

O-603-16

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO 3010427

BY MARIAGE FRÈRES, SOCIÉTÉ ANONYME TO REGISTER THE TRADE MARK

RUSSIAN BREAKFAST TEA

IN CLASS 30

AND IN THE MATTER OF OPPOSITION THERETO UNDER NO 401002

BY TWG TEA COMPANY PTE LTD

Background and pleadings

1) Mariage Frères, Société Anonyme (hereafter “MF”) applied to register the mark no. 3010427 RUSSIAN BREAKFAST TEA in the UK on 18 June 2013. It was accepted and published in the Trade Marks Journal on 5 July 2013 in respect of the following goods:

Class 30: *Coffee, tea, cocoa ; cocoa-, coffee-, chocolate- or tea-based beverages ; non medicinal infusions ; sugar, rice, bread, pastry and confectionary, pancakes (foodstuffs) ; cookies ; cakes ; rusks ; confectionary ; chocolate ; edible ices ; honey, salt, mustard ; vinegar, sauces (condiments) ; condiments ; spices ; dried plants and seeds, flavourings, other than essential oils, and mixtures of the aforesaid goods, for preparing non-medicinal beverages.*

2) TWG Tea Company PTE Ltd (hereafter “TWG”) oppose the mark on the basis of section 3(3)(b), section 3(6) and section 5(4) (a) of the Trade Marks Act 1994 (“the Act”). The section 3(3)(b) ground is based upon a claim that the mark is deceptive when used in respect of goods not being teas or not related to teas. The section 3(6) grounds are based on a claim that it is not credible that MF had a bona fide intention to use its mark on all the goods applied for.

3) The section 5(4)(a) grounds are based upon its alleged earlier rights in a sign identical to MF’s mark. It claims to have been selling tea in the UK under this sign since at least 2010 and has acquired goodwill under the sign. Use of the trade mark applied for would therefore be a misrepresentation to the public and result in damage to the aforementioned goodwill.

4) MF filed a counterstatement denying the claims made and puts TWG to strict proof of use.

5) Both sides filed evidence in these proceedings. This will be summarised to the extent that I consider necessary. This case forms one of a number of cases between the parties that were heard consecutively over two dates in October 2016 where MF

was represented by Thomas St Quintin of counsel, instructed by Potter Clarkson LLP and TWG represented by Mr Ian Bartlett for Beck Greener. The hearing in respect of this case took place on 13 October 2016.

TWG's evidence

6) This takes the form of a witness statement by Taha Bouqdib, president, chief executive and a director of TWG. Mr Bouqdib states that TWG opened its first tea salon in Singapore in August 2008. A market analysis commissioned in the context of legal proceedings in France is referred to by Mr Bouqdib. It mentions that TWG "...operates an outlet at Harrods in London."

7) Mr Bouqdib explains that its RUSSIAN BREAKFAST tea is one of TWG's loose leaf tea ranges and is sold from canisters displayed in store, including at its *Harrods* outlet. The following photograph of such a canister is provided at Exhibit TB15:



8) Mr Bouqdip states that TWG started selling its RUSSIAN BREAKFAST tea from its store in London “in around May 2010” and has been sold continuously since. Undated photographs showing how the tea is displayed and promoted within the store are provided at Exhibits TB9 and TB15. Exhibit TB9 consists of a photograph of the inside of the store, with many hundreds of canisters and other packages shown but it is not possible to identify the mark in question. The photograph at Exhibit TB15 is shown at paragraph 7, above.

9) Mr Bouqdip states that all of TWG’s teas, including RUSSIAN BREAKFAST tea are promoted and sold through its main website at www.TWGTea.com. He also states that TWG is well known in the UK because of its store in *Harrods* and by promotion of its teas via the *Harrods* website. Exhibit TB16 consists of extracts from the website showing various of TWG’s tea products. RUSSIAN BREAKFAST TEA is not shown. It is undated, but there is a *Harrods* branded advert referring to an offer about “our 2009 Christmas Bear”

MF’s evidence

10) This takes the form of two witness statements, the first by Sanjay Kapur, Registered Trade Mark Attorney and Partner in Potter Clarkson LLP, the second by Kittichat Sangmanee, President of the Board and CEO of MF.

