy Industries*, C-320/12, EU:C:2013:435, paragraph 35). **The rules on the EU trade mark are aimed, in particular, at contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin** (see, to that effect, judgments of 14 September 2010, *Lego Juris v OHIM*, C-48/09 P, EU:C:2010:516, paragraph 38, and 11 April 2019, *ÖKO-Test Verlag*, C-690/17, EU:C:2019:317, paragraph 40).

[46] Consequently, the absolute ground for invalidity referred to in Article 52(1)(b) of Regulation No 207/2009 applies where it is apparent from relevant and consistent indicia that the proprietor of an EU trade mark has filed the application for registration of that mark not with the aim of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin recalled in the previous paragraph of this judgment.

[47] The intention of an applicant for a trade mark is a subjective factor which must, however, be determined objectively by the competent administrative or judicial authorities. Consequently, any claim of bad faith must be the subject of an overall assessment, taking into account all the factual circumstances relevant to the particular case... It is only in that manner that a claim of bad faith can be assessed objectively." (My emphases)

45. In *Koton*, the single question of law referred to the CJEU was whether the General Court was wrong to find that the existence of bad faith presupposes that the contested mark is registered for goods or services identical with, or similar to, those in respect of which an earlier mark is registered. The CJEU held that it was, and that this was an error of law which vitiated the General Court's reasoning (at [57] and [58]). It noted that the General Court did not fully examine whether the trade mark application for 'KOTON' had a commercial logic in light of the intervener's activities, although it noted that there had been a business relationship between the appellant and the intervener which had ended quite a long time before the application was made. It found that the judgment under appeal should be set aside.
46. In *Sky v Skykick*, the third question referred to the CJEU by Arnold J (as he then was) was whether it can constitute bad faith within the meaning of art. 51(1)(b) of Regulation 40/94 and art. 3(2)(d) of First Directive 89/104 simply to apply to register a trade mark without any intention to use it in relation to specified goods or services.
47. The CJEU noted that it had previously held that the concept of "bad faith" presupposes the presence of a dishonest state of mind or intention and repeated at [74] that this must be interpreted in the specific context relevant to trade mark law, namely that of the course of trade. It reiterated in [74] the message of *Koton*, to which it referred, that "EU rules on trade marks are aimed, in particular, at contributing to the system of undistorted competition in the EU, in which each undertaking must... be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish its goods or services from others which have a different origin". It held that the absolute ground for invalidity for bad faith applies "where it is apparent from relevant and consistent indicia that the proprietor of a trade mark has filed the application for registration of that mark not with the aim of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark..." i.e. indicating the origin of the goods (at [75]) and repeated this at [77]: "Such bad faith may, however, be established only if there is **objective, relevant and consistent indicia tending to show that, when the application for a trade mark was filed, the trade mark applicant had the intention either of undermining, in a manner**

inconsistent with honest practices, the interests of third parties, or of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark.”(my emphasis).

48. I will apply those principles, and the general principles identified by Arnold J in *Red Bull* which remain unaffected by *Koton* and *Skykick*. Those include that:
- i) the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date;
 - ii) 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;
 - iii) 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;
 - iv) whether conduct by a person is dishonest is judged by ordinary standards of honest people. That person’s own standards of honesty are irrelevant to the enquiry.

Threats

49. Section 21A of the Act provides:

(1) Subject to subsections (2) to (6), a threat of infringement proceedings made by any person is actionable by any person aggrieved by the threat.

(2) A threat of infringement proceedings is not actionable if the infringement is alleged to consist of -

- a) applying, or causing another person to apply, a sign to goods or their packaging,
- b) importing, for disposal, goods to which, or to the packaging of which, a sign has been applied, or
- c) supplying services under a sign.

(3) A threat of infringement proceedings is not actionable if the infringement is alleged to consist of an act which, if done, would constitute an infringement of a kind mentioned in subsection 2(a), (b) or (c).

(4) A threat of infringement proceedings is not actionable if the threat -

- d) is made to a person who has done, or intends to do, an act mentioned in subsection 2(a) or (b) in relation to goods or their packaging, and
- e) is a threat of proceedings for an infringement alleged to consist of doing anything else in relation to those goods or their packaging.

