

O-075-09

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2458346
BY PROSEAL UK LTD**

TO REGISTER THE TRADE MARK:

SEALPRO

IN CLASS 7

AND

**THE OPPOSITION THERETO
UNDER NO 95613
BY SEALPAC INTERNATIONAL BV**

Trade Marks Act 1994

**In the matter of application no 2458346
by Proseal UK Ltd
to register the trade mark:
SEALPRO
in class 7
and the opposition thereto
under no 95613
by Sealpac International BV**

1) On 13 June 2007 Proseal UK Ltd (Proseal) applied to register the trade mark SEALPRO (the trade mark). The application for registration was published for opposition purposes on 3 August 2007 with the following specification:

heat sealing machinery; manual, semi-automatic and fully-automatic machinery for heat-sealing food packaging; commercial packaging machinery; commercial packaging machinery for use with tray and/or film packaging materials; parts, fittings and accessories for all the aforesaid goods.

The above goods are in class 7 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

2) On 2 November 2007 Sealpac International BV (International) lodged an opposition to the registration of the trade mark under sections 5(2)(b), 5(3), 5(4)(a) and 3(6) of the Trade Marks Act 1994 (the Act). International is the proprietor of international registration no 774055 for the trade mark:

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The United Kingdom was designated in relation to this registration on 6 December 2001, an international priority date of 6 June 2001, from the Benelux, is claimed. The international registration was published for opposition purposes on 24 April 2002 with the following specification of goods:

machines, namely packaging machines including supporting and related equipment and machines; parts of and accessories to aforesaid goods, not included in other classes.

The above goods are in class 7 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

3) The relevant national legislation that was operative at the time of the publication and granting of protection of the international registration was The Trade Marks (International Registration) Order 1996 (the Order) as amended by The Trade Marks (International Registration) (Amendment) Order 2000. Article 12(1) of the Order states:

“12.—(1) Where—

(a) following examination and publication pursuant to articles 9 and 10—

(i) the period of 18 months from the date on which the notification of the request for extension was sent to the United Kingdom has not expired, but the period for giving notice of refusal based on an opposition in accordance with article 10(3) expires without notice of refusal (whether based on opposition or otherwise) having been given,

(ii) the period of 18 months from the date on which the notification of the request for extension was sent to the United Kingdom has expired, and the period for giving notice of opposition in accordance with article 10(2) expires without notice of opposition having been given,

(iii) notice of refusal has been given in respect of some only of the goods or services in respect of which protection in the United Kingdom has been requested and the registrar informs the International Bureau in accordance with article 11(4) that the holder has made no representations within the period specified in article 9(4) or has filed no counter-statement within the period specified in article 10(4) or 10(4B) (as the case may be) or that the holder has informed the registrar that he does not intend to make such representations or file such a counter-statement, or

(iv) notice of refusal has been given in respect of all or some of the goods or services in respect of which protection in the United Kingdom has been requested and the registrar notifies the International Bureau in accordance with article 11(5) that a final decision has been made that the refusal is withdrawn, or is withdrawn in respect of some of the goods or services in respect of which protection in the United Kingdom has been requested; or

(b) the period of 18 months from the date on which the notification of the request for extension was sent to the United Kingdom expires without any notice of refusal having been given and without the International Bureau having been informed that oppositions may be filed after the expiry of that period,

the trade mark which is the subject of the request for protection shall thereupon be protected as a protected international trade mark (UK); and in a case where a refusal subsists in respect of some of the goods or

services in respect of which protection in the United Kingdom has been requested, protection shall apply only as regards the remaining goods or services.”

The effect of Article 12(1) of the Order is that the protection process was completed on the day after the opposition period expired, ie 25 July 2002, no opposition having been lodged. Consequently, at the time of the publication of the trade mark, the international registration had been protected for more than five years and so was liable to the proof of use requirement. In its grounds of opposition International claims that in the five years up to the publication of the application it had used its trade mark in respect of all of the goods for which it is protected. In its counterstatement Proseal has requested proof of use to justify the claim made by International.

3) International claims that Proseal’s trade mark is similar to that of its earlier registration and that the respective goods are similar or identical. Consequently, there is a likelihood of confusion and registration of the trade mark would be contrary to section 5(2)(b) of the Act. International claims that it has a reputation in respect of its trade mark in respect all of the goods for which it is protected. International claims that use of Proseal’s trade mark would take unfair advantage of, or be detrimental to, the distinctive character or the repute of its trade mark. Consequently, registration of the trade mark would be contrary to section 5(3) of the Act.

4) International claims that it has used the trade mark SEALPAC in the United Kingdom in relation to packaging machines and sealing systems since at least 2000. It claims that it has a consequent goodwill and use of Proseal’s trade mark is liable to be prevented by the law of passing-off. Consequently, registration of the trade mark would be contrary to section 5(4)(a) of the Act.

5) International claims that the application for registration of the trade mark was made in bad faith. It states that Proseal is a competitor and that, by adopting a mark with the prefix (sic) SEALP, it has sought to associate its business with that of International and to make use of its goodwill and reputation. International claims that the overall conduct of Proseal is such that it could have no other motive than to take advantage of International’s goodwill and reputation in adopting and applying to register the trade mark SEALPRO. Consequently, registration of the trade mark would be contrary to section 3(6) of the Act.

6) Proseal filed a counterstatement in which it denies all of the grounds of opposition. In its written submissions (see below) Proseal does not deny that the respective goods are identical and/or similar.

7) Both parties filed evidence. The parties were advised that they had a right to a hearing and that if neither party requested a hearing a decision would be made

from the papers and any written submissions that were received. Neither party requested a hearing, both furnished written submissions.