11) In response to the grounds based upon section 3(3)(b), Mr Kapur states that the way brands are applied to products nowadays and the concept of brand extension will result in consumers not being deceived if they see a mark containing the word TEA applied to non-tea products. To support this, at Exhibit SK1 he provides extracts from the *Marquesa* trade mark database showing a selection of marks which contain the word TEA and registered in relation to food and drink stuffs, a number of which are held by TWG.

12) In response to the grounds based upon section 5(4)(a), Mr Kapur provides a critique of TWG’s evidence that I will not detail here but will keep in mind and discuss as necessary in my decision.

13) Mr Sangmanee states that MF's creation of RUSSIAN BREAKFAST TEA mark pre-date the alleged 2010 first date of use claimed by TWG.

14) Mr Sangmanee provides a history of MF and states that "currently" MF sells Mariage Frères branded teas in more than 60 countries and it has a prestigious image. He states that MF have been selling its branded teas in the UK for a number of years including at *Harrods* and *Selfridges*.

15) Mr Sangmanee states that at the time TWG starting trading in Singapore in 2008, MF had already built up an extensive reputation in the tea business and MF owns and uses several different marks that contain the word BREAKFAST and are associated with a geographical place, such as TOKYO BREAKFAST and SHANGHAI BREAKFAST TEA. Examples of French registrations in respect of these marks are provided at Exhibit KS12.

16) Mr Sangmanee states that MF's first use of RUSSIAN BREAKFAST TEA predates the use by TWG and he claims a first use in the UK as being 2005 in respect of teas. At Exhibit KS14, Mr Sangmanee provides evidence in support of this claim. It consists of four invoices dated between December 2005 and November 2009. The total volumes of RUSSIAN BREAKFAST TEA shown amount to a total of 24 tins, 100g and three 30 "bourse" packets to one company in London and two other customers, one in Guildford and one in Brighton.

17) Mr Sangmanee identifies French trade marks in the name of MF that includes RUSSIAN BREAKFAST TEA, registered in 2004 and he points out that this was registered prior to TWG's first use in the UK of its RUSSIAN BREAKFAST TEA mark.

TWG's evidence in reply

18) This takes the form of a second witness statement by Mr Bouqdib. In an attempt to address MF's position that TWG has failed to demonstrate that it has "any goodwill or reputation in the trade mark.... RUSSIAN BREAKFAST TEA", Mr Bouqdib states that he is unable to provide any reliable sales figures but it is his assumption

“based on sales of our other teas is that yearly sales since 2009 have been between £**** and £****.

19) Mr Bouqdib states that TWG's products are specialised and expensive and therefore have a limited market but its customers use the tea names when making repeat orders.

DECISION

Section 5(4)(a)

20) Section 5(4)(a) states:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) [.....]

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

21) Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 provides the following analysis of the law of passing off. The analysis is based on guidance given in the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731. It is (with footnotes omitted) as follows:

“The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

(1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of passing off, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House."

22) Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

"To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;
- (d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

23) The earlier use by the claimant must relate to the use of the sign for the purposes of distinguishing goods or services. For example, merely decorative use of a sign on a T-shirt cannot found a passing off claim: *Wild Child Trade Mark* [1998] RPC 455 (AP)

The relevant date

24) In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC as the Appointed Person considered the relevant date for the purposes of s.5(4)(a) of the Act and concluded as follows:

“39. In *Last Minute*, the General Court....said:

‘50. First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51. However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non-registered national mark before the date of filing, in this case 11 March 2000.’