50. In this case, the acts Fox complained of as allegedly infringing did not include importation, and so it appears that section 21A(2) of the Act is not in issue in this case. Fox relies on section 21A(4) of the Act, and seeks to persuade the Court that its threats of infringement proceedings contained in the Letter of Claim were made to Teleta who is a person who has imported, for disposal, the goods in relation to which the threats were made.
51. Fox submits that as a matter of law a person who has or intends to import goods for disposal for section 21A purposes “*should extend to a person in the position of [Teleta]*” (paragraph 36 of Mr Harbottle’s skeleton). Trying to tease out what Fox actually means by this is not easy, as Fox has attempted to characterise Teleta in a variety of different ways. The first meaning for which Fox contends is that section 21A(4) should extend to a joint importer. I do not think that Teleta disputes that a person who is a joint importer is an importer for the purposes of section 21A and I am satisfied that is the case.
52. The second meaning for which Fox contends appears to be someone who can be considered to import indirectly pursuant to a common design with an actual importer, in a manner akin to joint tortfeasorship. I say in a manner akin, since Fox cannot be alleging that Teleta is a joint tortfeasor as it has discontinued its infringement claim and so no longer alleges any tort. To seek to make good this submission, Mr Harbottle seeks to rely on several Law Commission documents (Consultation Paper No 212 (April 2013) in particular paras 2.38-2.39 and 8.19-8.28; Report No 346 (Cm 8851, April 2014); and Report No. 360 (October 2015)) and the House of Lords authority of *Sabaf SpA v MFI Furniture Centres Ltd* [2014] UKHL 45.
53. Mr Harbottle submits for Fox that the background to section 21A can be seen from the Consultation paper: that the purpose of the groundless threats law was to discourage proprietors from directing their concerns about infringements to retailers and customers, but leave them free to approach manufacturers and importers. He identifies the rationale being that those “primary actors” were most immediate to the trade source, and so were the more appropriate place to where threats of infringement proceedings should be directed, while retailers and the like might know little about the infringement and so should be protected from such threats by the discouragement provided by section 21A. I accept that as a broadly accurate summary of the purpose.
54. Accordingly, Fox submits, the policy behind the threats legislation dictates that the definition of importer should extend to a person who enters into a common design with an importer, or causes an importer to import.
55. However, this is not the wording of the statutory provision. It can be seen from section 21A(2)(a) that Parliament wished that provision to apply to both those applying a sign to goods or packaging and to those “*causing another person to apply*” a sign to goods or packaging. There is no such equivalent language in section 21A(2)(b) to catch both those “*importing*” goods and those “*causing another person to import*” such goods, which is the sort of language that Fox asks the court to read into the statute. Mr Harbottle anticipates this argument and submits that nothing can be gleaned from the wording of section 21A(2)(a), because the words “*causing another person to apply*” were included in the statute to avoid a perceived uncertainty as to whether only the manufacturer (and not someone who commissioned the

manufacture) was covered: Report No 346 paras 5.32-5.33; 8.22-8.24 (and I would add also 5.37-5.38). By contrast, and, he submits, “no doubt in the light of Sabaf”, there was not thought to be any ambiguity in relation to importing, per Report No 346 para 5.39, which reads in its entirety “All groundless threats provisions define importation as a primary infringement. That appears unproblematic”. Accordingly, he submits, there was no need to include the words “causing another person to import for disposal”.

56. This seems to me to fatally undermine Fox’s case on interpretation. I believe Ms McFarland for Teleta described it as an “own goal” in her closing submissions. If there is no ambiguity in relation to importing, as Mr Harbottle submits and as is Teleta’s case, then the meaning of the statute is plain and unambiguous. As Teleta submits, the normal rules of statutory interpretation provide that where the words of a statute are plain and unambiguous the Court ought to give effect to that plain meaning, per Lord Diplock in *Duport Steels Limited v Sirs* [1980] 1 WLR 142 at page 12: “When Parliament legislates to remedy what the majority of its members at the time perceived to be a defect or a lacuna in the existing law... the role of the judiciary is confined to ascertaining from the words that Parliament has approved as expressing its intention what that intention was, and to giving effect to it. Where the meaning of the statutory words is plain and unambiguous it is not for the judges to invent fancied ambiguities as an excuse for failing to give effect to its plain meaning because they themselves consider that the consequences of doing so would be inexpedient, or even unjust or immoral.”).
57. However, Fox submits that there are other policy reasons for such an interpretation:
- i) Adopting the interpretation proposed by Teleta (i.e., reading the legislation as it is written) “would encourage potential infringers to set up artificial corporate structures to circumvent the threats rules”. I do not understand this argument or the harm which Fox is seeking to identify and prevent. How can a “potential infringer” use an artificial corporate structure to circumvent the threats rules? By putting itself in a better position to counter groundless threats? If those “potential infringers” are in fact infringers, whether directly or by joint tortfeasorship, as the case may be, then they can be sued for trade mark infringement and the threats provisions have no relevance since the threats are not groundless. If such persons are not actually infringers, then the threats provisions in section 21A provide specific protections, and rightly so as that is what Parliament has determined.
 - ii) “Potential claimants may well be unaware of such structures and may therefore fall into the trap of threatening persons (such as Teleta) who appear to be but are not in fact primary infringers”. Well, yes. As the Law Commission report makes clear, the aim of section 21A is to discourage the making of threats against those who are not primary infringers and as such, potential claimants do need to be careful before making threats. However, this observation does not, in my view, support Fox’s submission that the statutory provisions relating to importers should be widened by reading into the statute additional words.
58. Mr Harbottle submits that the reason that the Law Commission considered there to be no ambiguity in relation to importing must be because the *Sabaf* case is clear. He submits that that although the *Sabaf* case is about infringement, it can be applied to consideration of threats because of the general rule which provides that the same word should be construed in the same way in the same statute unless there is any