Evidence of International

8) This consists of a witness statement by Mr Coos van Dorsten. Mr van Dorsten is a director of International. He states that International has used the trade mark the subject of its registration throughout the United Kingdom in relation to packaging machines, sealing systems and parts and fitting therefor since 1996. Documents relating to the order of a Sealpac 350 by Nu-Tech Handling Ltd in June 1996 are exhibited at exhibit A. Mr van Dorsten states that the order related to a tray sealer type packaging and sealing machine. The cost of the machine and mould amounts to 95,400 Deutsche marks. The documents do not actually confirm that the order was made. The trade mark appears at the top of each page of the documentation. The supplier of the machine is the German undertaking Maschinenbau von Seggern GmbH. The covering letter states:

“The terms of payment we have agreed to, are not very usual, but will be our contribution to the introduction of the Sealpac on the English market.”

9) Mr van Dorsten states that International later appointed a local agent, Qualitech Systems Handling Ltd, which handled sales of International’s products in the United Kingdom until 2002, when Sealpac UK took over responsibility for the handling of sales and distribution of International’s products in the United Kingdom.

10) Mr van Dorsten states that International has sold over 250 machines and 500 machine tools in the United Kingdom by reference to the trade mark SEALPAC since 1996. He states that International has always been present at important exhibitions in the United Kingdom, such as Foodex Meatex in Birmingham; where Proseal would also have been present as a visitor or exhibitor.

11) At exhibit B are copies of two invoices. One invoice is dated 14 January 1999, it is addressed to Qualitech Systems Handling Ltd; the client shown on the invoice is Moy Park. The amounts on the invoice are difficult to make heads or tails of. The total given on the invoice does not add up. The invoice is for two SEALPAC 610 V/G chain and peg infeeds, two alarm systems, two emergency pull cords and two gas receivers. The second invoice is dated 21 February 2008, after the date of application; it is not in English. It is from International to Ultrapak BV in the Netherlands, the Kundenname (customer name) is shown as UK-DR Stevenson. Both invoices bear the trade mark. Mr van Dorsten states that the invoices show sales of goods bearing the trade mark SEALPAC “during the time periods concerned”. In fact both invoices are outside the time period for evidence of proof of use.

12) At exhibit C pages downloaded from the website sealpac-uk.com are exhibited, these pages were downloaded on 5 June 2008. Also included in this exhibit are what appears to be galleys for pamphlets promoting various SEALPAC products. The galley for the SEALPAC A10 gives an address in the United Kingdom, the galley has a date of 23 May 2007 upon it. The galleys for the SEALPAC 350/500 and 800 have a United Kingdom address. The other galleys have an address in the Netherlands or no address. Pages from the website traysealing.info are also included in the exhibit, these pages were downloaded on 5 June 2008. These pages give information about the SEALPAC SP350, SP500, SP610, SP750, SP800 and SP800+. The pages have a contact address in the United Kingdom, they bear a copyright date of 2007. Galleys for a brochure *HELPING YOUR ASPIRATIONS TAKE SHAPE* is also included in the exhibit. There is no indication as to date and the contact address is in the Netherlands. (The galleys are all in English but this, of course, does not of itself indicate that any publications that were eventually produced were for use in the United Kingdom.) Exhibit D consists of a copy of *MACHINERY UPDATE* for January/February 2002; the subject of the publication is machinery for the industrial production of food. On page 36 of the publication the following appears:

“Qualitech has also recently announced a new tray sealer from German manufacturer Sealpac. The SP800 is equipped for vacuum or modified atmosphere packing and incorporates a larger sealing chamber than previous machines in the series, measuring 800 x 360 x 200mm depth. Speed is up to 15 cycles a minute and the machine features vertically opening door for space-saving.”

The above is the totality of the reference. (From the literature exhibited it appears that although International is based in the Netherlands, the machines are made in Germany.) Mr van Dorsten states the SP800 product range was distributed in the United Kingdom by Qualitech Systems Handling Ltd.

13) Mr van Dorsten states that Mr Steve Owens of Sealpac UK Limited was approached by Mr Steve Malone of Proseal in 2002 to give consent to the production of a component forming part of International's machinery. Mr van Dorsten was told that the reason for the approach was that one of International's former customers had approached Proseal to assist it as International was unable to deliver the required component in the required delivery time. International was unwilling to consent to Mr Malone's request; the component was “the subject of the so-called InsideCut technology, uniquely developed by SEALPAC”. Mr van Dorsten states that he was told that Mr Owens worked with Mr Malone and a Mr Hargreaves whilst the first named was employed by the company Packaging Automation. Mr van Dorsten believes that the Messrs Malone and Hargreaves founded Proseal in 1998 and since then it has been a competitor of International. Mr van Dorsten states that Proseal has always marketed its products by reference to the trade mark PROSEAL; he is not aware

of Proseal having used the trade mark SEALPRO in relation to their products. At exhibit E are pages downloaded on 5 June 2008 from Proseal's website; these pages show use of the trade mark PROSEAL. Mr van Dorsten states that the approach by Mr Malone to Mr Owens and the years of competition between the two undertakings means that Proseal was aware of International's use of its trade mark SEALPAC. (Parts of the evidence in this paragraph are hearsay; as what is recounted has not been challenged I have accepted the hearsay aspects of the evidence at face value.)

14) The rest of the statement of Mr van Dorsten consists of submission rather than evidence of fact so I will say no more of it here; although I bear the comments he makes in mind in making my decision.

Evidence of Proseal

15) This consists of a witness statement by Mr Terry Roy Rundle, who is a trade mark attorney acting for Proseal in these proceedings.

16) Mr Rundle states that the registration of trade marks in the United Kingdom featuring the word SEAL in respect of packaging and/or (heat) sealing machinery is not uncommon. Mr Rundle states that he carried out a "cursory" search using the Google® search engine for trade marks used in relation to the packaging industry that commence with SEAL. He states that this search disclosed use of the trade marks SEALBOY, SEALMASTER and SEAL-IT SYSTEMS. Printouts relating to these hits are exhibited. The search page from Google® is not exhibited. The pages exhibited were downloaded on 2 October 2008. Pages from the website audion.com are exhibited, these show use of SEALBOY, SEALMASTER and SEALBOY MAGNETA, all products of Audion. There is nothing to indicate whether these goods are available in the United Kingdom, there is nothing to indicate that the owners of the website trade are based in the United Kingdom. Pages, also downloaded on 2 October 2008, from the website of Seal-it-Systems (SIS) Ltd are also exhibited. The website has a co.uk address and the address of the undertaking is in Lancashire.