40. Paragraph 51 of that judgment and the context in which the decision was made on the facts could therefore be interpreted as saying that events prior to the filing date were irrelevant to whether, at that date, the use of the mark applied for was liable to be prevented for the purpose of Article 8(4) of the CTM Regulation. Indeed, in a recent case before the Registrar, *J Sainsbury plc v. Active: 4Life Ltd* O-393-10 [2011] ETMR 36 it was argued that *Last Minute* had effected a fundamental change in the approach required before the Registrar to the date for assessment in a s.5(4)(a) case. In my view, that would be to read too much into paragraph [51] of *Last Minute* and neither party has advanced that radical argument in this case. If the General Court had meant to say that the relevant authority should take no account of well-established principles of English law in deciding whether use of a mark could be prevented at the application date, it would have said so in clear terms. It is unlikely that this is what the General Court can have meant in the light of its observation a few paragraphs earlier at [49] that account had to be taken of national case law and

judicial authorities. In my judgment, the better interpretation of *Last Minute*, is that the General Court was doing no more than emphasising that, in an Article 8(4) case, the *prima facie* date for determination of the opponent's goodwill was the date of the application. Thus interpreted, the approach of the General Court is no different from that of Floyd J in *Minimax*. However, given the consensus between the parties in this case, which I believe to be correct, that a date prior to the application date is relevant, it is not necessary to express a concluded view on that issue here.

41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs QC sitting as the Appointed Person in *Croom's TM* [2005] RPC 2 at [46] (omitting case references):

- (a) The right to protection conferred upon senior users at common law;
- (b) The common law rule that the legitimacy of the junior user's mark in issue must normally be determined as of the date of its inception;
- (c) The potential for co-existence to be permitted in accordance with equitable principles.

42. As to (b), it is well-established in English law in cases going back 30 years that the date for assessing whether a claimant has sufficient goodwill to maintain an action for passing off is the time of the first actual or threatened act of passing off: *J.C. Penney Inc. v. Penneys Ltd.* [1975] FSR 367; *Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd* [1981] RPC 429 (PC); *Barnsley Brewery Company Ltd. v. RBNB* [1997] FSR 462; *Inter Lotto (UK) Ltd. v. Camelot Group plc* [2003] EWCA Civ 1132 [2004] 1 WLR 955: "date of commencement of the conduct complained of". If there was no right to prevent passing off at that date, ordinarily there will be no right to do so at the later date of application.

43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

‘Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.’ ”

25) MF’s mark was applied for on 18 June 2013. This is the primary relevant date for assessing the issue of goodwill. However, in its evidence, MF claims that it has antecedent use that commenced in 2005 and this may also be a relevant date at which I may need to consider the position.

Goodwill

26) I must first consider if TWG has acquired the necessary goodwill at the relevant date. In *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217 (HOL) it was stated:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

27) In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the

very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge's finding). Again that shows one is looking for more than a minimal reputation.”

28) However, a small business which has more than a trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its reputation may be small. In *Stacey v 2020 Communications* [1991] FSR 49, Millett J. stated that:

“There is also evidence that Mr. Stacey has an established reputation, although it may be on a small scale, in the name, and that that reputation preceded that of the defendant. There is, therefore, a serious question to be tried, and I have to dispose of this motion on the basis of the balance of convenience.”

See also: *Stannard v Reay* [1967] FSR 140 (HC); *Teleworks v Telework Group* [2002] RPC 27 (HC); *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590 (COA)

29) At the hearing, Mr Bartlett submitted that TWG's use of its mark is more than trivial and that the evidence demonstrates that goods under the mark have been sold in the UK since May 2010 from “a major store” and that this use has been continuous. Mr Bartlett conceded that the use shown is “not [on an] enormous scale” but that the use is “significant” and that based upon *Stannard & Reay*, it is sufficient.