particular reason to the contrary, and there is no redefinition of the use of the word "importing" for the purposes of section 21A of the Act to how it is used in relation to infringements in section 60(1) of the Act.

59. *Sabaf* was a case in which a question before the House of Lords in infringement proceedings was whether MFI was the importer of the goods. Lord Hoffman gave a judgment with which the other Lords agreed. In fact, given Lord Hoffman's findings in relation to the underlying patent, it was not necessary to determine it, but he chose to address it in obiter comments as the court of first instance and the Court of Appeal had come to different decisions on the point. He discussed the facts from paragraphs [36] to [38] of his judgment and those included that a company called Meneghetti had manufactured the goods in issue (kitchen hobs) in Italy, sold them to MFI and title to the goods passed to MFI in Italy. Although MFI had for some time arranged for the goods to be collected by its own lorries from Meneghetti's manufacturing plant in Italy for transport to the UK, in November 1998 the arrangements changed, and Meneghetti, at MFI's request, arranged transport of the goods to the UK by a carrier selected by Meneghetti. The issue was whether, following the revised arrangements, MFI or Meneghetti was the importer of the goods into the UK. Lord Hoffman held that MFI was "*obviously the importer of the goods*", saying at [41], "*Meneghetti made arrangements on behalf of MFI for the importation by MFI of its goods into the United Kingdom. The contract of carriage is presumed to have been made on behalf of the consignee and owner of the goods: see Clarke, International Carriage of Goods by Road (3rd ed., Sweet & Maxwell, 1997)... If there had been short delivery, MFI would have been the proper party to sue on the contract. But I do not think that one need rely on the technicalities of the contract of carriage. Meneghetti was not the importer because, whoever had contracted with the carrier, MFI was the importer*".
60. I do not agree with Fox that this provides any wider authority than guidance that identifying an importer is not generally a tricky thing to do, and that it is a matter of fact to be determined in the particular circumstances of the case. With the greatest respect to Lord Hoffman, he is doing not much more than saying it is obvious who the importer is in these circumstances and the fact that another entity arranged a carrier to bring the goods to the UK is irrelevant. In particular, I reject any suggestion by Fox that it provides a definition of importer for the purposes of section 60(1) of the Act which can be read across to section 21A.
61. For those reasons I reject Fox's submission that any other words should be read into section 21A(4) of the Act. In my judgment a person who has or intends to import goods for disposal for section 21A purposes is limited to an actual importer, and who that may be is a matter of fact to be determined in the circumstances of the case.

ISSUE (i) - BAD FAITH?

62. It is not disputed that Fox applied for the UK Trade Mark a mere six weeks after Fox and Across had expressly agreed in writing in Article 13.1 of the DA that Fox had no such right to do so. Mr Foxley said in oral evidence, unconvincingly in my view, that he was not aware of Article 13.1 in the DA, but in any event his fellow director Ms Quinn confirmed in oral evidence that she was aware of Article 13.1 and understood it, and that it was never subsequently varied, so Fox is fixed with that knowledge.