Findings in relation to the evidence

17) The evidence of Proseal tells me that after the date of application goods for packaging and sealing were available from Seal-it-Systems (SIS) Ltd in the United Kingdom. I cannot see that the use of Seal in this context is on a par with the use of SEALPAC or SEALPRO, it is not being used as a prefix in an invented word. The evidence of Proseal certainly does not establish that SEAL is commonly used as a prefix in the United Kingdom in relation to machines for packing and/or sealing. Mr Rundle states that he made a "cursory" search; perhaps if his search had been more than cursory more evidence would have been uncovered. I can only consider the cursory search that he has presented in evidence.

18) On the basis of an absence of denial of the statement of Mr van Dorsten I accept that the meeting between Mr Owens and Mr Malone took place.

19) The evidence of International has to establish, for the purposes of section 5(2)(b) of the Act, that there was genuine use of its trade mark in the period from 4 August 2002 to 3 August 2007¹. It has to establish that it has a reputation in the terms of section 5(3) of the Act, ie International has to establish that at the date of application its trade mark was known by a significant part of the public concerned². In relation to section 5(4)(a) of the Act it has to establish that it had a protectable goodwill in a business by reference to the sign SEALPAC.

20) There are no details as to the expenditure on promotion and publicity of the goods sold under the trade mark. The sole evidence of promotion in an external

¹ Section 6A of the Act states:

“(1) This section applies where -

- (a) an application for registration of a trade mark has been published,
- (b) there is an earlier trade mark of a kind falling within section 6(1)(a), (b) or (ba) in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and
- (c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met. (3) The use conditions are met if –

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

(4) For these purposes -

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

(5) In relation to a Community trade mark or international trade mark (EC), any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

(7) Nothing in this section affects -

- (a) the refusal of registration on the grounds mentioned in section 3 (absolute grounds for refusal) or section 5(4)(relative grounds of refusal on the basis of an earlier right), or
- (b) the making of an application for a declaration of invalidity under section 47(2) (application on relative grounds where no consent to registration).”

² *General Motors Corporation v Yplon SA* Case C-375/97 [2000] RPC 572.

publication is the small reference in *MACHINERY UPDATE* for January/February 2002. Mr van Dorsten states that International is present at “important” exhibitions in the United Kingdom. There are no exhibits showing the nature of this presence, eg photographs of stands. There is no indication as to the share of the market that International enjoys in the United Kingdom. The goods are specialist, consequently evidence from the trade would be of assistance in coming to a conclusion as to the knowledge of the trade mark. **The evidence signally fails to establish the requisite reputation in the terms of section 5(3) of the Act and so this ground of opposition must be dismissed.**

21) In relation to genuine use of a trade mark the European Court of Justice (ECJ) in *Ajax Brandbeveiliging BV v Ansul BV* Case C-40/01 stated:

“36. “Genuine use” must therefore be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark. Such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin.

37. It follows that genuine use of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned. The protection the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial *raison d'être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade mark proprietor or, as envisaged in Article 10(3) of the Directive, by a third party with authority to use the mark.

38. Finally, when assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark.

39. Assessing the circumstances of the case may thus include giving consideration, *inter alia*, to the nature of the goods or service at issue, the characteristics of the market concerned and the scale and frequency of

use of the mark. Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or service concerned on the corresponding market.”

In *Kabushiki Kaisha Fernandes v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) Case T-39/01[2003] ETMR 98* the Court of First Instance (CFI) stated:

“47 In that regard it must be held that genuine use of a trade mark cannot be proved by means of probabilities or suppositions, but must be demonstrated by solid and objective evidence of effective and sufficient use of the trade mark on the market concerned.”

In *MFE Marienfelde GmbH v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-334/01* the CFI considered the practical application of the *Ansul* criteria:

“34 When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark (*Ansul*, paragraph 43).

35 Concerning the extent of the use made of the earlier mark, account must be taken, in particular, of the commercial volume of all the acts of use on the one hand and the duration of the period in which those acts of use occurred, and the frequency of those acts, on the other.

36 In order to examine, in a given case, whether use of the earlier mark is genuine, an overall assessment must be made taking account of all the relevant factors in the particular case. That assessment implies a certain interdependence between the factors taken into account. Thus, a low volume of goods marketed under that trade mark may be compensated for by a high intensity or a certain constancy in time of the use of that trade mark or vice versa. Moreover, the turnover achieved and quantity of product sales under the earlier mark cannot be assessed in absolute terms but must be assessed in relation to other relevant factors, such as the volume of commercial activity, the production or marketing capacities or the degree of diversification of the undertaking exploiting the mark, and the characteristics of the products or services on the market in question. For that reason, the Court has held that use of the earlier mark need not

always be quantitatively significant for it to be deemed genuine (*Ansul*, paragraph 39).

37 However, the smaller the commercial volume of the exploitation of the mark, the more necessary it is for the party opposing new registration to produce additional evidence to dispel possible doubts as to its genuineness.

22) The two invoices that International has furnished are both outside of the relevant period; one from 14 January 1999 and the other from 21 February 2008. Mr van Dorsten states that International has sold machines and machine tools in the United Kingdom since 1996. He gives no indication of sales in the relevant period, 4 August 2002 to 3 August 2007; a matter that should not have been beyond the wit of man. The material in exhibit C was all downloaded on 5 June 2008, again outside of the relevant period. The copies of leaflets/brochures all appear to be galley proofs. One has no idea if and when they were distributed. Certain of the galley proofs bear the date 23 May 2007 which is within the relevant period³. The best evidence in favour of International is the reference in *MACHINERY UPDATE* for January/February 2002. The evidence of proof of use is poor; it almost seems to positively eschew the relevant period. Nevertheless, taking a global appreciation of the situation and bearing in mind that the requirement for establishing genuine use can be satisfied by showing that the proprietor has sought to create a market, this is of particular importance in considering promotional material (if only galleys for promotional material), I consider that International has established use of its trade mark in the relevant period in the United Kingdom.