30) The relevant evidence consists of the following:

- a statement that tea has been provided under the mark in the UK since May 2010 and has been sold continuously since that date. A photograph of a canister from which RUSSIAN BREAKFAST TEA is sold is provided by Mr Bouqdib (as shown at paragraph 7, above);
- Mr Bouqdib states that he could not locate any “reliable figures” regarding sales in the UK, but that he estimates that annual turnover is about £500 to £1000;
- RUSSIAN BREAKFAST TEA is sold from TWG’s website, TWGTeas.com, but there is no corroboratory evidence illustrating any sales from the website to the UK;
- It is also sold from the *Harrods* website. Exhibit TB16 consists of an extract from that website. It shows some TWG teas but not RUSSIAN BREAKFAST TEA. It is undated but carries an advert for a *Harrods* 2009 Christmas Bear, suggesting that the extract predates the claimed first use of the mark in the UK in May 2010.

31) This evidence attracted numerous criticisms from Mr St Quintin. Firstly, he submitted that there is no evidence of specific RUSSIAN BREAKFAST TEA branding, rather, the evidence illustrates the mark only being used in a non-distinctive way as a description of a variety of tea. Mr Bartlett submitted this is wrong because the consumer will ask for the goods by reference to the mark and that this is evidence that goodwill is attached to the mark.

32) In considering this point, it is necessary to look more closely at the use shown. The canister shown at paragraph 7, is reproduced again, below:



33) It is clear to me that the presentation of the mark, in a rectangle near the bottom of the canister, together with a four digit number presented in a way that it suggests to the consumer that it is the catalogue number (or similar) for that flavour of tea, gives the impression that, at best, the mark functions as a secondary mark to the primary mark “TWG” that appears prominently at the centre of the outside of the canister. Further, “English Breakfast Tea” is a generic description of a type of tea¹ and the current mark follows the same construction. This further blurs the line between use of RUSSIAN BREAKFAST TEA as a mark and use as a description of a type of tea.

34) Mr St Quintin pointed out that, in his second witness statement, Mr Bouqdib admits that TWG has no “reliable figures” regarding the sales of RUSSIAN BREAKFAST TEA in the UK. Therefore, he contends, there is no evidence of sales

¹ English breakfast tea. Oxford Dictionaries. Oxford University Press, n.d. Web. 28 October 2016. <<https://premium.oxforddictionaries.com/definition/english/english-breakfast-tea>>.

because Mr Bouqdib's comments are based upon assumption. Mr Bartlett submitted that Mr Bouqdib's statement was made from his own knowledge of the business and shows that RUSSIAN BREAKFAST TEA is sold in the UK and that it can be inferred from this that goodwill exists. Such sales figures (recorded in paragraph 18, above but redacted due to a confidentiality order), whether estimates or otherwise are very modest and when taking this into account together with the non-distinctive nature of the use, I concur with Mr St Quintin that the use of the sign is such that the consumer will not perceive it as indicating trade origin and subsequently the sign will not have any goodwill attached to it. I find that if there is any use in the UK, it is very small and when taken together with the way the sign is used, the use is insufficient to displace the non-distinctive impression created by such use.

35) I should add that the evidence suffers from a number of other frailties such as the absence of documentary support (such as invoices) for Mr Bouqdib's statements regarding the scale of use in the UK.

36) Consequent to the above, I conclude that the use shown is insufficient to demonstrate that the sign has goodwill attached to it. In the absence of such goodwill, there can be no misrepresentation and damage and the ground based upon section 5(4)(a) fails.

37) In light of my finding, there is no need for me to consider the claim to antecedent use. Even if proven, it cannot improve upon MF's position.

Section 3(6)

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

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

39) Also relevant is section 32(3) that states:

32. - (1) ...

(2) ...

(3) The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a *bona fide* intention that it should be so used.