63. Fox's case is that despite Article 13.1, Across had consented to it applying for the UK Trade Mark.
64. Mr Foxley in his fifth witness statement states at paragraph 24 that although the draft DA was provided to him on 22 November 2017 containing Article 13.1 within it, "*it was not something that either party discussed at the time of entering the agreement – indeed the only discussion relating to intellectual property were those relating to the specific issue of our desire to register a REVOLAX trade mark and Across consenting to that registration. I specifically recall discussing these issues with Mr Seo on at least two occasions, and that Mr Seo gave his consent for us to proceed with the trade mark registration once the contract was finalised*".
65. To support this, in his fifth witness statement Mr Foxley relies on two things: (i) his response to Mr Seo's email of 5 December confirming the contract was 'completed', in which he said "*We will trademark in UK as soon as we receive [the DA] to stop other UK companies selling Revolax in UK*" and (ii) the fact that hours after receiving Mr Seo's email of 5 December, Ms Quinn instructed TM Direct to go ahead with the trade mark application.
66. Mr Foxley's written evidence for the basis of his belief that Across had given consent is, in my judgment, very weak. Mr Foxley stated at paragraph 29 of his fifth witness statement: "*As it had communicated clearly to Across that it would be going ahead to apply for the Revolax Trade Mark, [Fox] believed that it had Revolax's consent. At no stage did Across object to the application*" and in paragraph 30: "*Indeed we believed that the consent to register the trade mark formed part of the deal in signing up to the exclusive licence agreement. Accordingly [Fox] did not think, at the time it was applying for the Revolax Trade Mark, that it was forbidden from doing so by the [DA]*". Both of these fall very far short of evidence of an explicit consent from Across.
67. Ms Quinn's written evidence on the issue of consent is also very limited. In paragraph 10 she says that she recalls that she was present "*on at least two or three telephone calls between Mike [Foxley] and Mr Seo in which Mike explained that, off the back of the troubles we experienced with the LED face mask dispute... we would need to protect the brand and apply for a UK trademark that would protect the Revolax brand that we were creating in the UK.*" In paragraph 11 she again referred to what Mr Foxley was telling Mr Seo over the telephone: "*I also remember being present on several further phone conversations in which Mike stressed that we would need to apply for a trademark to protect the amount [of] investment that we were pouring into marketing the Revolax brand*". Finally, in paragraph 13, she said "*All of the conversations with Across that I refer to above were favourable and supportive of our efforts with Revolax in the UK, with no push back from Across or any suggestion that we were acting outside of Across permission by applying to register the Revolax Trade Mark*". Once again, like Mr Foxley's written evidence, the basis of her belief appears to be Mr Foxley telling Mr Seo on the telephone that he wanted approval for Fox to register REVOLAX as a trade mark in the UK. It is notable, in my view, that she does not state that she heard Across consenting to Fox seeking to register the REVOLAX mark, nor does she state in her written evidence that Mr Foxley told her at any time that Mr Seo had explicitly consented to Fox seeking to register the REVOLAX mark.
68. Ms Quinn accepted in oral evidence that she was not a party to any of the calls between Mr Foxley and Mr Seo, before proceeding to give evidence about them. Her oral evidence was markedly different to her written evidence. She said that Across

had “repeatedly” provided verbal consent to Fox filing the UK Trade Mark application “on multiple occasions” “before, during and after the exclusive Distributorship Agreement was put together when we expressly had their agreement”, including as early as before 16 October 2017. She said she was “100% sure” that Fox had the consent of Across to make the UK Trade Mark application before she sent her email to TM Direct on 16 October 2017. Ms Quinn’s oral evidence on the point was, in my view, unconvincing:

- i) it did not accord with her written evidence;
 - ii) it did not accord with Mr Foxley’s evidence, although he was the person having the telephone calls upon which Ms Quinn’s evidence was purportedly based. He did not attempt to tell the court that unconditional consent had been provided by Across as early as October 2017, and he says he recalls discussing a possible trade mark application with Mr Seo on two occasions, not the multiple occasions that Ms Quinn refers to in cross-examination;
 - iii) her evidence was internally inconsistent. Ms Quinn accepted in cross-examination that without consent, the act of filing the UK Trade Mark would be in breach of Article 13.1. She also agreed with the proposition put to her by Ms McFarland that Across, in drafting the DA to include Article 13.1, was likely to have considered that it gave them protection from Fox taking the REVOLAX brand for itself, and she was unable, when asked, to think of any reason which would make Across feel that Fox would act in breach of Article 13.1. Both points are, in my judgment, inconsistent with her position that by the time the DA was drafted, Across had already agreed to Fox making the REVOLAX trade mark application.
69. Ms Quinn could not explain why she had not provided this evidence about consent in her witness statement. She also could not provide any credible explanation for:
- i) why there was no written confirmation of any type, formal or informal, produced by Fox or Across of the consent which she described as “*hugely important*”;
 - ii) why the DA was signed by both parties containing Article 13.1 which prevented Fox from making such an application if consent had already been provided by Across; and
 - iii) why she did not send to TM Direct the DA or a copy of Article 13.1 to enable it to advise her on the implications.
70. Finally, Ms Quinn confirmed that she did not send Across a copy of the UK Trade Mark application, nor did she ask TM Direct to send them a copy. She said that as far as she recalled there had been no communication between Fox and Across about the application at all. I did not find Ms Quinn’s oral evidence on the issue of consent at all convincing. I do not consider she was providing truthful evidence to the best of her recollection, but rather she was saying what she thought would best support Fox’s case.
71. In my judgment, there is no credible evidence that Across did expressly consent. Mr Foxley’s clear evidence is that the consent Fox relies on was only provided verbally by Mr Seo in telephone conversations with him, but he also accepts that he knew that