23) It is necessary to decide upon a fair description for the goods for which genuine use has been shown. I must not be over pernickety⁴. It is necessary to

³ It is to be noted that in the proof of use requirement there is no equivalent to section 46(3) of the Act:

“(3) The registration of a trade mark shall not be revoked on the ground mentioned in subsection (1)(a) or (b) if such use as is referred to in that paragraph is commenced or resumed after the expiry of the five year period and before the application for revocation is made.

Provided that, any such commencement or resumption of use after the expiry of the five year period but within the period of three months before the making of the application shall be disregarded unless preparations for the commencement or resumption began before the proprietor became aware that the application might be made.”

⁴ *Animal Trade Mark* [2004] FSR 19:

“20 The reason for bringing the public perception in this way is because it is the public which uses and relies upon trade marks. I do not think there is anything technical about this: the consumer is not expected to think in a pernickety way because the average consumer does not do so. In coming to a fair description the notional average consumer must, I think, be taken to know the purpose of the description. Otherwise they might choose something too narrow or too wide. Thus, for instance, if there has only been use for three-holed razor blades imported from Venezuela (Mr

consider how the relevant public, which for these goods would be the public at large, describe the goods⁵. The CFI in *Reckitt Benckiser (España), SL v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-126/03 stated:

T.A. Blanco White's brilliant and memorable example of a narrow specification) "three-holed razor blades imported from Venezuela" is an accurate description of the goods. But it is not one which an average consumer would pick for trade mark purposes. He would surely say "razor blades" or just "razors". Thus the "fair description" is one which would be given in the context of trade mark protection. So one must assume that the average consumer is told that the mark will get absolute protection ("the umbra") for use of the identical mark for any goods coming within his description and protection depending on confusability for a similar mark or the same mark on similar goods ("the penumbra"). A lot depends on the nature of the goods--are they specialist or of a more general, everyday nature? Has there been use for just one specific item or for a range of goods? Are the goods on the High Street? And so on. The whole exercise consists in the end of forming a value judgment as to the appropriate specification having regard to the use which has been made."

⁵ *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2003] RPC 32:

"29 I have no doubt that Pumfrey J. was correct to reject the approach advocated in the Premier Brands case. His reasoning in paras [22] and [24] of his judgment is correct. Because of s.10(2), fairness to the proprietor does not require a wide specification of goods or services nor the incentive to apply for a general description of goods and services. As Mr Bloch pointed out, to continue to allow a wide specification can impinge unfairly upon the rights of the public. Take, for instance, a registration for "motor vehicles" only used by the proprietor for motor cars. The registration would provide a right against a user of the trade mark for motor bikes under s.10(1). That might be understandable having regard to the similarity of goods. However, the vice of allowing such a wide specification becomes apparent when it is envisaged that the proprietor seeks to enforce his trade mark against use in relation to pedal cycles. His chances of success under s.10(2) would be considerably increased if the specification of goods included both motor cars and motor bicycles. That would be unfair when the only use was in relation to motor cars. In my view the court is required in the words of Jacob J. to "dig deeper". But the crucial question is--how deep?

30 Pumfrey J. was, I believe, correct that the starting point must be for the court to find as a fact what use has been made of the trade mark. The next task is to decide how the goods or services should be described. For example, if the trade mark has only been used in relation to a specific variety of apples, say Cox's Orange Pippins, should the registration be for fruit, apples, eating apples, or Cox's Orange Pippins?

31 Pumfrey J. in *Decon* suggested that the court's task was to arrive at a fair specification of goods having regard to the use made. I agree, but the court still has the difficult task of deciding what is fair. In my view that task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use. The court, when deciding whether there is confusion under s.10(2), adopts the attitude of the average reasonably informed consumer of the products. If the test of infringement is to be applied by the court having adopted the attitude of such a person, then I believe it appropriate that the court should do the same when deciding what is the fair way to describe the use that a proprietor has made of his mark. Thus, the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use."

“42 The Court observes that the purpose of the requirement that the earlier mark must have been put to genuine use is to limit the likelihood of conflict between two marks by protecting only trade marks which have actually been used, in so far as there is no sound economic reason for them not having been used. That interpretation is borne out by the ninth recital in the preamble to Regulation No 40/94, which expressly refers to that objective (see, to that effect, *Silk Cocoon*, cited at paragraph 27 above, paragraph 38). However, the purpose of Article 43(2) and (3) of Regulation No 40/94 is not to assess commercial success or to review the economic strategy of an undertaking, nor is it to restrict trade-mark protection to the case where large-scale commercial use has been made of the marks (Case T-334/01 *MFE Marienfelde v OHIM – Vétoquinol (HIPOVITON)* [2004] ECR II-0000, paragraph 32, and Case T-203/02 *Sunrider v OHIM – Espadafor Caba (VITAFRUIT)* [2004] ECR II-0000, paragraph 38).

43 Therefore, the objective pursued by the requirement is not so much to determine precisely the extent of the protection afforded to the earlier trade mark by reference to the actual goods or services using the mark at a given time as to ensure more generally that the earlier mark was actually used for the goods or services in respect of which it was registered.

44 With that in mind, it is necessary to interpret the last sentence of Article 43(2) of Regulation No 40/94 and Article 43(3), which applies Article 43(2) to earlier national marks, as seeking to prevent a trade mark which has been used in relation to part of the goods or services for which it is registered being afforded extensive protection merely because it has been registered for a wide range of goods or services. Thus, when those provisions are applied, it is necessary to take account of the breadth of the categories of goods or services for which the earlier mark was registered, in particular the extent to which the categories concerned are described in general terms for registration purposes, and to do this in the light of the goods or services in respect of which genuine use has, of necessity, actually been established.