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

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

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

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

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the

allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

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

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

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

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT*

WEEKLY Trade Mark [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

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

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

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

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

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

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

41) Mr Bartlett submitted that MF clearly has no intention to trade under the mark in respect of all the goods listed. He further submitted that MF have failed to address the claim by way of any evidence other than a bare statement from Mr Sangmanee that it does intend to trade across the whole range of goods claimed. Mr Bartlett contended that such a lack of evidence is insufficient, as per paragraph 9 of the decision of Mr David Kitchen Q.C. sitting as the Appointed Person in *Ferrero Spa's Trade Mark* [2004] RPC 29 where he held that:

“... He [the hearing officer] found that the sheer number of marks applied for and which apparently remained unused, and the period of time over which the applications had been made, raised a *prima facie* case requiring a response from the registered proprietors. If they had a bona fide intention to use their trade marks they should have stated it clearly in evidence and provided substantiating evidence or an explanation to counter the *prima facie* position established by the applicants. They had failed to do so with the result that the applications under s.3(6) succeeded.”

42) In the circumstances, Mr Bartlett submitted that Mr Sangmanee's unsupported statement of an intention to use is not sustainable. Mr Bartlett also referred me to *Demon Ale Trade Mark* [2000] RPC 345, where Mr Geoffrey Hobbs Q.C., sitting as the Appointed Person held that:

“In the present case the objection under section 3(6) related to the applicant's breach of a statutory requirement. Section 32(3) of the Act required him to be a person who could truthfully claim to have a bona fide intention that DEMON ALE should be used (by him or with his consent) as a trade mark for beer. His application for registration included a claim to that effect. However he had no such intention and could not truthfully claim that he did. That was enough, in my view, to justify rejection of his application under section 3(6).”

43) I also keep in mind the following comments of Iain Purvis, sitting as the Appointed Person in *CEM 11 plus trade mark*, BL O-464-16

35. As Jacob J put it in *Laboratoire de la Mer* [2002] FSR 51 at 19 (though it was not directly in issue in that case):

'If that statement is untrue then it seems fairly plain that the registration is vulnerable to an attack as one made in bad faith...'

36. There has been discussion both in case law and academically as to whether the requirement of s32(3) and the consequent indirect introduction of a 'lack of intention to use' objection to trade mark applications is consistent with the Trade Marks Directive. No such requirement explicitly exists under the Directive, and none has been incorporated into the Trade Marks Regulation governing applications for Community Trade Marks. It is possible that s32(3) may ultimately be found incompatible with the Directive, if a reference were to be made on this issue to the Court of Justice. It is also possible, as Arnold J pointed out in his thorough account of this area in *Red Bull GmbH v Sun Mark Limited* [2012] EWHC 1929 (the whole section between paras 139 and 160 should be read) that the Directive must or can itself be read as requiring some form of intention to use.

37. For the purpose of this appeal it is not necessary to delve any further into these complex issues. It is necessary simply to identify three well established principles of UK law as it has developed in this area, in relation to the objection of bad faith generally and in relation to the specific question of 'intention to use':

(i) Bad faith requires dishonesty or at least dealings falling short of the standards of acceptable commercial behavior observed by reasonable and experienced men in the particular area being examined [*Gromax v Don & Low* [1999] RPC 367 at 379, approved many times in the UK, and generally considered consistent with the approach to bad faith taken by the Court of Justice]

(ii) A person is presumed to have acted in good faith unless the contrary is proved. An application of bad faith is a serious allegation

which must be distinctly proved by cogent evidence. It is not enough to prove facts which are also consistent with good faith. [Red Bull para 133 and the cases there cited].

(iii) Intention to use, so far as s32(3) (and the law of bad faith) is concerned, may include a '*possible or contingent use at some future date*' (depending on all the circumstances). [Red Bull para 163, citing Neuberger J in Knoll AG's Trade Mark [2003] RPC 10 and the Court of Appeal in 32Red [2012] EWCA Civ 19.]