Mr Seo was not able to make substantive decisions himself. In oral evidence he confirmed that, until this year, his only contact at Across was Mr Seo. In his fifth witness statement he describes that Mr Seo “*would seek consent or run matters by the CEO of Across*”. The fact that Mr Seo had to seek approval from the CEO of Across and, on occasion, Across’s investors can be seen in Mr Seo’s email correspondence. In oral evidence Mr Foxley said that “*Our only contact was with [Mr Seo] and we don’t know what goes on back at Across*” and “*They [Mr Seo and the CEO of Across] had discussions in the background. I took Browne’s word as gospel*”. He later said that Mr Seo would not speak to the CEO for every decision, although he expected him to seek consent from the CEO for this one.

72. In oral evidence Mr Foxley said that consent was conditional on the DA being signed, and that Across wanted to sign the DA before they registered a trade mark. When he was asked by Ms McFarland in cross-examination why, if that was the case, the DA contained Article 13.1 prohibiting Fox from doing so, he said “*This was an oversight by Across. Mr Seo has probably not even gone over the contract. It is probably an oversight on his side too*”. This was not credible, in my judgment. When Ms McFarland, naturally, took him to documents showing him that Mr Seo sought and obtained CEO and investor’s approval before sending the draft DA to him to sign, and that the CEO had made later comments resulting in a revised draft, Mr Foxley accepted that, and said “*I accept that – I don’t know what mind Mr Seo was in. I don’t know why he agreed to this when he agreed differently to us*”. It is inherently unlikely, in my judgment, that the CEO, who it seems had read the draft DA carefully, would have approved a draft DA incorporating Article 13.1 if he knew that he had approved Fox making a UK trade mark application in its own name. It is more likely than not, in my judgment, that he would have raised this with Mr Seo as an inconsistency.
73. Mr Foxley said that consent was provided by two emails and several phone calls with Mr Seo of Across. The two emails he relies on are his own emails to Mr Seo of 2 November 2017 and of 5 December 2017, stating that he wants Fox to obtain the UK trade mark for REVOLAX.
74. I do not consider that either of these emails can have provided him with a reasonable belief that Across was consenting to the trade mark application for the following reasons:
- i) Both of those emails were produced by him. The fact that he has told Across that he wishes to apply for a trade mark is insufficient to obtain consent and it is not reasonable of him to believe that it is;
 - ii) Mr Seo responded to his 2 November 2017 email by saying: “*Obviously if you ask me, as I explained to you several times, we have protected you until so far almost same level with ex[cl]usive right contract... if you secure their lot number, we might trace it which korea vendor did it. But, that’s all what we can do. **No more control is available***” (my emphasis). In this Mr Seo seems to be pushing back on the idea of Fox obtaining a UK trade mark for Revolax, by saying that no more control is available save the provision of the exclusive distribution contract. He certainly does not address Mr Foxley’s idea of Fox registering a trade mark directly and it is not reasonable, in my judgment, for Mr Foxley to believe that this does provide consent from Across to such an application, particularly in

circumstances where a draft DA containing Article 13.1 was provided to Fox about three weeks later;