45 It follows from the provisions cited above that, if a trade mark has been registered for a category of goods or services which is sufficiently broad for it to be possible to identify within it a number of sub-categories capable of being viewed independently, proof that the mark has been put to genuine use in relation to a part of those goods or services affords protection, in opposition proceedings, only for the sub-category or sub-categories relating to which the goods or services for which the trade mark has actually been used actually belong. However, if a trade mark has been registered for goods or services defined so precisely and narrowly that it is not possible to make any significant sub-divisions within the category concerned, then the proof of genuine use of the mark for the

goods or services necessarily covers the entire category for the purposes of the opposition.

46 Although the principle of partial use operates to ensure that trade marks which have not been used for a given category of goods are not rendered unavailable, it must not, however, result in the proprietor of the earlier trade mark being stripped of all protection for goods which, although not strictly identical to those in respect of which he has succeeded in proving genuine use, are not in essence different from them and belong to a single group which cannot be divided other than in an arbitrary manner. The Court observes in that regard that in practice it is impossible for the proprietor of a trade mark to prove that the mark has been used for all conceivable variations of the goods concerned by the registration. Consequently, the concept of 'part of the goods or services' cannot be taken to mean all the commercial variations of similar goods or services but merely goods or services which are sufficiently distinct to constitute coherent categories or sub-categories."

24) The trade mark is protected for the following goods:

machines, namely packaging machines including supporting and related equipment and machines; parts of and accessories to aforesaid goods, not included in other classes.

Throughout the literature the goods of International are described as tray-sealing machines. This is how International describes its goods, it is how they are referred to in *MACHINERY UPDATE*; everything leads to the conclusion that in the food industry that this is an identifiable category of machine. Tray-sealing machines will come within the ambit of packaging machines and so within the specification. **The products of International are for use in the food industry, I consider, therefore, that a fair specification of the international registration is:**

tray-sealing machines for use in the food industry.

25) In relation to the establishment of goodwill it is necessary to establish the material date. It is well established that this date is the date of the behaviour complained of⁶. Section 5(4)(a) is derived from article 4(4)(b) of First Council Directive 89/104 of December 21, 1998 which states:

⁶ *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC 429 and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2004] RPC 8 and 9.

“rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark.”

Consequently, the material date cannot be after the date of application. There is no indication that Proseal has used its trade mark; consequently, the material date is the date of application, ie 13 June 2007.

26) How goodwill is to be established has been dealt with in several judgments⁷. *Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* establishes that one cannot just follow a formula or demand certain predetermined requirements to be met. In its submissions Proseal states that evidence of reputation comes primarily from the trade and public, making reference to *South Cone Inc v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)*. This judgment predated *Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* [2007] RPC 5 and *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat); the former judgment is from the Court of Appeal. In *Minimax GmbH & Co KG v Chubb Fire Limited* Floyd J commented directly upon *South Cone Inc v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)*:

“8 Those observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

The criteria to be considered in relation to the establishment of goodwill are not the same as those for establishing genuine use; for instance, mere preparations for use will not establish a goodwill in the business.

27) In considering the issue of goodwill it is necessary to take into account all of the use by International that could have established a goodwill in its business. I consider it reasonable to assume that the majority of the 250 machines and 500 machine tools that Mr van Dorsten states have been sold, a statement that has not been challenged, were not sold between 13 June 2007 and the date of his statement, 17 June 2008. However, in an absence of specificity as to sales it could be that the machines were sold many years prior to the material date. Mr van Dorsten gives details of the agents that handled the sales of

⁷ *South Cone Inc v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19, *Loaded* BL O/191/02, *Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* [2007] RPC 5 and *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat).

International's goods; including the change over to Sealpac UK in 2002. It may be possible to speculate that even if sales emanated from many years prior to the material date that there would be a residual goodwill. Speculation is not akin to inference and cannot form the basis of a finding of fact. There is the presence at exhibitions but, as mentioned above, there is an absence of detail in relation to the presence at these exhibitions. **The one small reference to SEALPAC in MACHINERY UPDATE for January/February 2002 is not going to establish goodwill. In the end I find myself in an invidious position; my intuition is that there probably was a protectable goodwill at the material date, however, the failings in the evidence mean that that goodwill is not established. International does not rely upon a stylised mark under section 5(4)(a) of the Act, however, the stylisation of the international registration is of a limited nature. The breadth of the goodwill, if it had been established, would be no greater than the specification that stands following the requirement of proof of use, the respective goods are in the same field of activity; consequently, I cannot see that if International cannot succeed under section 5(2)(b) of the Act that it could succeed under section 5(4)(a) of the Act. Consequently, I do not consider it necessary to consider the opposition under section 5(4)(a) of the Act.**

Likelihood of confusion – section 5(2)(b) of the Act

28) According to section 5(2)(b) of the Act a trade mark shall not be registered if because:

“it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

Average consumer and purchasing process

29) Both sets of goods will be purchased by commercial undertakings. The goods are technical and likely to be costly. The purchasing process will involve a careful and educated analysis. Consequently, even though the average consumer rarely compares trade marks side by side, the effects of imperfect recollection are likely to be minimised. The nature of the purchasing process also means that small differences will have marked effects. It is, of course necessary to take into account that the average consumer “is deemed to be reasonably well informed and reasonably circumspect and observant”⁸. The purchasing process will involve visual consideration of the goods and literature relating to the goods, it is also quite likely, owing to the technical nature of the goods, to involve discussion with sales persons.

⁸ *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [2000] FSR 77.

Comparison of goods

30) The goods to be compared are:

tray-sealing machines for use in the food industry

and

heat sealing machinery; manual, semi-automatic and fully-automatic machinery for heat-sealing food packaging; commercial packaging machinery; commercial packaging machinery for use with tray and/or film packaging materials; parts, fittings and accessories for all the aforesaid goods.