38. In the present case, it is not suggested by Mr Matalia that the University did not intend to use the trade mark at all. Indeed, it is common ground that they had been using it on a substantial scale in relation to various educational services provided by the University through the Centre for Evaluation and Monitoring including the provision of 11+ papers since long before the application was made. Rather Mr Matalia simply asserts that the scope of the services for which the CEM mark was applied for extends beyond those for which the University had used the mark or intended to use it in the future.

39. Before me Mr Bragiel primarily relied on the fact that the CEM mark had been applied for in relation to services which had not yet been provided by the University and yet the University had chosen to put in no evidence as to its intention to use the mark in respect of those services.

40. It seems to me that this argument is essentially seeking to reverse the burden of proof in a case of this nature. Unless and until a cogent and compelling case is put forward by the party alleging bad faith which amounts to a *prima facie* case that there was no intention to use, there is no reason why the proprietor should be expected to advance positive evidence of such an intention. As I have noted above at para 37(ii), the law is clear that the burden is on the applicant for invalidity and the burden is a heavy one. Having signed the TM3 with its accompanying declaration, the proprietor has stated its intention and the tribunal will presume in the first instance that this was done *bona fide*.

41. It is of course possible for the burden to be shifted if an applicant for revocation can point to particular facts or circumstances which are plainly inconsistent with an intention to use across the whole scope of the application. For example the applicant might have gone on record stating that it does not have any intention in the foreseeable future of ever entering a particular field or of licensing the use of its trade mark in that field. I would also suppose that a *prima facie* case of bad faith might be made out against a small trader in a limited area of business who had applied to register its mark across an unfeasibly wide range of goods and services in almost every single class. However, unless such facts or circumstances are identified, the proprietor is in my view under no obligation to 'prove' its intentions.

44) TWG has raised a compelling *prima facie* case that MF does not have an intention to use its mark across the full range of goods claimed citing the incompatibility of a sign indicating a type of tea being used in respect of goods unrelated to tea. As Mr Kitchen Q.C. identified in *Ferrero Spa*, in these circumstances it is for MF to provide substantiating evidence or an explanation to counter the *prima facie* case established by TWG. Mr St Quintin submitted that the *Ferrero Spa* and *Demon Ale* cases are not persuasive because of the factual issues they were considering were different to the current case. Whilst I accept that the factual backgrounds are different, there are still points that can be taken away and applied to the facts of the current case. In particular, the need for an evidential response to TWG's *prima facie* case. Mr Sangmanee's statement that MF does have an intention to use its mark on the goods is not supported by any evidence or even any explanation as to why this would be so. Consequently, MF's response suffers from the failing highlighted in *Ferrero Spa*. Mr St Quinton attempted to defend MF's position by claiming that the mark could be used in the situation where MF could promote a coffee by way of stating that it originates "from the makers of Russian Breakfast Tea". I dismiss this argument for two reasons. Firstly, an explanation of how the mark MAY be used in respect of, for example, coffee does not displace the onus placed upon MF to substantiate its claim in the evidence. Secondly, the example used by Mr St Quintin is not trade mark use in respect of coffee, but merely a reference to a sign used in respect of tea.

45) Mr St Quintin also submitted all goods can be sold in a tea room and can be co-branded. Such co-branding would relate to the services provided by the tea room and not to the goods themselves. It is just not credible that, even in a tea room, goods such as coffee will be branded as RUSSIAN BREAKFAST TEA. I dismiss this argument.

46) Mr St Quintin also relied upon the fact that there is evidence of lots of other registrations, including some belonging to TWG, where equally broad specifications have been used in respect of marks incorporating the word tea. As Mr Bartlett submitted, this is not a defence. It does not address the claim against MF and I dismiss this.