- iii) The 5 December email was sent the same day that Across had signed the DA, and Across did not reply to it.
75. In relation to the latter point, Fox submits that this email is only consistent with a genuine belief that Mr Foxley had Fox's approval to obtain a UK Trade Mark, but in my judgment it is also consistent with Mr Foxley writing to Mr Seo to seek Across's approval of his proposed actions. Mr Harbottle seeks to argue that the lack of response of Across to the email is implied approval, but I do not accept that argument which is not tenable in circumstances where Across had only just that day signed a binding agreement stating the opposite. Nor do I accept that Mr Foxley believed it to be implied approval in those circumstances, particularly where he knew that Mr Seo could not give such approval by his own decision, but had to obtain authorisation from the CEO and probably also internal investors, since their approval was necessary to enter into the DA and such consent would amount to a variation of the terms of the DA signed by Across that very day.
76. It is notable, in my view, that Mr Foxley does not say that he was told by Mr Seo that he had obtained such approval, and in my judgment, it was not reasonable for Fox to assume that Mr Seo had obtained such approval before the DA was signed, given that the DA included Article 13.1 which Ms Quinn, at least, says she noted, read and understood.
77. If no approval was given before the DA was signed, what about after the DA was signed and before the UK Trade Mark application was filed? Well, it is not Mr Foxley's evidence in his witness statement or in his oral evidence that approval was given by Across after 5 December 2017. In his oral evidence, he said that there was no further communication about the application after his email on 5 December 2017.
78. The fact that the Claimant does not rely on any evidence from Across that it had, at the time the UK Trade Mark application was made, authorised or consented to that application is, in my view, highly relevant to the question of whether Fox did have such approval or whether it reasonably believed that it did have such approval on the day the application was filed. Mr Foxley in oral evidence said that Across were aware of this litigation but did not want to get involved in it. He also made clear that Fox still has an ongoing business relationship with Across. He said in cross-examination *"This is something we are dealing with ourselves. I wouldn't want to derail our contract with something like this"*. Ms McFarland put it to Mr Foxley that Fox wanted to maintain as low a profile as possible and not bring issues to Across's attention if he could avoid it, to which Mr Foxley replied *"Yes"*.
79. I am entitled to, and I do, draw the inference that the reason that no statement has been obtained from Across is because any evidence Across may give would not support Fox's case that it had express approval at the relevant date. Fox seeks to rely on the "To whom it may concern" letter of June 2018 that Mr Seo sent to Ms Lowe of Higgs & Co as evidence that Mr Seo was unconcerned about the UK Trade Mark application, and submits this is supportive of Fox's case that it did have such approval, but in my judgment that letter does not tell me anything about the issue of consent by Across on the application date of 16 January 2018. In the absence of any

witness evidence from Mr Seo or any other person with authority at Across, I do not find that letter provides any such support, particularly in circumstances where it appears that Across has since required Fox to assign the UK Trade Mark to it, and Fox has done so by way of the Assignment Agreement.

80. Mr Harbottle submits that Fox's acts were motivated not by dishonesty but by naïveté, inexperience or a mistaken assumption by Mr Foxley and Ms Quinn, not a dishonest state of mind or intention. I do not accept the characterisation of naïveté and inexperience. Although the Fox business was relatively young, Ms Quinn and Mr Foxley had already been involved in one trade mark dispute by Fox inadvisedly permitting a sub-distributor to file a trade mark application for a product in which the rights were owned by another. Fox knew exactly what the risks were for a rights owner in this situation, as it had experienced those risks itself, and because it had sought and obtained clear legal advice from TM Direct on the point which Ms Quinn said she had both read understood. Mr Foxley said in oral evidence that Fox had sought and obtained its own registered trade mark for Revolax in the UK and later in the EU "*learning from our mistakes in the past*".
81. Mr Foxley sought to say in oral evidence that he had agreed to Article 13.1 being in the DA, and did not comment on it, because "*we didn't even have legal advice and we were very naïve*". When it was pointed out to him that TM Direct had provided legal advice to Fox, he sought to distance himself from it, saying "*I didn't have that advice myself. I was dealing with the DA and as a keen young business we were keen to have a signed contract*". Again, Ms Quinn's evidence was that the advice was clear, and she understood it and on further questioning Mr Foxley did accept that Fox had received specialist trade mark advice from a trade mark attorney, and that he had the opportunity, on behalf of Fox, to obtain whatever advice he wanted to during the process of negotiation with Across.
82. Mr Harbottle submits that it was not put to Mr Foxley that he was not telling the truth about having approval. Ms McFarland did not accuse him of lying in so many words, but put Teleta's case clearly to him, in my judgment: "*You never got to the point of a formal consent from Across the company. At best you knew Mr Seo was only the deputy manager and didn't have the authority to bind Across*". Mr Foxley said "*Yes but we took what [Mr Seo] said to us as gospel... I didn't even know this clause was in the contract. I didn't know I needed written confirmation*". Once again, as I have noted, Ms Quinn's explicit oral evidence was that she did know that Article 13.1 was in the DA, and she understood what it meant.
83. I am willing to accept that Mr Foxley did have telephone conversations with Mr Seo explicitly stating his wish for Fox to apply for a trade mark registration for Revolax in the UK, as he also made such requests in his email communications with Mr Seo. I am also even prepared to accept that Mr Seo may have been encouraging about that on the telephone, as Ms Quinn says he was, although his written responses to Mr Foxley's emails on the subject are either non-committal ("*It seems complicated*") or unencouraging ("*No more control is available*") or unanswered. However, on the balance of probabilities I do not accept that Fox, through its directors Mr Foxley and Ms Quinn, genuinely believed that it did have approval for the reasons I have given. If Mr Foxley is not lying, then it seems to me that at best, his profession that Fox did have that genuine belief is an ex-post facto construction in an attempt to rationalise Fox's actions.