31) In its written submissions Proseal accepts that the respective goods are identical and/or similar. This admission related to the specification as protected rather than the specification as decided following consideration of the evidence of use. However, all of the goods of the application, with the exception of *parts, fittings and accessories*, will encompass the goods upon which use has been proved. Goods can be considered as identical when the goods designated by the earlier trade mark are included in a more general category, designated by the trade mark application⁹. Consequently, with the exception of *parts, fittings and accessories*, the respective goods must be deemed to be identical.

⁹ See *Gérard Meric v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-133/05 paragraph 29:

“In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by the trade mark application (Case T-388/00 *Institut für Lernsysteme v OHIM – Educational Services (ELS)* [2002] ECR II-4301, paragraph 53) or when the goods designated by the trade mark application are included in a more general category designated by the earlier mark (Case T-104/01 *Oberhauser v OHIM – Petit Liberto (Fifties)* [2002] ECR II-4359, paragraphs 32 and 33; Case T-110/01 *Vedial v OHIM – France Distribution (HUBERT)* [2002] ECR II-5275, paragraphs 43 and 44; and Case T-10/03 *Koubi v OHIM – Flabesa (CONFORFLEX)* [2004] ECR II-719, paragraphs 41 and 42).”

The above is a translation from the French. There is no variation in the judgment in French:

“29 En outre, des produits peuvent être considérés comme identiques lorsque les produits que désigne la marque antérieure sont inclus dans une catégorie plus générale visée par la demande de marque [arrêt du Tribunal du 23 octobre 2002, Institut für Lernsysteme/OHMI – Educational Services (ELS), T 388/00, Rec. p. II 4301, point 53], ou lorsque les produits visés par la demande de marque sont inclus dans une catégorie plus générale visée par la marque antérieure [arrêts du Tribunal du 23 octobre 2002, Oberhauser/OHMI - Petit Liberto (Fifties), T 104/01, Rec. p. II 4359, points 32 et 33 ; du 12 décembre 2002, Vedial/OHMI - France Distribution (HUBERT), T 110/01, Rec. p. II 5275, points 43 et 44, et du 18 février 2004, Koubi/OHMI - Flabesa (CONFORFLEX), T 10/03, Rec. p. II 719, points 41 et 42].”

This is also the position of Professor Annand, sitting as the appointed person in *Galileo International Technology LLC v Galileo Brand Architecture Limited* BL 0/269/04:

“13. I agree with Mr. Onslow that the issue raised by this appeal is whether, when considering the test of identity for section 5(1), it is sufficient that goods or services overlap or must they be co-extensive. Like Mr. Onslow, I am unaware of any authority supporting a co-extensive test. Kerly’s Law of Trade Marks and Trade Names, 13th Edition, states at para. 8-10:

“... the goods or services must be the same as those the subject of the earlier trade mark. Although not explicit, it would seem that this provision can only sensibly be interpreted as prohibiting registration where there is an overlap of goods or services.”

A footnote indicates that such interpretation is in accordance with Article 13 of Council Directive 89/104/EEC. Although not expressly included, it is well established that the TMA must be read subject to Article 13, which provides:

“Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect of only some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods or services only.”

14. The equivalent to section 5(1) in Council Regulation (EC) No. 40/94 on the Community trade mark (“CTMR”) is Article 8(1)(a). Mr. Onslow referred me to two decisions of the Opposition Division of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (“OHIM”) concerning Article 8(1)(a) of the CTMR where identity of goods and services was found to subsist through overlaps in specifications. In WALLIS, Decision No. 1978/2004, identity was found *inter alia* between Class 14 specifications even though the contested CTM application covered additional goods in that class. The Opposition Division said:

“There is identity between the goods or services that are subject to comparison if they either have the same wording or can be considered synonyms. The identity is also found if the specification of the earlier mark includes a generic term that covers the specific goods of the contested application. Similarly if the goods specifically designated in the earlier mark are covered by a generic term used in the contested application, such goods are identical, to the degree that they are included in the broad category. Finally, in case that the goods in question overlap in part they are also to be considered as identical.”

A similar decision was arrived at in PACE, Decision No. 1033/2003. Again, the Class 41 services in the CTM application were wider than those in the earlier CTM registration. In addition, there was held to be identity between some of the applicant’s Class 42 services namely, “computer programming; providing of expert opinion”. The opponent’s registration was in respect of “consulting services related to improving and expediting product development, industrial research services, computer programming services” in Class 42. The Opposition Division observed:

“In particular, the applicant’s expression providing of expert opinion in class 42, is broad enough to encompass any consulting services registered by the opponent in class 42, which makes them equivalent to the extent that the one includes the other.”

15. The overlap test for identity of goods and services is also applied by the OHIM in connection with priority and seniority claiming under Articles 29, and 34 and 35 of the CTMR respectively. Indeed, it is recognised that partial priority claiming (i.e. where the subsequent application is for a narrower or wider specification than in the application(s) from which priority is claimed) is a possibility under section 33 of the TMA, which speaks of a right of priority “for some or all of the same goods or services” in a Convention application.

16. I believe that overlapping specifications satisfy the test for identical goods or services in section 5(1) of the TMA. There is no necessity for such specifications to co-extend.”

32) In assessing the similarity of goods and services it is necessary to take into account, inter alia, their nature, their intended purpose¹⁰, their method of use and whether they are in competition with each other or are complementary¹¹. In

I do not consider that the judgment of Norris J in *Budejovický Budvar, národní Podnik v Anheuser-Busch Inc* [2008] EWHC 263 (Ch) is in conflict with the above. In that case he stated:

“41. There is however one respect in which this appeal succeeds. AB's application for a declaration of invalidity extended to the whole of BB's registration in respect of "beer ale and porter; malt beverages;" (although its own registration related only to "beer ale and porter"). In his decision the Hearing Officer regarded it as obvious that in respect of "beer, ale and porter" the respective specifications encompassed the same goods (and the contrary has not been argued before me). He said:-

"The only possible area of contention is the description "malt beverages" in the mark in suit. The term covers all beverages made with malt, including "malt beers" and the like. Accordingly the specification of the registration that is the subject of these proceedings is covered in its entirety by the specifications of [AB's] earlier mark"

This is a determination of a mixed question of fact and law which I must approach with caution. But in my judgement this passage discloses an error of principle. AB's earlier mark covered only "beer, ale and porter". BB's included "malt beverages". The specification of AB's earlier mark simply did not cover entirely the specification of the mark in suit. It is necessary to decide whether "malt beverages" can only be "beer ale and porter", or whether "malt beverages" can include goods which are not identical with or similar to "beer ale and porter".