47) In light of all of the above, I find that MF acted in bad faith when it claimed to have an intention to use the mark RUSSIAN BREAKFAST TEA in respect of all the goods listed in the application that are not tea or tea based. TWG make no case against *tea* or *tea-based beverages*. In respect of the other goods listed, I find that the grounds are not successful in respect of *non medical infusions, dried plants and flavourings and mixtures of the aforesaid goods, for preparing non-medicinal beverages*. This is because these terms include tea in the form of an infusion, flavourings and/or dried leaves (covered by the term *dried plants*) that, alone or as a mixture with other goods, can be used for preparing beverages.

48) In light of the above, I find that TWG's ground based upon bad faith is successful in respect of the following list of goods:

Coffee, ... cocoa ; cocoa-, coffee-, [or] chocolate- ...-based beverages; ...; sugar, rice, bread, pastry and confectionary, pancakes (foodstuffs); cookies; cakes; rusks; confectionary; chocolate; edible ices; honey, salt, mustard; vinegar, sauces (condiments); condiments; spices; ... seeds, flavourings, other than essential oils, and mixtures of the aforesaid goods, for preparing non-medicinal beverages.

Section 3(3)(b)

49) Section 3(3)(b) reads as follows:

“3. - (3) A trade mark shall not be registered if it is-

(a) ...

(b) of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or service).”

50) Section 3(3)(b) of the Act derives directly from article 3(1)(g) of the Directive. In *Elizabeth Florence Emanuel v Continental Shelf 128 Ltd* Case C-259/04 the Court of Justice of the European Union (“the CJEU”), and Mr Bartlett directed me to, in particular, paragraphs 46 - 50 where it held that the following two conditions must be satisfied before this ground for refusal can apply:

- (i) there must be actual deceit or a sufficiently serious risk that the relevant consumer will be deceived, and;
- (ii) the deception must be attributable to the nature of the mark itself (as opposed to the way in which it is used):

51) An objection under Section 3(3)(b) should therefore only be raised if there is a real, as opposed to a purely theoretical potential for deception of the public. In the *Consorzio per la tutela del formaggio Gorgonzola* case referred to, the CJEU stated:

“41. As to that, the circumstances contemplated in Article 3(1)(c) of the First Directive 89/104 do not apply to the present case. The circumstances envisaged in the other two relevant provisions of that directive - refusal of registration, invalidity of the trade mark, or revocation of the proprietor's rights, which preclude its use being continued under Article 14(2) of Regulation No 2081/92 presuppose the existence of actual deceit or a sufficiently serious risk that the consumer will be deceived (see, on that subject, *Clinique*, cited above, Case C- 470/93 *Mars* [1995] ECR I-1923, and Case C-313/94 *Graffione* [1996] ECR I-6039, paragraph 24).”

52) Mr Bartlett submitted that if the mark RUSSIAN BREAKFAST TEA were to be used on any Class 30 goods not being “tea”, such as coffee, cocoa, or rice, it is obvious that that this would result in real consumer deception. In support of this submission, he directed me to my colleague Allan James’ decision in *BRAMLEY OLD SPOT PORK trade mark*, BL O-316-09. In this case, Mr James was considering whether the mark created was “sufficiently different to the breed name [Gloucester Old Spots] so as to avoid raising the same expectations amongst the relevant consumer group with regard to the breed of pig” (paragraph 33). He concluded, at paragraph 36, that “the mark is of such a nature as to present a serious risk of deception amongst the relevant consumer group.”

53) Mr Kapur, in his evidence, relied upon a “brand extension” argument, contending that the way brands are applied to products nowadays will result in consumers not being deceived if they see a mark containing the word TEA applied to non-tea products. In respect of the mark and goods at issue, I do not find this argument credible. It is clear to me that where the beverages or goods for making beverages are not tea or tea based, consumer deception will result. I dismiss Mr Kapur’s argument.

54) Mr St Quintin relied on the example of “Hartley’s Strawberry Jam” that is used in the Registry’s Work Manual as an example of the application of section 3(3)(b). The manual states that the mark would not attract an objection if the goods claimed were “jams” because it will be assumed that the mark will only be used on strawberry jam. For the same reason, in the current case, MF’s mark insofar as it relates to *teas* or *tea based beverages* would not be caught by the provisions in section 3(3)(b). Sensibly, TWG has not challenged these goods under this ground of opposition.