84. Drawing this all together then, I am satisfied on the balance of probabilities that on the application date:
- i) Fox knew that Across supplied Revolax branded product into the territories of the EEA.
 - ii) Fox knew it was not the owner of the rights in REVOLAX. It had received pertinent and clear legal advice from Ms McCormick of TM Direct about trade mark rights as between a manufacturer and a distributor which Ms Quinn, a director of Fox, had read and understood.
 - iii) Fox had acknowledged this by signing the DA which, in Article 13.1 reserved all rights in trade marks, including the REVOLAX mark, to Across.
 - iv) Although Fox had the opportunity to comment on, negotiate and obtain specific advice in relation to Article 13.1 before signature of the DA, it did not do so.
 - v) Nor did it copy the DA or Article 13.1 to TM Direct when it instructed it to make the UK Trade Mark application on the very same day that it signed the DA.
 - vi) I have found that Fox did not have the consent of Across to make the UK Trade Mark application and it was not reasonable for Fox to believe that it had such consent.
 - vii) It applied for the UK Trade Mark to prevent any other UK company, including legitimate traders such as Teleta, from advertising for sale or selling Revolax in the UK, without consideration of the free movement of goods across the EU.
85. I find that, judged by the ordinary standards of honest people, Fox's intention in applying for the mark was dishonest. In my judgment these actions are not consistent with good faith. By obtaining the UK Trade Mark, Fox undermined, and intended to undermine, the purposes of the system for registration of trade marks in the UK: (i) by taking for itself rights which it knew belonged to Across; and (ii) by preventing UK consumers from identifying the true origin of Revolax products.
86. In addition, by doing so I am satisfied that Fox also sought to distort competition by intending to prevent even legitimate sales of Revolax in the UK by third party sellers seeking to benefit from the free movement of goods across the EU. I do not accept Fox's submission that Fox intended to protect the Revolax brand in the UK only from unlawful incursion by grey importers, but it had no intention to undermine the legitimate rights of Across nor the activities of legitimate traders as this was not Ms Quinn's evidence – her evidence was that she did not even think about or understand the concept of free movement of goods – and Mr Foxley's emails to Mr Seo show that his intentions were otherwise, in my judgment. I consider this submission is also inconsistent with Fox's later actions in applying and obtaining: (i) an EU trade mark; and (ii) a German trade mark for Revolax, although the DA only gave Fox exclusivity for the territory of the UK.
87. Finally, I refer to Fox's last-minute argument that it held the UK Trade Mark on trust for Across. Teleta objects on the basis that this argument is not pleaded. Nor is it

evidenced. Neither Mr Foxley nor Ms Quinn say that Fox applied intending to hold the UK Trade Mark on trust for Across, nor that it did in fact do so, nor that Across understood Fox to have held it on trust for Across. Mr Harbottle in closing accepted he was in difficulty with this argument but nonetheless sought to make submissions on the point. In the absence of any pleading or evidence on the point, I decline to deal with it.

ISSUE (ii) - THREATS?

88. Fox did not, at trial, seek to argue that the Letter of Claim did not contain unjustified threats of trade mark infringement proceedings, nor that in relation to those threats Teleta was a person aggrieved. The only remaining issue in dispute is whether the threats were not actionable because Teleta was an importer of the Revolax products.
89. Mr Barry's evidence is that BR Pharma was, at all relevant times, the principal trading company within the Teleta group although it had always almost exclusively traded in pharmaceuticals and non-aesthetic medical devices. The purchase of Revolax products (being classified as an aesthetic medical device) was, he says, a new area for the group. He says that it was decided that BR Pharma, which had the infrastructure, resources and contacts to purchase and import such products into the UK, would buy and import them and they would then be transferred to the Defendant for onward sale to retail customers, being mainly aesthetic clinics.
90. Teleta has disclosed documents relating to the purchase of Revolax products from Alfa in four transactions. I am satisfied that these show that:
- i) BR Pharma had previously entered into a "Technical Agreement for Wholesale Supply" of medical devices with Alfa on 5 June 2017, valid for two years;
 - ii) The initial contact with Alfa in relation to the supply of *aesthetic* medical devices was by David Jakobsen of BR Pharma;
 - iii) BR Pharma issued purchase orders in its name for Revolax to Alfa on 21 June, 3 September, 1 October and 30 October 2018;
 - iv) Alfa invoiced BR Pharma in its name for the relevant amounts on 9 July, 7 September, 26 October and 14 November 2018, the invoices making clear that the goods were ex works, i.e., title passed to BR Pharma in Poland;
 - v) BR Pharma paid such invoiced amounts to Alfa from its named Nat West bank account to Alfa's bank account at CitiBank in Poland;
 - vi) The products for the first purchase order were collected from Alfa and carried to the UK by a courier company called Europa Worldwide Group. I have not seen that invoice, but the delivery note is addressed by BR Pharma. The products for the second, third and fourth purchase orders were collected from Alfa and carried to the UK by a courier company called CSM, whose invoice named the consignee as BR Pharma;
 - vii) CSM invoiced BR Pharma and BR Pharma paid those invoices;