42. I do not consider that "malt beverages" can only be (and are therefore identical with) "beer ale and porter". The form of the specification would indicate that "beer, ale and porter;" is one category and "malt beverages" another, with possibly an overlap between the two. One is not simply an alternative description for the other.”

In the above judgment Norris J was considering whether the respective goods could be described as being identical, not whether they should be considered to be identical. There is a deal of difference between stating that goods **are** identical and stating that they are considered to be identical.

If one did not follow the principles laid down by the CFI and Professor Annand considering similarity of goods in certain cases would become virtually impossible. If, for example, an earlier registration was for wedding dresses and an application for clothing one would have to consider the degree of similarity between the former goods and every potential product covered by the term clothing as there would be varying degrees of similarity and the global appreciation of the likelihood of confusion requires consideration of the degree of similarity between goods and/or services.

An applicant has plenty of time to amend a specification which includes a portmanteau term so that the term list goods which are of specific interest. If the applicant does not do so then it must expect to bear the consequences.

¹⁰ The earlier incorrect translation of 'Verwendungszweck' in the English version of the judgment has now been corrected.

¹¹ *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117.

British Sugar Plc v James Robertson & Sons Limited [1996] RPC 281, Jacob J gave guidance as to how similarity should be assessed¹².

33) The *parts, fittings and accessories* will have the same users and the same use as the goods for which they are *parts, fittings and accessories*. They will go through the same channels of trade. Their nature defines them as being complementary; their whole purpose is defined by the goods for which they are *parts, fittings and accessories*. Consequently, there is a high degree of similarity between *parts, fittings and accessories* and the goods of the international registration upon which use has been shown.

Comparison of trade marks

34) The trade marks to be compared are **SEALPRO** and

ŠĚĀĻPĀĆ

35) The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details¹³. The visual, aural and conceptual similarities of the marks must, therefore, be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components¹⁴. Consequently, I must not indulge in an artificial dissection of the trade marks, although I need to take into account any distinctive and dominant components. The average consumer rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he/she has kept in his/her mind and he/she is deemed to be reasonably well informed and reasonably circumspect and observant¹⁵. The assessment of

¹² He considered that the following should be taken into account when assessing the similarity of goods and/or services:

- “(a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.”

¹³ *Sabel BV v Puma AG* [1998] RPC 199.

¹⁴ *Sabel BV v Puma AG* [1998] RPC 199.

¹⁵ *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* [2000] FSR 77.

the similarity of the trade marks must be made by reference to the perception of the relevant public¹⁶.

36) There is some stylisation of the international registration but it is of a minimal nature and the trade mark will be very much seen as a word mark. The average, relevant consumer will inevitably see two elements in each trade mark: SEAL and PAC and SEAL and PRO. Both trade marks include the word SEAL. In relation to the respective goods SEAL will be seen as a descriptor, describing goods that have a sealing function; something that the average, relevant consumer for these products will have been educated into expecting. The suffix PRO means professional. PAC, in the context of the goods, will be seen as meaning pack. Consequently, the respective trade marks enjoy visual, phonetic and conceptual similarities in respect of the first elements, and visual and phonetic dissimilarity in respect of the second elements. The second elements are conceptually dissonant. Owing to both trade marks combining two word elements, none of which are distinctive in relation to the goods, I do not consider that there is a distinctive and dominant element in either trade mark. Any distinctiveness lies in the trade marks in their entirety.

Conclusion in relation to likelihood of confusion

37) In considering whether there is a likelihood of confusion various factors have to be taken into account. There is the interdependency principle – a lesser degree of similarity between trade marks may be offset by a greater degree of similarity between goods, and vice versa¹⁷. In this case the goods and services are either identical or enjoy a good deal of similarity.

38) It is necessary to consider the distinctive character of the earlier trade mark; the more distinctive the earlier trade mark (either by nature or nurture) the greater the likelihood of confusion¹⁸. The distinctive character of a trade mark can be appraised only, first, by reference to the goods or services in respect of which registration is sought and, secondly, by reference to the way it is perceived by the relevant public¹⁹. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, it is necessary to make an overall assessment of the greater or lesser capacity of the mark to identify the goods for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other

¹⁶ *Succession Picasso v OHIM - DaimlerChrysler (PICARO)* Case T-185/02.

¹⁷ *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117.

¹⁸ *Sabel BV v Puma AG* [1998] RPC 199.

¹⁹ *Rewe Zentral AG v OHIM (LITE)* [2002] ETMR 91.

undertakings²⁰. The trade mark the subject of the international registration identifies goods that seal and pack or seal when creating a pack. It is clearly allusive of the goods and will leave little to the imagination of the average, relevant consumer. The earlier trade mark is of a very low distinctive character. The evidence of use cannot boost this low distinctive character.

39) In *New Look Ltd v Office for the Harmonization in the Internal Market (Trade Marks and Designs)* Joined cases T-117/03 to T-119/03 and T-171/03 CFI stated:

“49 However, it should be noted that in the global assessment of the likelihood of confusion, the visual, aural or conceptual aspects of the opposing signs do not always have the same weight. It is appropriate to examine the objective conditions under which the marks may be present on the market (*BUDMEN*, paragraph 57). The extent of the similarity or difference between the signs may depend, in particular, on the inherent qualities of the signs or the conditions under which the goods or services covered by the opposing signs are marketed. If the goods covered by the mark in question are usually sold in self-service stores where consumer choose the product themselves and must therefore rely primarily on the image of the trade mark applied to the product, the visual similarity between the signs will as a general rule be more important. If on the other hand the product covered is primarily sold orally, greater weight will usually be attributed to any aural similarity between the signs.”