55) In respect of many of the other goods included in MF’s application, I consider that a similar risk exists as identified by Mr James in *BRAMLEY OLD SPOT PORK trade mark*. As it was put by Mr Bartlett, were the consumer to purchase a canister/packet bearing the sign RUSSIAN BREAKFAST TEA only to find that it contained coffee, then (s)he would have been deceived. This example illustrates to me that the mark “is of such a nature as to present a serious risk of deception amongst the relevant consumer group” (to borrow the language used by Mr James).

The scope of success of this ground is somewhat more limited than that of the section 3(6) ground because I accept the possibility that goods such as confectionary and cakes may be flavoured with tea and, in such circumstances, the sign may be used in a non-deceptive way. Therefore, the scope of success is less than achieved under section 3(6) and does not improve TWG's case.

Summary

56) TWG's grounds based upon section 5(4)(a) fails in its entirety.

57) Its grounds based upon section 3(6) are successful in respect of the following list of goods:

Coffee, ... cocoa ; cocoa-, coffee-, [or] chocolate- ...-based beverages; ...; sugar, rice, bread, pastry and confectionary, pancakes (foodstuffs); cookies; cakes; rusks; confectionary; chocolate; edible ices; honey, salt, mustard; vinegar, sauces (condiments); condiments; spices; ... seeds, flavourings, other than essential oils, and mixtures of the aforesaid goods, for preparing non-medicinal beverages.

58) TWG has achieved a measure of success under its ground based upon section 3(3)(b), but the level of success is less than that achieved under the section 3(6) ground.

59) The application can, therefore, proceed to registration in respect of the following goods:

Tea, tea-based beverages; non medical infusions; dried plants and flavourings, and mixtures of the aforesaid goods, for preparing non-medicinal beverages

COSTS

60) TWG has achieved a measure of success but has failed in respect of the goods that are materially important to the business of both sides. Consequently, I take the view that in respect of the substantive issues the outcome is reasonably evenly balanced and that in this respect, each party should bear its own costs. Mr Bartlett submitted that whilst TWG is content for any costs award to be made on-scale, it should receive an award of costs in its favour in respect of several aspects of how MF ran its case. He submitted that MF's defence raised allegations of bad faith that had to be responded to by TWG in its evidence. At a case management conferences (CMC), I directed that this defence should be disregarded however, this was not before TWG had filed its evidence-in-reply that included its response to the claim. Mr St Quintin submitted that the same bad faith arguments were ran in the earlier SAKURA! SAKURA! case between the parties and that the evidence from both sides was essentially cut and pasted from their evidence in this earlier case. Therefore, he submitted, any additional costs were already considered in the earlier case. I concur with Mr St Quintin and I decline to make an award of costs in respect to this issue.

61) Mr Bartlett also requested a contribution towards TWG's costs in respect of his attendance at the CMC insofar as it resulted from MF's challenge to its request for a confidentiality order relating to its turnover figures in the UK. Mr St Quintin submitted that because the CMC discussed other issues, the costs of the CMC arose anyway and not as the result of the challenge to the confidentiality request. The CMC also covered MF's defence relying upon bad faith (where I directed that it be disregarded) and also a discussion on the consolidation groupings of the numerous proceedings (that was instigated by myself). Therefore, two of the issues went against MF and a third was an issue raised by me and not an issue between the parties. As such, I concur with Mr Bartlett that TWG is entitled to a contribution towards its costs. However, I have made the award in respect of my decision in TWG's sister proceedings against MF's mark PARIS BREAKFAST TEA. To do so again here would be a duplication of the award.

Dated this 20th day of December 2016

**pp. Mark Bryant
For the Registrar,**

REDACTED