- viii) BR Pharma also organised and paid for insurance which covered those deliveries;
 - ix) Upon receipt of the goods in the UK, BR Pharma transferred the title to such goods to Teleta in return for payment of the cost price plus expenses incurred;
 - x) Teleta paid such sums from the Teleta bank account to the BR Pharma bank account.
91. Fox submits that although, it accepts, all these actions were carried out in BR Pharma's name, in fact the person in this case who ultimately was responsible for causing the goods to be imported was Teleta. Mr Harbottle's cross-examination was focussed on whether Mr Jakobsen, who was employed by BR Pharma, had sent the various emails raising the purchase orders, or liaised with Alfa, or whether it was in fact a Mr Heenan who was employed by Teleta. Of course, I have found that section 21A is not concerned with who caused the goods to be imported, rather who is the importer.
92. Fox further submits that although BR Pharma may have imported the products, it was doing so as an agent for Teleta, which is consistent with the fact that Mr Heenan was the person initiating the purchase orders. However, this is another unpleaded late point by Fox. Mr Harbottle submits that it is pleaded because it can be read into the words "*whether jointly or pursuant to a common design*" which Fox added to its pleading on the point. I am not with him in relation to that. As I have explored in my section on the law, those words relate to an entirely separate point about whether section 21A(4) should be limited to "importer" or also be read as including a person who causes the goods to be imported. It does not refer to agency, agency was not identified as an issue in the case management conference, and I am not minded to deal with unpleaded points in an IPEC matter. If I was to deal with it, I would accept Mr Barry's evidence that BR Pharma was the company within the group which carried out group purchasing and find, given the documentary evidence to which I have already referred, and in the absence of any cogent evidence of agency before the Court (including the lack of any reference to Teleta in the technical agreement with Alfa or any agency agreement with, or disclosure to Alfa of any agency agreement by, BR Pharma), that BR Pharma was acting in its own right and not as an agent of Teleta. Although BR Pharma bought what Teleta told it that it wanted, that is not sufficient in my judgment to cause me to conclude that BR Pharma was acting as Teleta's agent. Nor do not consider that the facts that Mr Heenan issued purchase orders by email is sufficient. It is more likely, in all the circumstances, that Mr Heenan as an employee of the sister company Teleta was acting as an agent of BR Pharma in doing so, particularly as Mr Jakobsen's evidence was that Mr Heenan was only permitted to do so with the authorisation of Mr Jakobsen, an employee of BR Pharma. I accept Mr Barry's evidence that BR Pharma was the company within the wider Teleta group which had the infrastructure and carried out the purchasing of goods for others within the group, including Teleta, for many years, and the financing arrangements set up between these companies, where BR Pharma made all up-front payments for the goods and costs of importation and was only reimbursed by Teleta when the goods were in the UK and title passed from BR Pharma to Teleta, does not support Fox's agency argument in my judgment.

93. Finally, Fox submits that BR Pharma was not in fact the importer, it was more akin to a carrier, as it had no reason to look at the goods at any stage, it simply picked them up and sent them to the UK, and the person who would inspect the goods was Teleta. Although the evidence I heard was that Teleta was, generally the first inspector of the packaged goods, I do not accept this submission. BR Pharma did not, in fact, pick up the goods and deliver them to the UK. It used a courier company to do so. However, title passed to BR Pharma in Poland, and it remained with BR Pharma until those goods were in the UK and Teleta paid them for the costs of those goods and the expenses of importing them. Mr Harbottle did not, in the end, argue in closing that Teleta is a joint importer with BR Pharma. If he had done so, I would not have been with him. It seems to me that, much like Lord Hoffman's finding in *Sabaf*, it is obvious that in this case, in these circumstances, BR Pharma is the importer and Teleta is not, and I so find.

CONCLUSION

94. Fox applied for the UK Trade Mark in bad faith within the meaning of section 3(6) of the Act. Accordingly, the UK Trade Mark is and always has been invalid pursuant to section 47(1) of the Act and the Court will make a declaration accordingly.
95. The Letter of Claim contained actionable unjustified threats of trade mark infringement proceedings against Teleta under section 21A of the Act in relation to which Teleta is a person aggrieved. Damages are to be determined at a quantum trial if not agreed.
96. I will hear submissions on publication/dissemination of this judgment, interest, costs, and any other consequential orders at the handing down of this judgment.