As I have stated above the purchasing process is likely to involve discussion with a sales person. However, such discussions will be inevitably be on the back of documentation which will carry the trade marks, so the visual impression will be of greater importance than the aural impression.

40) In considering the issue of likelihood of confusion I bear in mind the findings of the CFI in *Koipe Corporación SL v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (*OHIM*) Case T-363/04:

“83 However, OHIM submits that a single competitor cannot exclusively appropriate to itself the representation of a woman. The question whether the elements which make up a trade mark may be freely used by other competitors does not form part of the examination of the distinctive character of the figurative elements of a trade mark (see, by way of analogy, Case C-329/02 P *SAT.1 v OHIM* [2004] ECR I-8317, paragraph 36). The only relevant issue in that examination is whether the sign examined is distinctive or not, a question which, as regards the seated woman, OHIM has already answered affirmatively.”

²⁰ *Windsurfing Chiemsee v Huber and Attenberger* Joined Cases C-108/97 and C-109/97 [1999] ETMR 585.

and the ECJ in *L'Oréal SA v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case C-235/05 P*:

“45 The applicant’s approach would have the effect of disregarding the notion of the similarity of the marks in favour of one based on the distinctive character of the earlier mark, which would then be given undue importance. The result would be that where the earlier mark is only of weak distinctive character a likelihood of confusion would exist only where there was a complete reproduction of that mark by the mark applied for, whatever the degree of similarity between the marks in question. If that were the case, it would be possible to register a complex mark, one of the elements of which was identical with or similar to those of an earlier mark with a weak distinctive character, even where the other elements of that complex mark were still less distinctive than the common element and notwithstanding a likelihood that consumers would believe that the slight difference between the signs reflected a variation in the nature of the products or stemmed from marketing considerations and not that that difference denoted goods from different traders.”

So neither the non-distinctiveness of the SEAL element nor the overall low distinctiveness of the earlier trade mark can, of themselves, militate against a finding of likelihood of confusion.

41) Taking into account the nature of the purchasing process, the nature of the purchaser, the low distinctiveness of the earlier trade mark and the differences between the trade marks I find that there is not a likelihood of confusion and the ground of opposition under section 5(2)(b) of the Act is dismissed.

Bad faith – section 3(6) of the Act

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

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

43) Bad faith includes dishonesty and “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular field being examined²¹”. Certain behaviour might have become prevalent but this does not mean that it can be deemed to be acceptable²². It is necessary to apply what is referred to as the “combined test”. This requires me to decide what Proseal knew at the time of making the

²¹ *Gromax Plastics Limited v. Don and Low Nonwovens Ltd* [1999] RPC 367.

²² *Harrison v Teton Valley Trading Co* [2005] FSR 10.

application and then, in the light of that knowledge, whether its behaviour fell short of acceptable commercial behaviour²³. Bad faith impugns the character of an individual or collective character of a business, as such it is a serious allegation²⁴. The more serious the allegation the more cogent must be the evidence to support it²⁵. However, the matter still has to be decided upon the balance of probabilities.

44) Proseal would have known of International at the time of the filing of the application. International's claim under section 3(6) is based upon Proseal being a competitor and that by adopting a mark with the prefix (sic) SEALP it has sought to associate its business with that of International and to make use of its goodwill and reputation. International claims that the overall conduct of Proseal is such that it could have no other motive than to take advantage of International's goodwill and reputation in adopting and applying to register the trade mark SEALPRO. It seems to me that this claim is contingent upon a finding that the grounds under section 5 of the Act are upheld. If they are not then the premise behind the claim falls. This strikes me as a unlikely basis for a claim of bad faith. Bad faith can hardly be contingent on a finding in relation to the similarity of the signs, it goes to the nature of the intention at the time of the application, not the nature of the signs as such. International refers to a meeting between Mr Owens and Mr Malone in 2002, in which meeting Mr Malone asked about producing a component for one of International's machines. Other than showing that Proseal knew of International I cannot see what else this tells me. In its submissions International states that:

“Following the Opponent's refusal provide the requested consent for the Applicant to manufacture the Opponent's goods, the Applicant elected to adopt the trade mark SEALPRO....”

It is to be noted that a period of five years expired. It is to be noted that Proseal behaved in a proper fashion in relation to the component. It sought permission to produce the component and, in the absence of evidence to the contrary, following the refusal of consent did not manufacture the component. International states that Proseal has not used the trade mark SEALPRO; I am uncertain as to what this is supposed to signify. It has made an application on the basis of use or **an intention to use**, International has not based its claim on bad faith on the basis of a lack of an intention of use. The whole claim appears

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

²⁴ See *Royal Enfield Trade Marks* [2002] RPC 24.

²⁵ *Re H (minors)* [1996] AC 563.

to be based on speculation as to the motivation of Proseal without a shred of evidence to substantiate the speculation.

45) Taking into account the judgment of Arnold J in *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others* Arnold J [2008] EWHC 3032(Ch), the premise behind the ground of opposition has no legs upon which to run:

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

A similar tenor has been adopted in the opinion of AG Sharpston *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* Case C-529/07.

46) A claim of bad faith cannot be justified on the basis of speculation; it also seems contrary to the concept of bad faith that such a claim is contingent upon a finding of whether trade marks are similar.

47) I dismiss the grounds of opposition under section 3(6) of the Act.

Costs

48) Proseal UK Ltd has been successful and is entitled to a contribution towards its costs. I award costs on the following basis:

Considering notice of opposition and accompanying statement:	£200
Statement of case in reply:	£300
Considering evidence of opponent:	£100

Written submissions: £100

Total: £700

(I have not awarded any costs in relation to the evidence of Proseal, owing to its nature and relevance.)

49) I order Sealpac International BV to pay Proseal UK Ltd the sum of £700. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 20th day of March 2009

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